RETIREMENT INSIGHTS

Guide to Retirement

2010 Edition

J.P.Morgan
Asset Management

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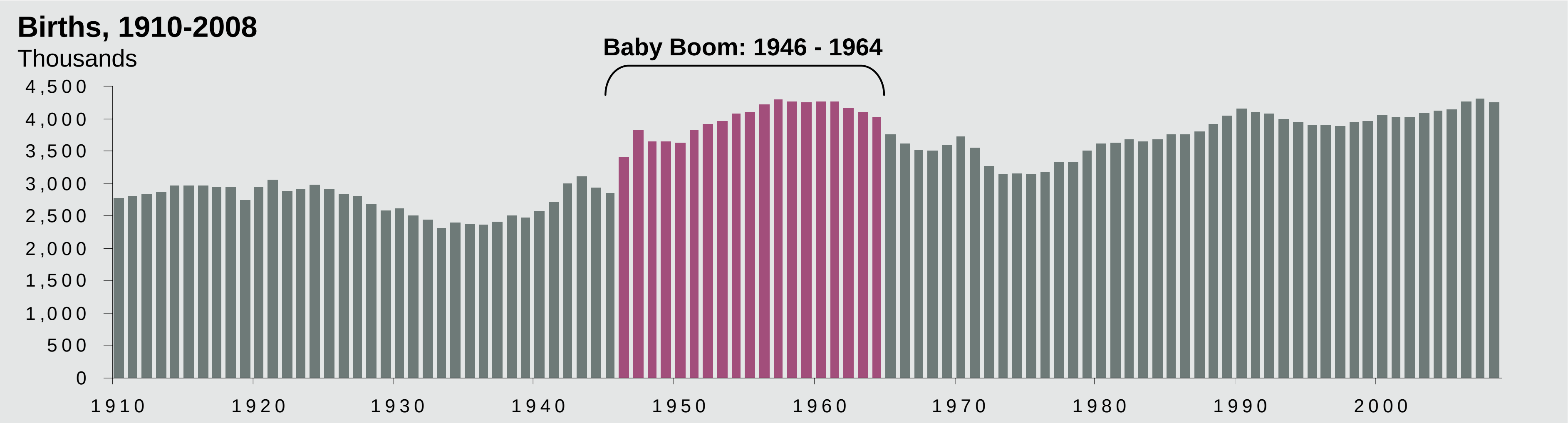
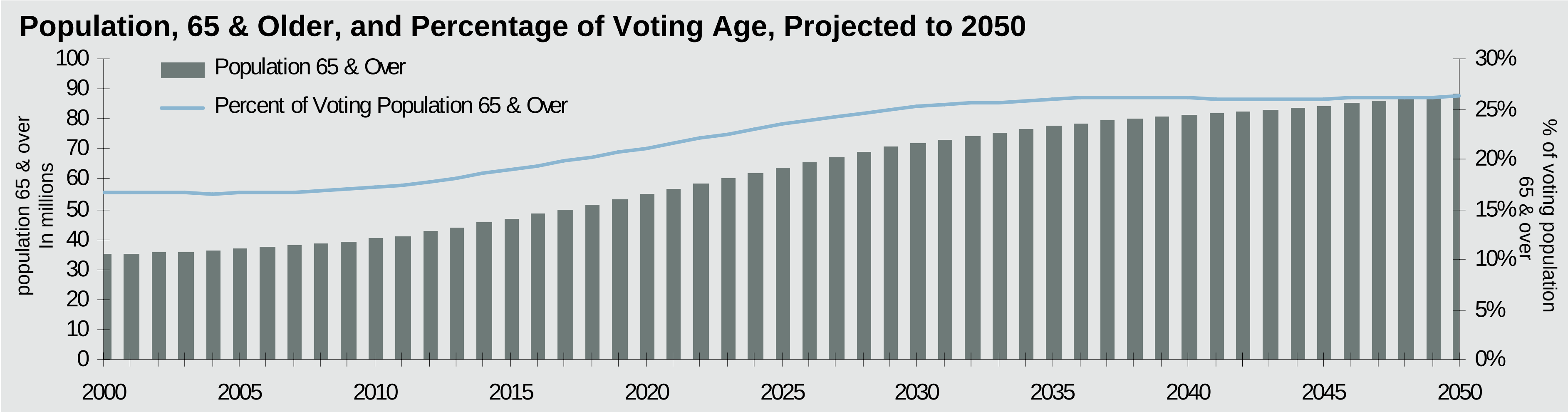
RETIREMENT INSIGHTS

Baby Boomers

Demographics

Boomers are hitting "retirement age," but those over 65 are only 17% of the voting population





Source: (Top chart) Centers for Disease Control and Prevention, National Vital Statistics Reports.
Source: (Bottom chart) Population Division, U.S. Census Bureau, May 2009.

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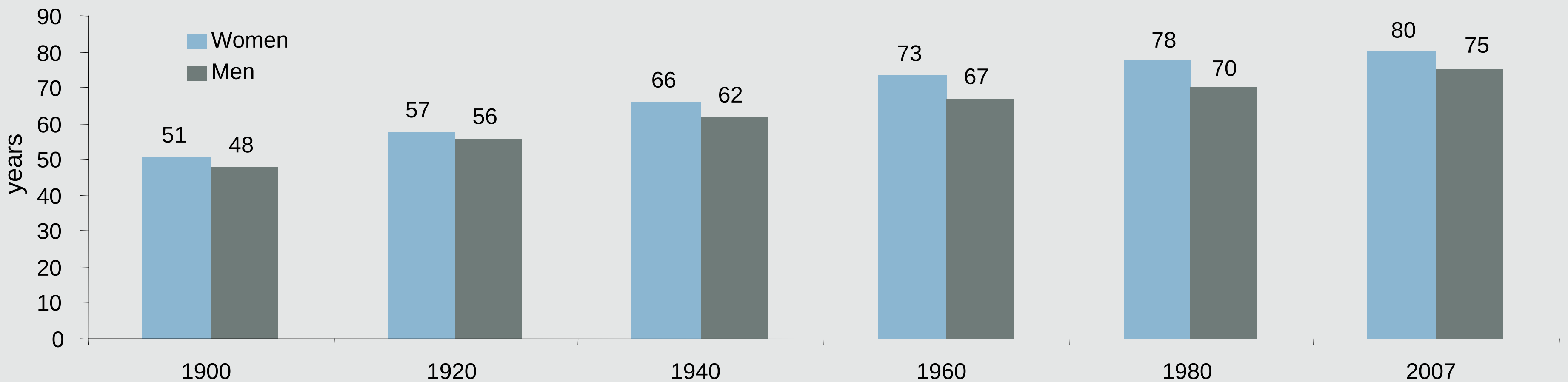
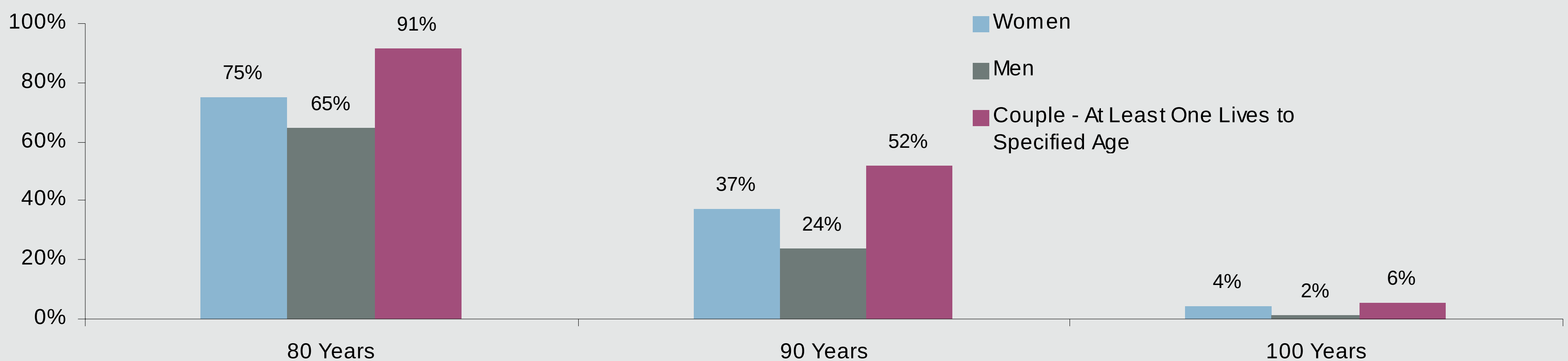
Life Expectancy and Probabilities

If you are 65 today, consider the probability of living to 80, 90 or even 100 years old

Life Expectancy at Birth



If You're 65 Today, The Probability of Living to a Specific Age



Source: (Top chart) Centers for Disease Control and Prevention, Data as of 2009

Source: (Bottom chart) Society of Actuaries, "Key Findings and Issues, Longevity: The Underlying Driver of Retirement Risk," 2005 Risks and Process of Retirement Survey Report, July 2006.

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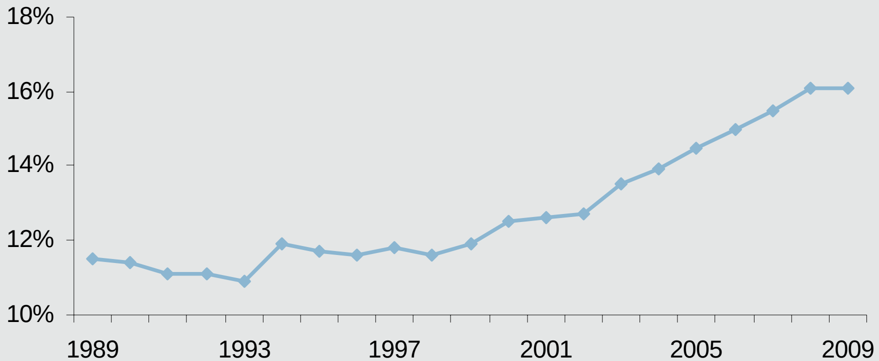
Older Americans in the Workforce

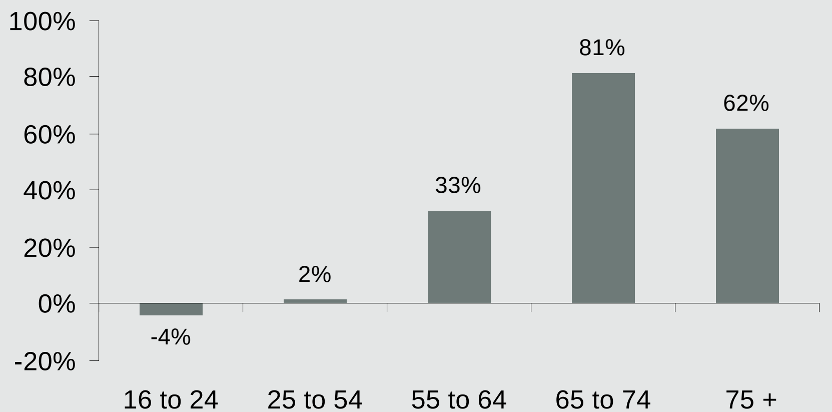
Demographics

More people are working beyond the age of 65 than ever before

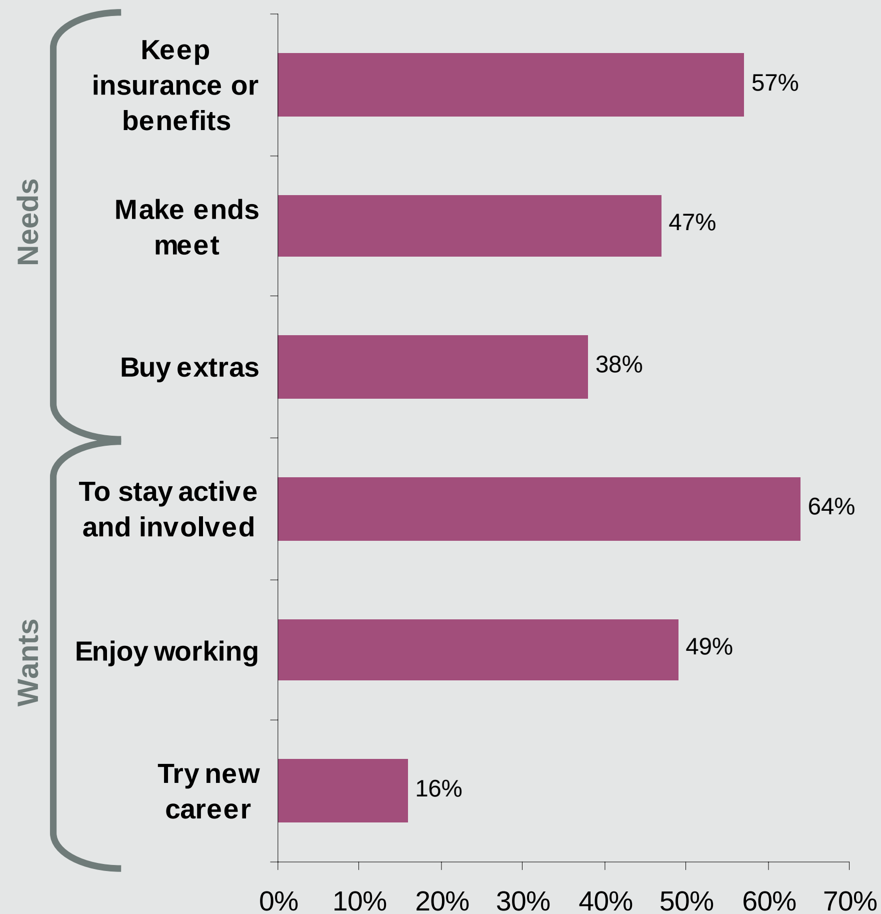
Percent of People Over 65 Currently in the Civilian Labor Force, 1989 - 2009



Labor Department Projected Percentage Change in Labor Force by Age, 2008 - 2018



Reasons Why People Work in Retirement



Source: (Left charts) Bureau of Labor Statistics. Data as of 12/31/08.

Source: (Right chart) Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2009 Retirement Confidence Survey.

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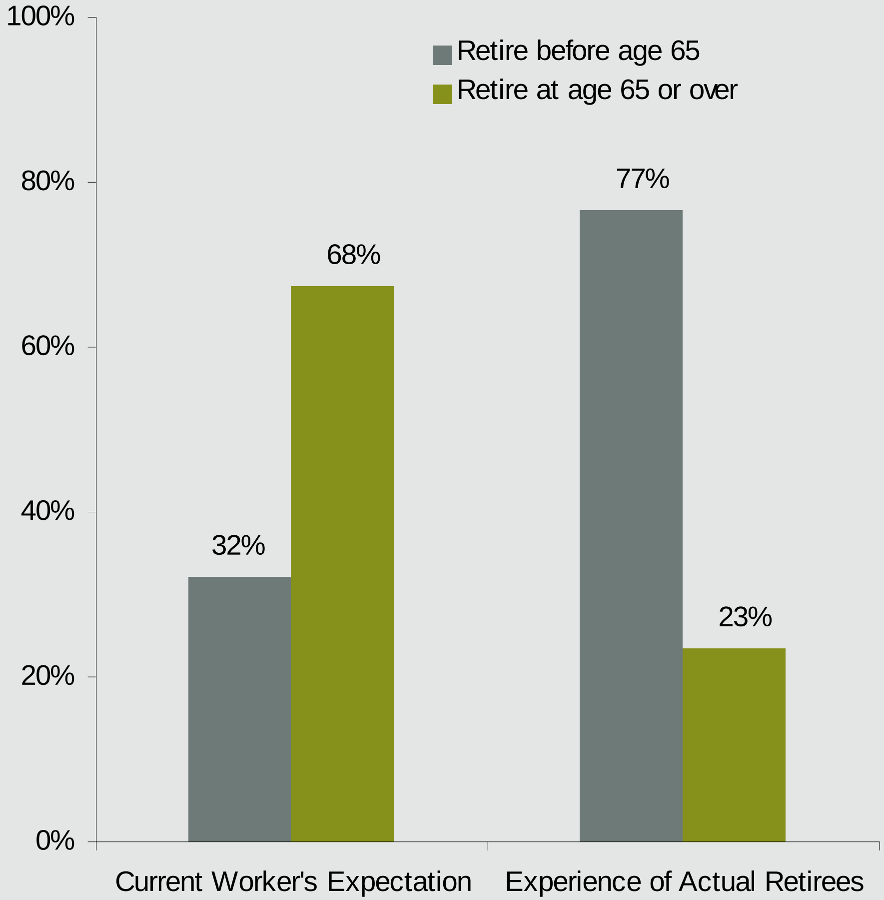
Managing Expectations of Ability to Work

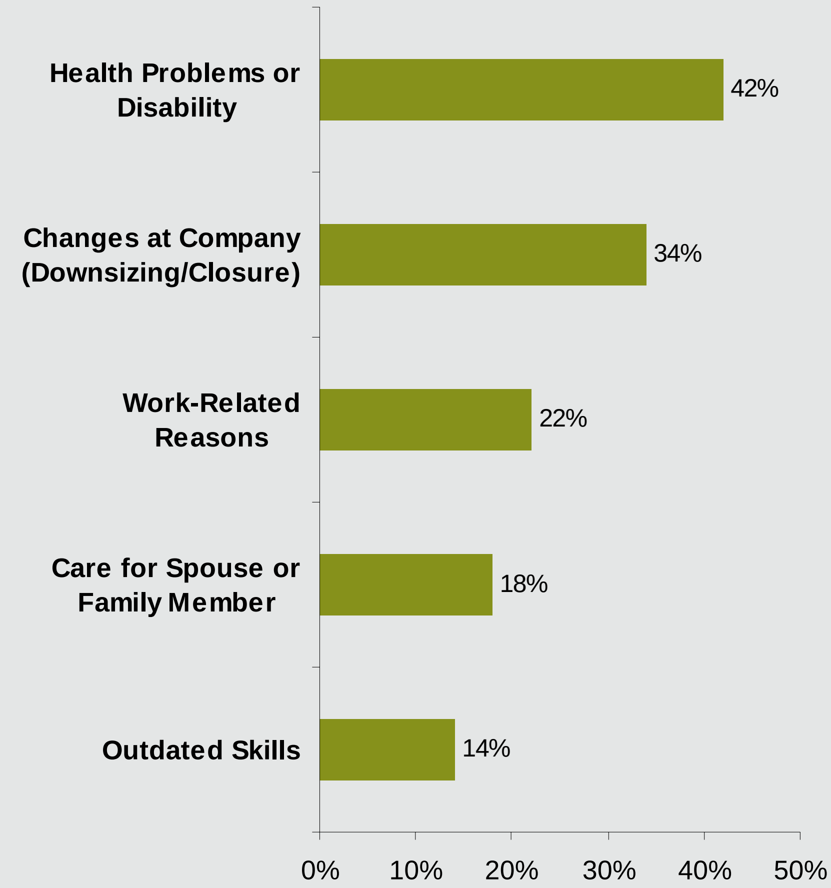
Environment

Although more Americans are working past 65, not everyone is able to

Current Expectations of Retirement vs. Experience of Actual Retirees



Reasons Cited for Retiring Earlier Than Planned



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2009 Retirement Confidence Survey.

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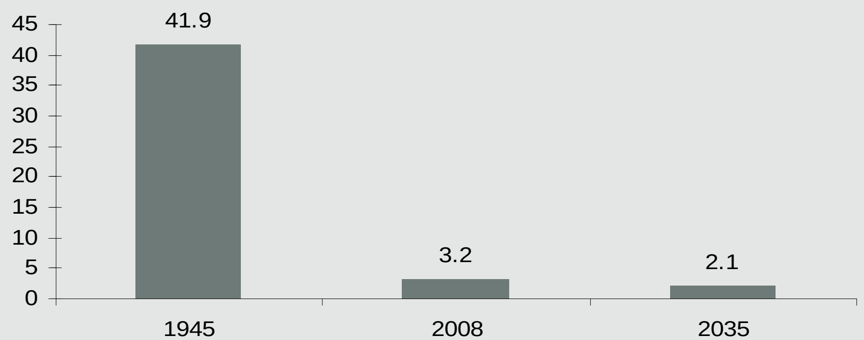
Social Security

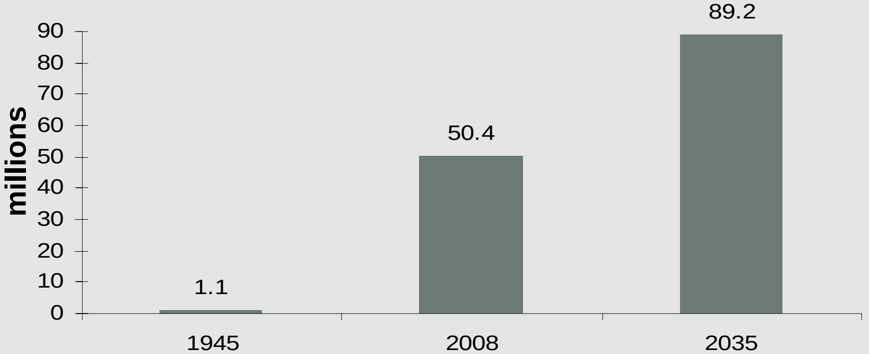
Environment

Many worry over the future state of Social Security

Workers per Social Security Beneficiary



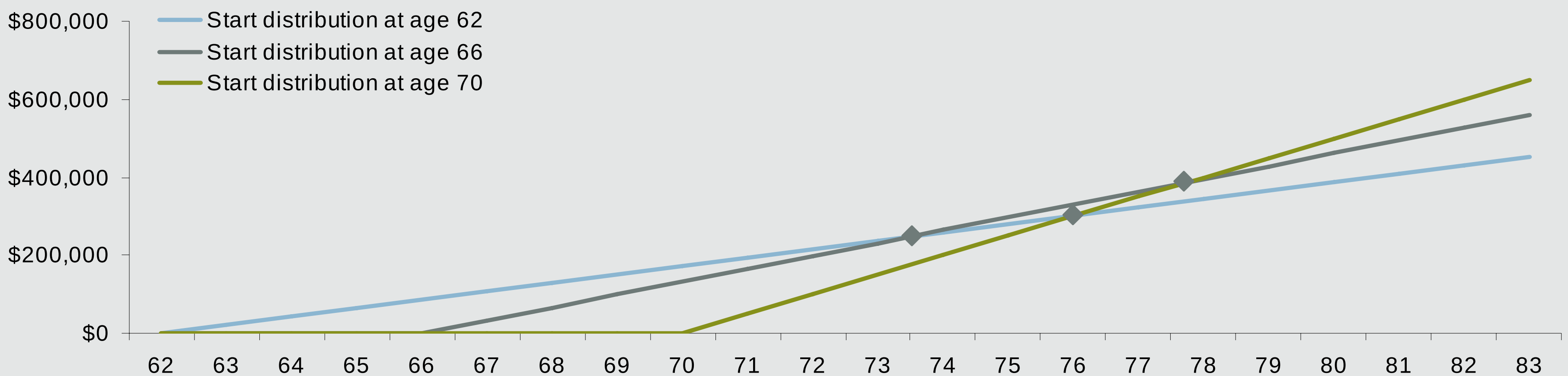
Individuals Receiving Social Security Benefits



Those at retirement age should evaluate the tradeoffs in delaying benefits

Social Security Break-Even Analysis

Estimated total benefits if distributions begin at a certain age



Source: Social Security Administration. Estimate for 2035 is based on "Intermediate" estimate. Break-even calculated using Social Security Administration calculator and assumes maximum Social Security benefits are received for an individual turning 62 in 2009 and assumes monthly benefit remains the same throughout lifetime. For illustrative purposes only.

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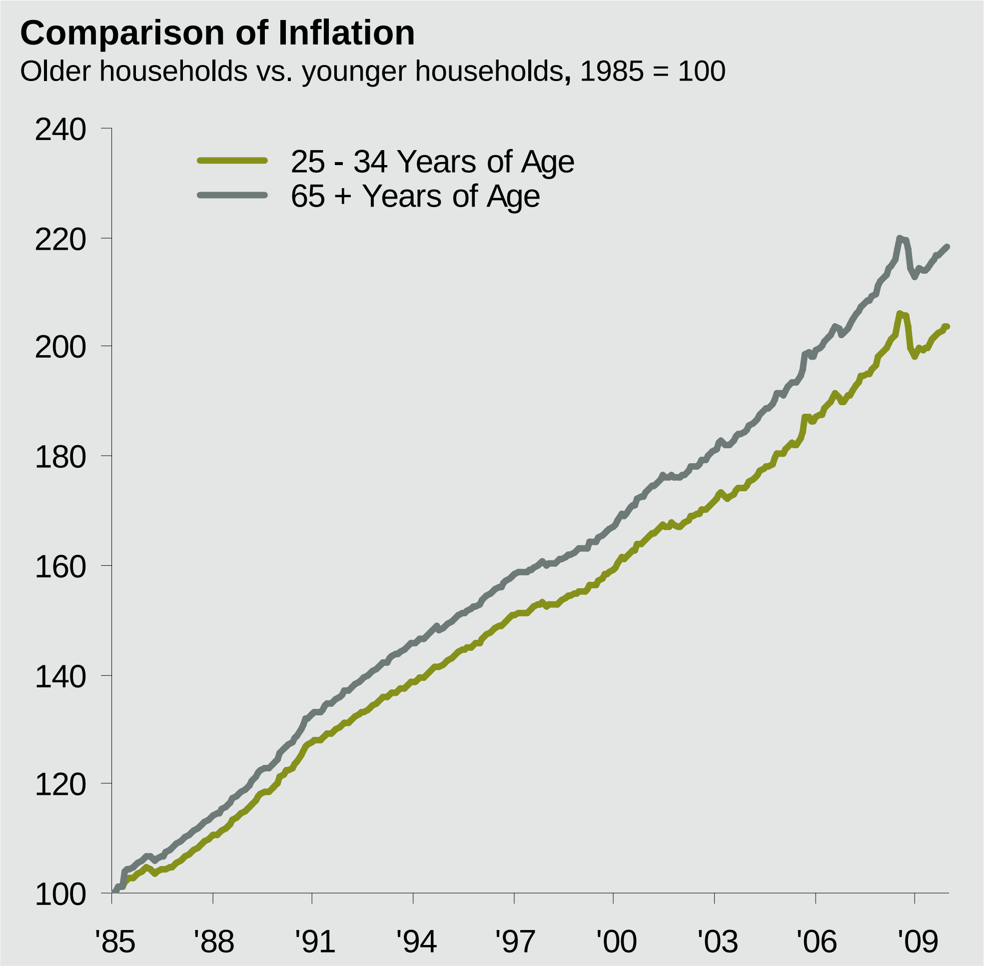
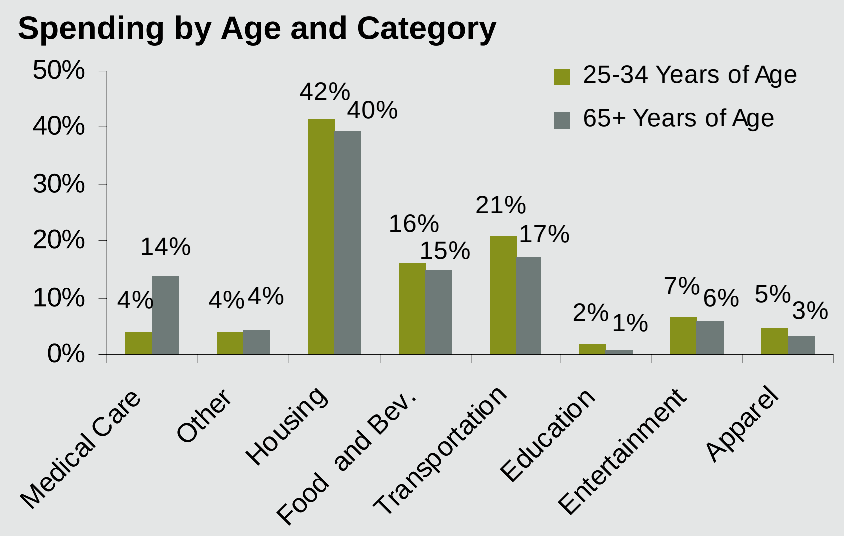
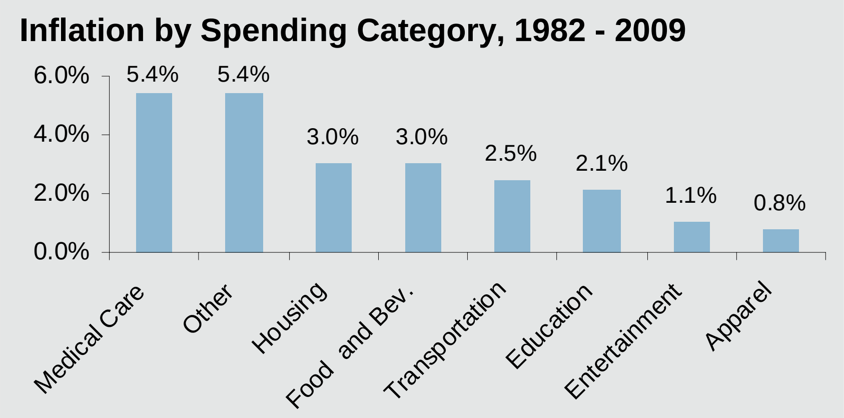
Inflation Impacts on Older Americans

Inflation disproportionately affects the elderly due to differences in spending habits and price increases in those categories







Source (Left chart): Estimates Based on Consumer Price Index and Expenditure Surveys, BLS, J.P. Morgan Asset Management.
Source (Top right chart): BLS, Consumer Expenditure Survey. Data as of December 2008. Source (Bottom right chart): BLS, Consumer Price Index, J.P. Morgan Asset Management. Data represents annual percentage increase from December 1981 through December 2009 with the exception of recreation, and education and communication, which were first published in 1998.

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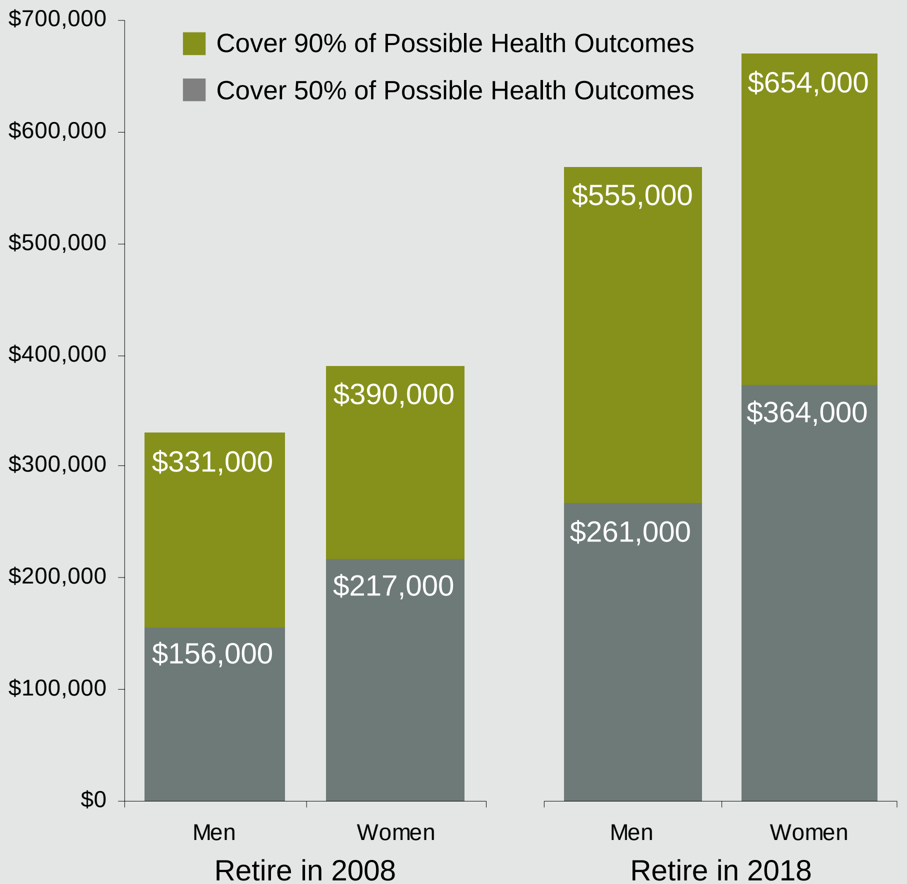
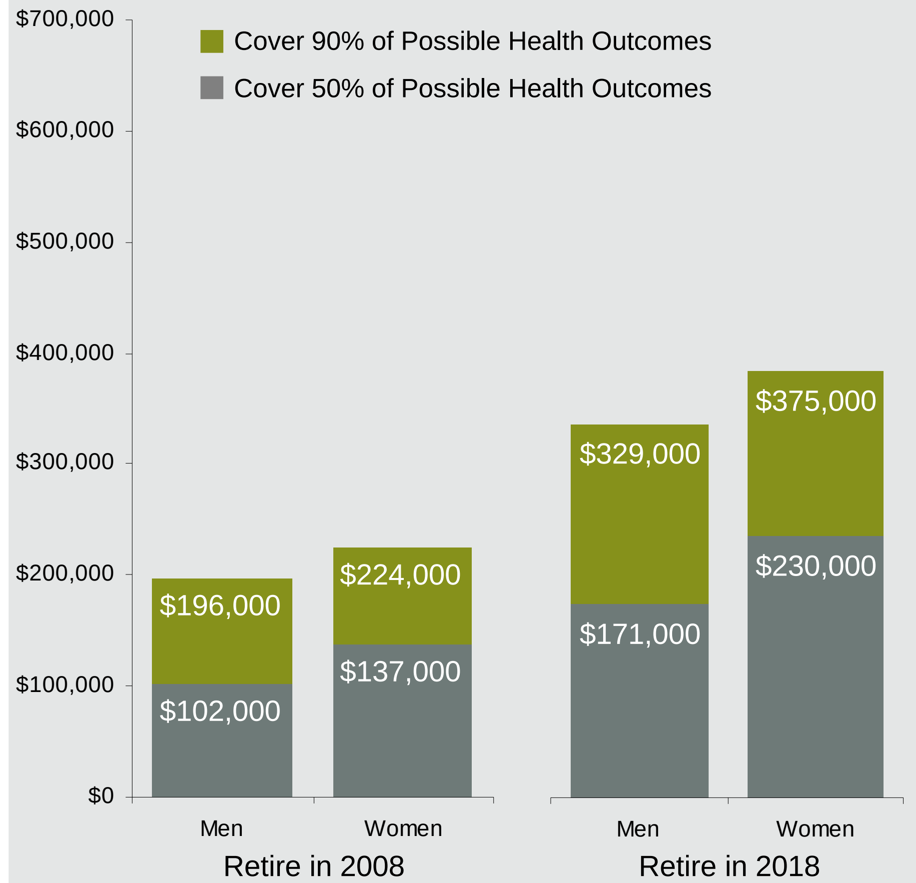
Cost of Health care in Retirement

Consider potential health care costs as a part of retirement planning

Present Value Savings Needed to Fund Out-of-Pocket Health care Costs For Retirees without Employer Medical Coverage



Present Value Savings Needed to Fund Out-of-Pocket Health care Costs For Retirees with Employer Medical Coverage

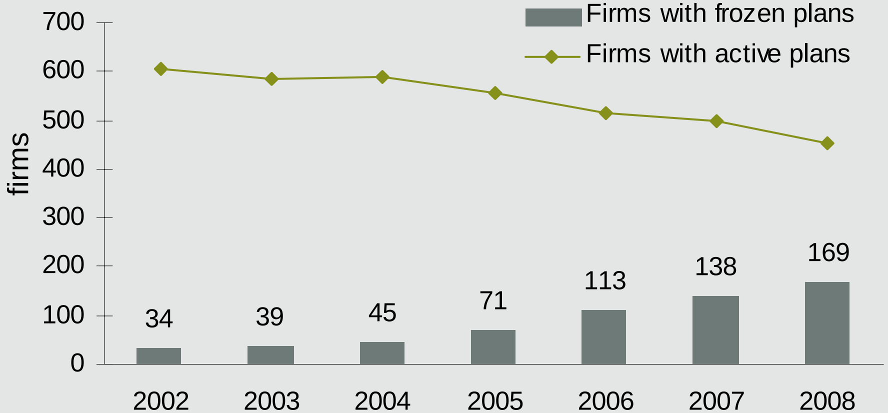


Source: Employee Benefit Research Institute. Issue Brief No. 317, May 2008. Monte Carlo simulation analysis performed to calculate with a 90% and median certainty that a retiree will have enough savings to cover medical costs for Medigap or employer health premiums, Medicare Part B Premiums and out-of-pocket health care costs for life, if retiring at age 65.
Left Chart: Includes Medicare Part D premium.
Right Chart: Costs for out-of-pocket prescription drug use are not included.

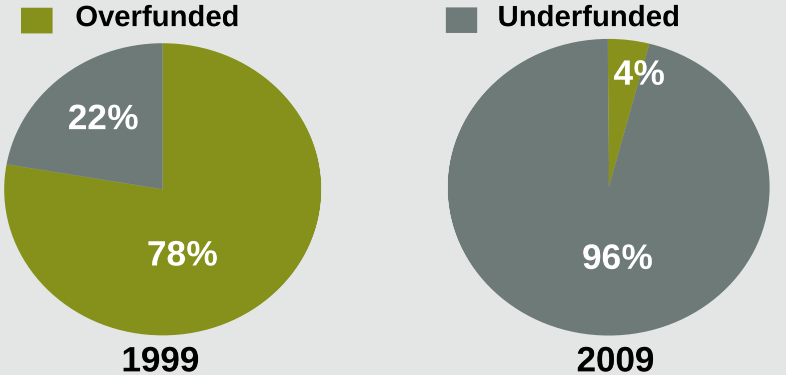
Environment

More employers are shifting retirement plans to employee-driven options

Plan Freezes Among the Fortune 1000

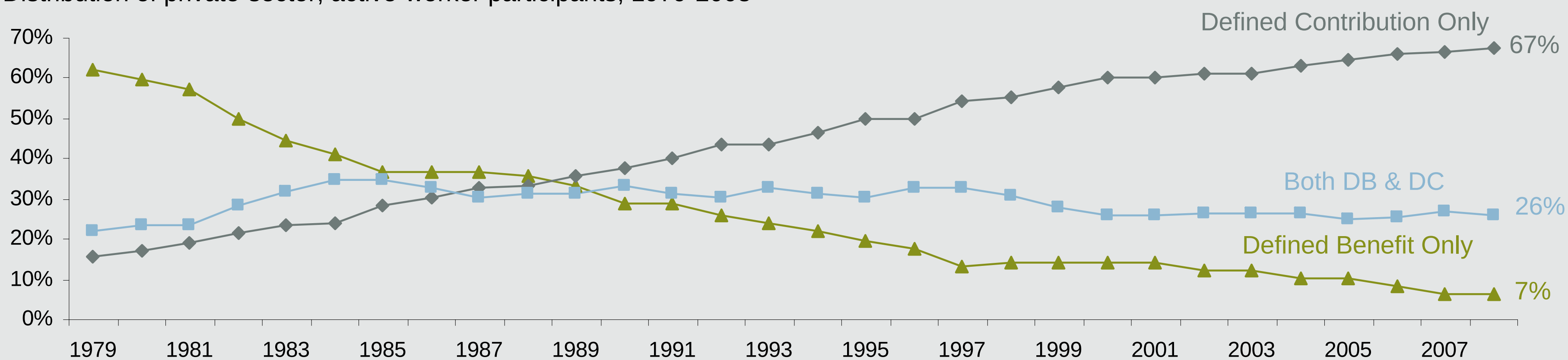


Defined Benefit Plans – Funded Status: S&P 500 Companies



Participation by Plan Type

Distribution of private-sector, active-worker participants, 1979-2008



Source (Top left chart): Reprinted with permission from Insider © 2008 Watson Wyatt Worldwide. For more information, visit www.watsonwyatt.com. Source (Top right chart): J.P. Morgan Asset Management. Pension funded status data based on all available and reported data from S&P 500 Index companies. All data are as of 12/31/09.
Source (Bottom chart): U.S. Department of Labor, Form 5500 Summary Report (summer 2004); EBRI estimates 1999-2008.

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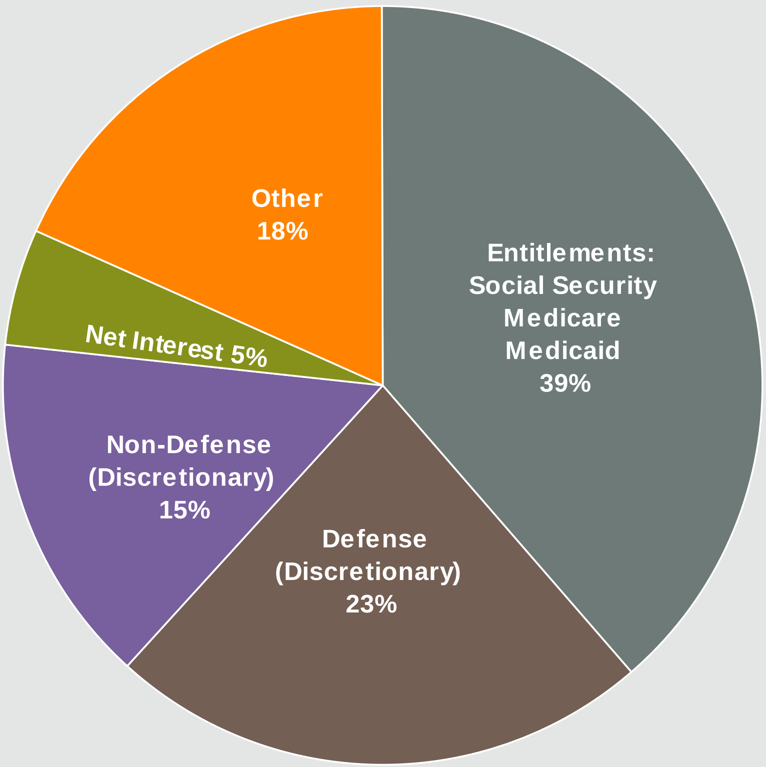
The Federal Budget and Historic Tax Rates

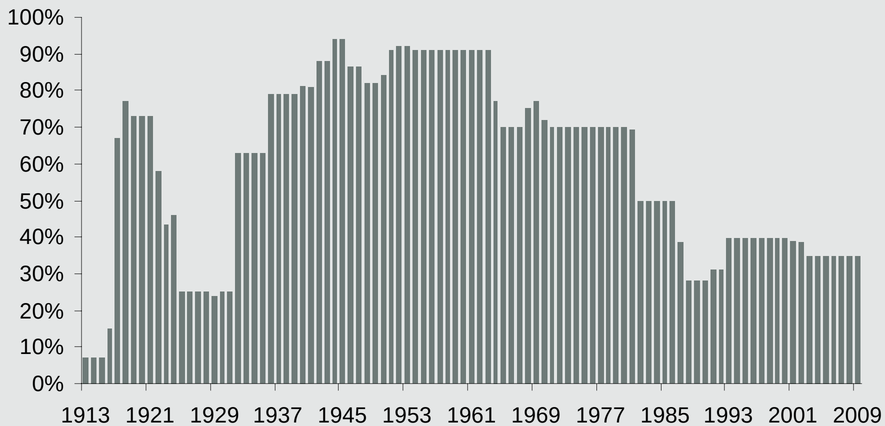
Taxes could rise due to future increases in mandatory spending

U.S. Proposed Federal Budget Outlays - 2010

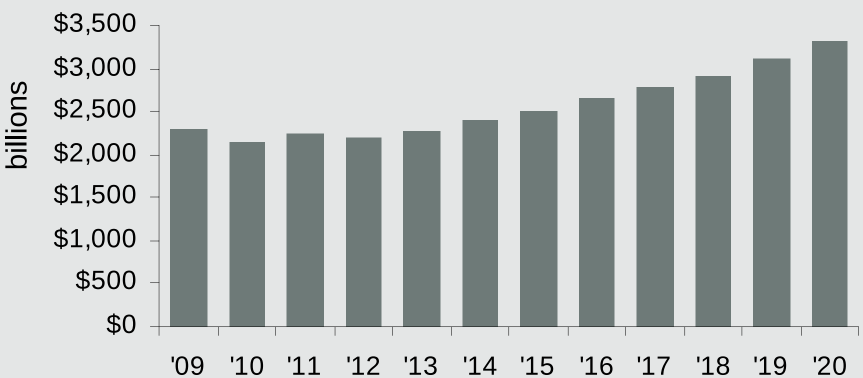


Total Projected 2010 Budget Receipts:	$2,165 billion
Total Projected 2010 Budget Outlays:	$3,721 billion
Projected Surplus / Deficit:	- $1,556 billion

Historical View of Top Marginal Tax Rate



Projected Mandatory Outlays



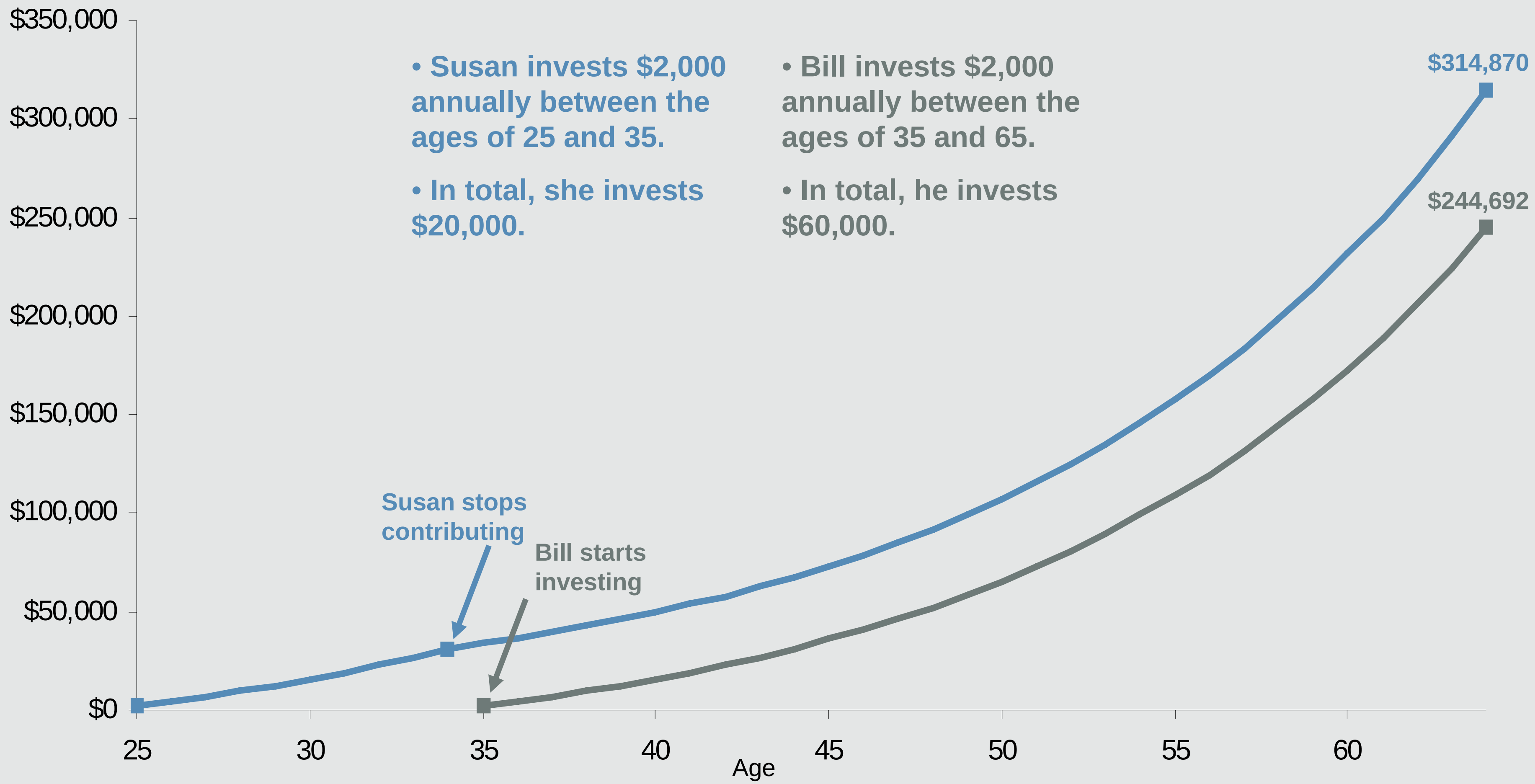
Source: (Left chart) Office of Management and Budget, J.P. Morgan Asset Management.

Source: (Top right chart) The Urban-Brookings Tax Policy Center & IRS, Statistics of Income Division, Historical Table 23; IRS, Revenue Procedure 2008-55 & Revenue Procedure 2008-50 as of October 2009. Source (Bottom right chart): Congressional Budget Office, J.P. Morgan Asset Management. Chart includes entitlements and other mandatory spending net of offsetting receipts. Data as of March 24, 2010.

Benefit of Saving Early

Compounding can greatly impact the amount of savings over the long term

Growth of Savings Accounts

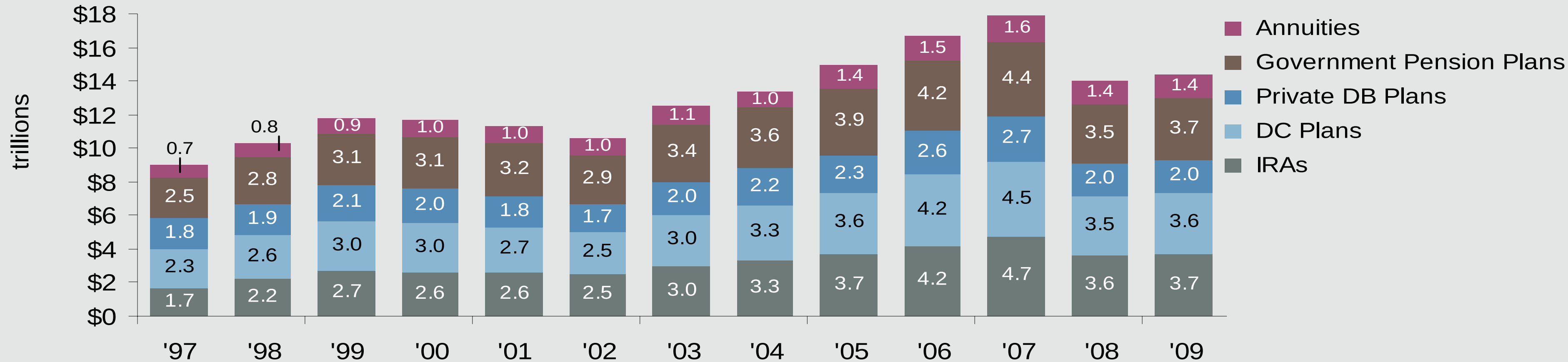


The above example is for illustrative purposes only and not indicative of any investment. Account value in this example assumes an 8% annual return. Source: J.P. Morgan Asset Management.

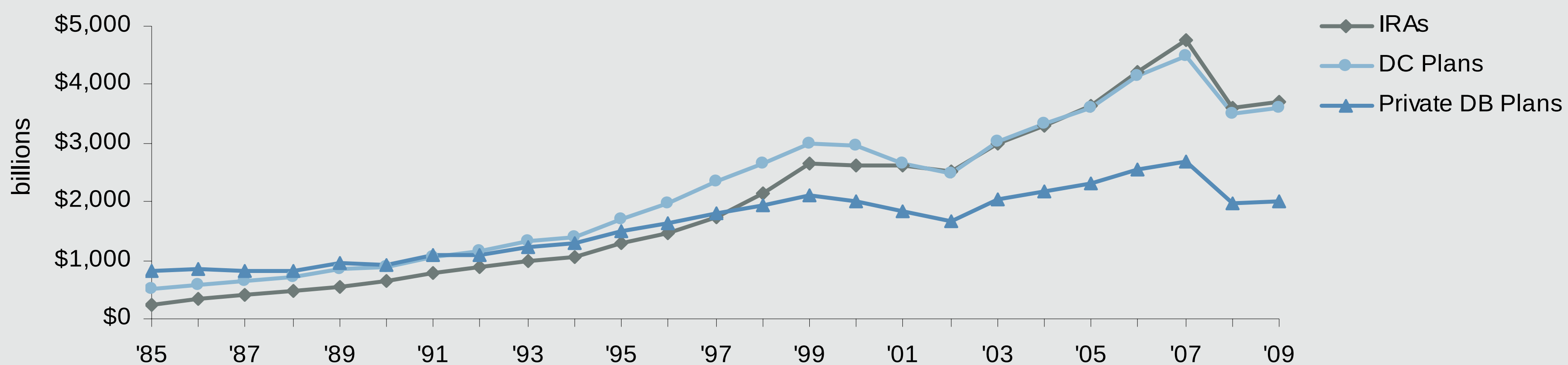
U.S. Retirement Assets

IRA assets have surpassed defined contribution and private defined benefit assets

U.S. Retirement Assets by Type



Comparison of U.S. Retirement Assets



Note – IRA assets are estimates for 2003, 2005, 2006, 2007, 2008 and 2009.
Source: Investment Company Institute (ICI). Data updated through June 30, 2009.

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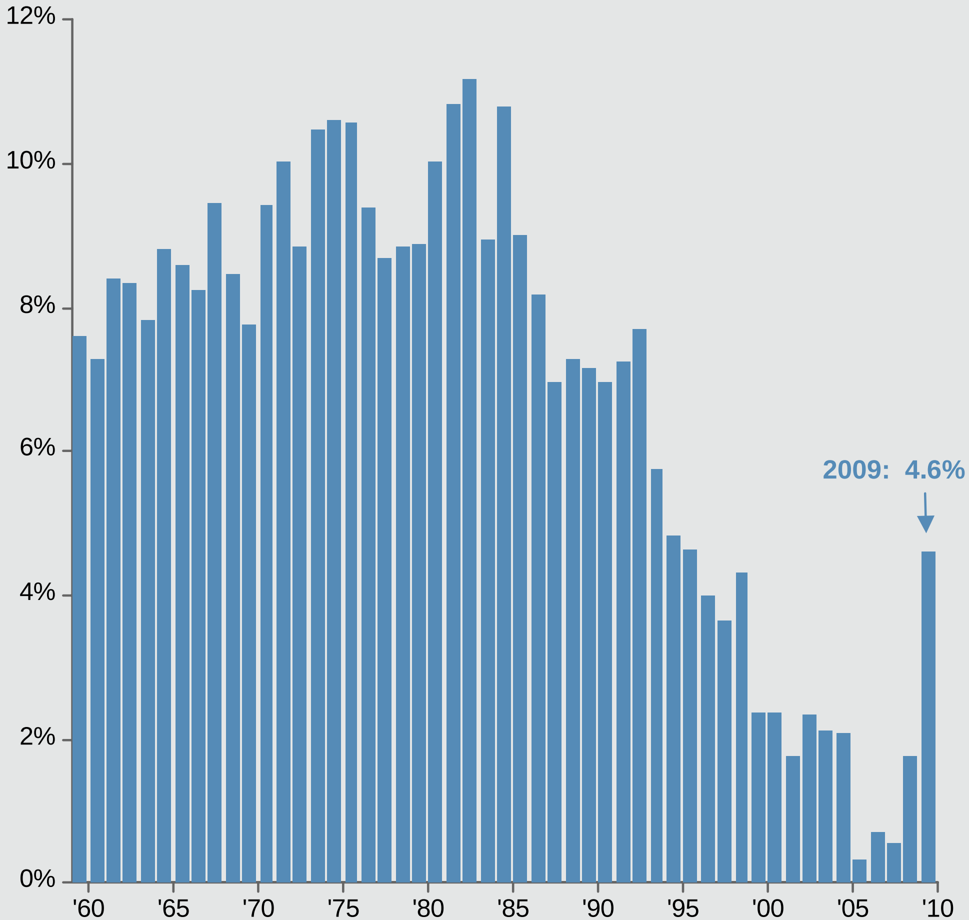
Savings, Income and Household Net Worth

Saving

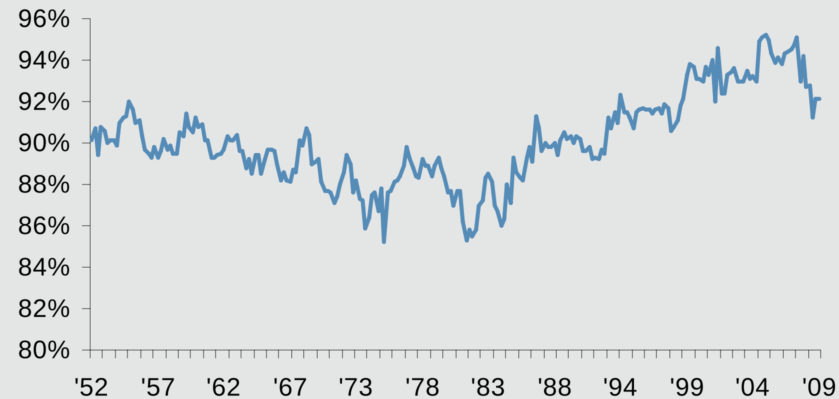
Many have increased savings to try to offset the decline in household wealth

Personal Savings Rate

Annual, % of disposable income

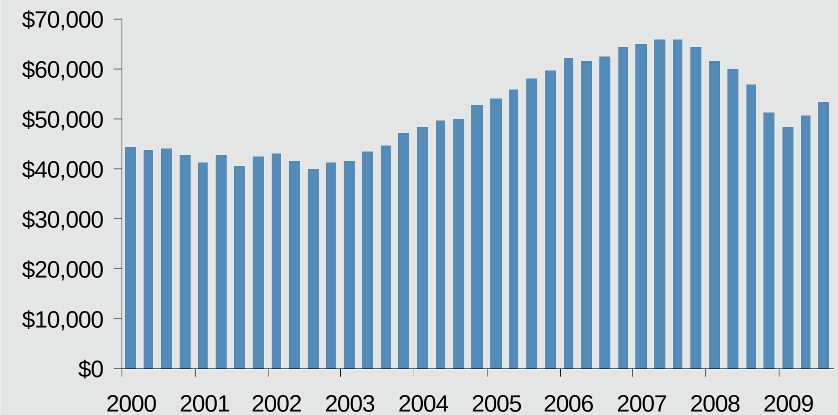


Ratio of Personal Consumption Expenditure to Disposable Personal Income



Household Total Net Worth

Billions of dollars



Source (Left and top right charts): J.P. Morgan Asset Management, The Bureau of Economic Analysis. Personal savings rate is calculated as personal savings (after-tax income – personal outlays) divided by after-tax income. Employer and employee contributions to retirement funds are included in after-tax income but not in personal outlays, and thus are implicitly included in personal savings. Savings rate data as of 12/31/2009. Consumption Expenditure to Disposable Income data updated through Q4 2009. Source (Bottom right chart): Federal Reserve. Data through Q3 2009.

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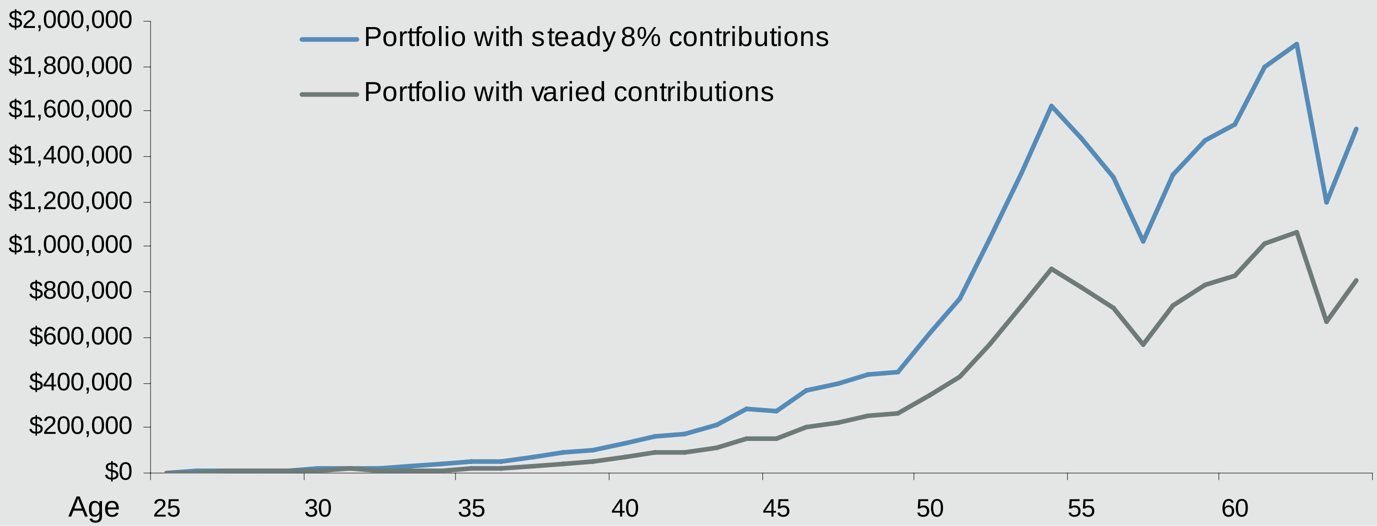
The Toxic Combination of Varied Savings and Market Returns

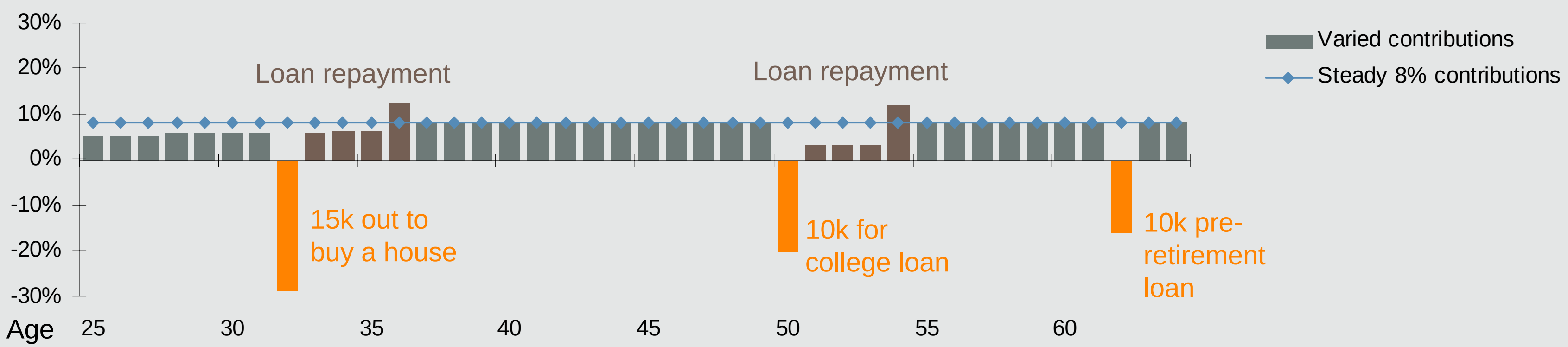
Consistent saving can help you meet your retirement goals

Growth of a 401(k) Investment



- **Taking loans and early withdrawals from a 401(k) portfolio can drastically impact the total savings**
- **Investing with a steady contribution rate over time may ensure maximal growth potential**

Assumed 401(k) Contributions



Source: S&P 500 Total Return Index, J.P. Morgan Asset Management. For illustrative purposes only. Hypothetical accounts are assumed to be invested 100% in the S&P 500 total return stock index from 1970-2009. Starting salary of $30,000 increasing by 2% each year.

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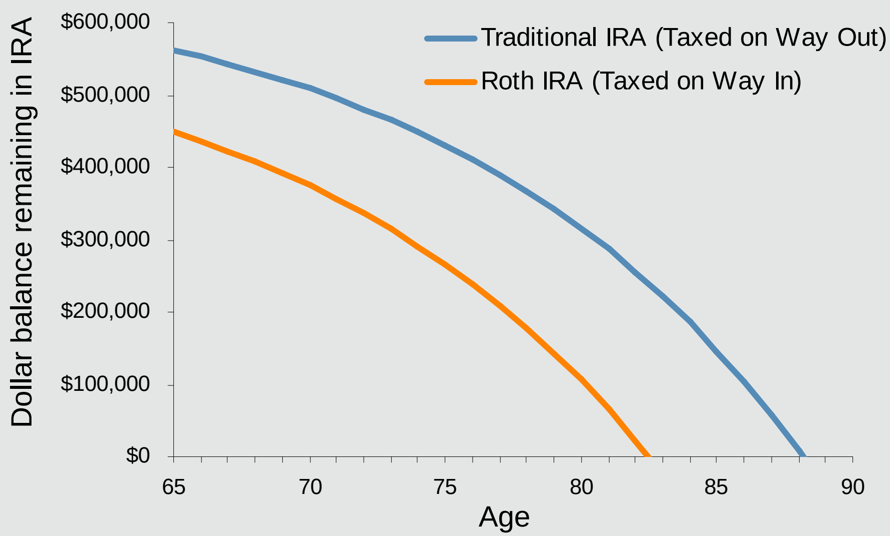
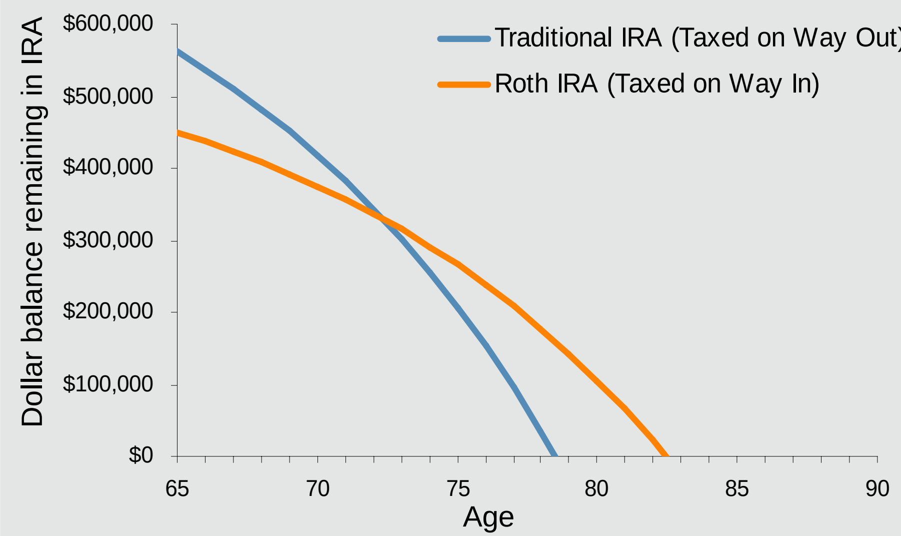
How Long Will Your IRA Last?

A Roth IRA may be a hedge against future tax risk

Tax Rates Decrease 10% in Retirement



Tax Rates Increase 10% in Retirement



Tax Rate Sensitivity

Tax Rate Change	Decrease 10%	Decrease 5%	Same	Increase 5%	Increase 10%
Traditional IRA Depletion Age	88	86	82	80	78
Roth IRA Depletion Age	82	82	82	82	82

For illustrative purposes only. Hypothetical accounts contribute $2,000 before tax ($1,600 to a Roth and $2,000 to a traditional IRA) from ages 25 to 65 with a pre-retirement marginal tax rate of 20%. The assumed annual rate of return is 8%. In retirement, the person withdraws $45,000 after tax ($45,000 for Roth in both scenarios, $50,000 in the 10% decrease scenario and $64,285 in the 10% increase scenario for the regular IRA) each year until the account is depleted. The breakeven point in the 10% rate increase scenario will change depending on the specific circumstances of the individual and tax rates. Source: J.P. Morgan Asset Management

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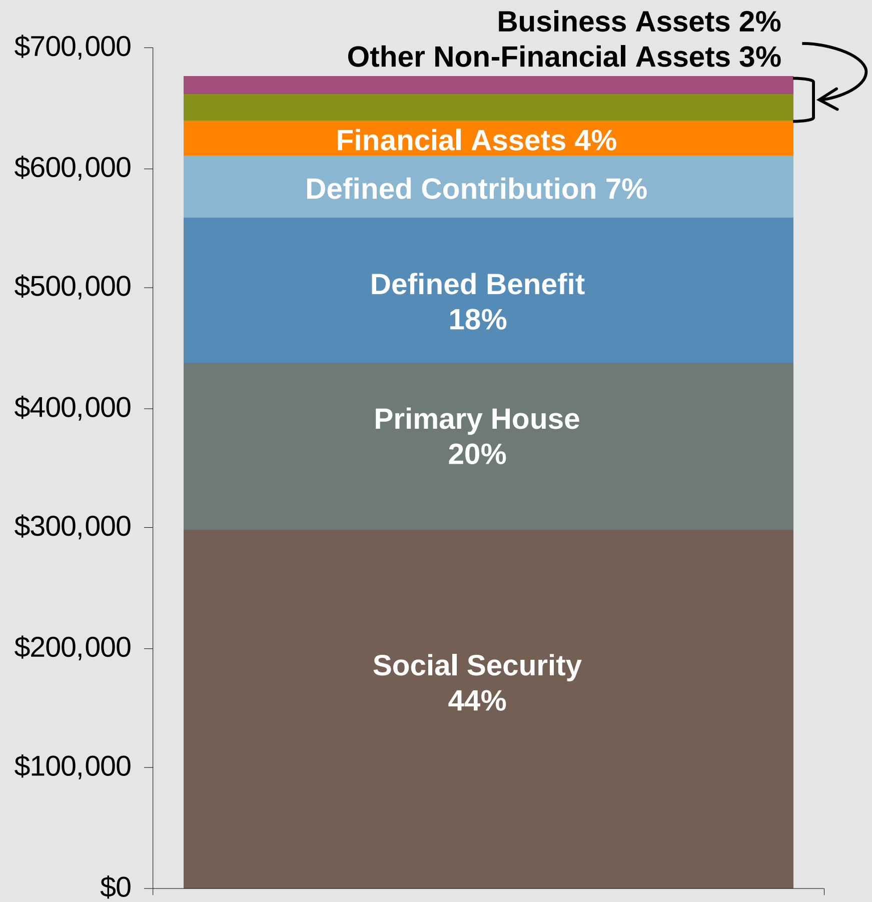
Typical Wealth Breakdown at Retirement

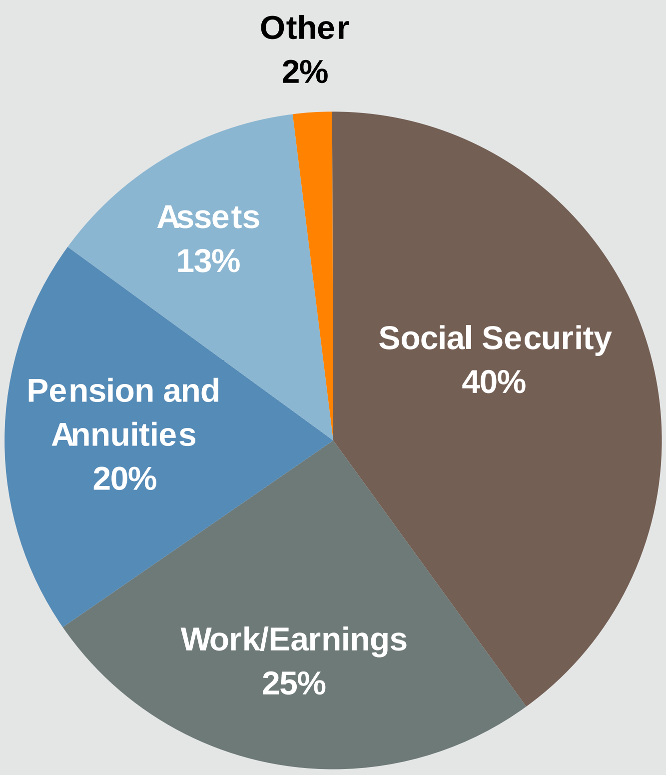
What assets will you have to draw from for retirement?

Wealth Holdings of a Typical Household Approaching Retirement



Sources of Retirement Income

Average for age 65 and Over



Note: The "typical household approaching retirement" refers to the mean of the middle 10% of the sample of households headed by an individual aged 55-64.

Source (Left chart): Center for Retirement Research calculations from U.S. Board of Governors of the Federal Reserve System, 2007 Survey of Consumer Finances, Washington, DC.

Source (Right chart): EBRI (Employee Benefit Research Institute) Databook on Employee Benefits, Chapter 7, updated March 2009.

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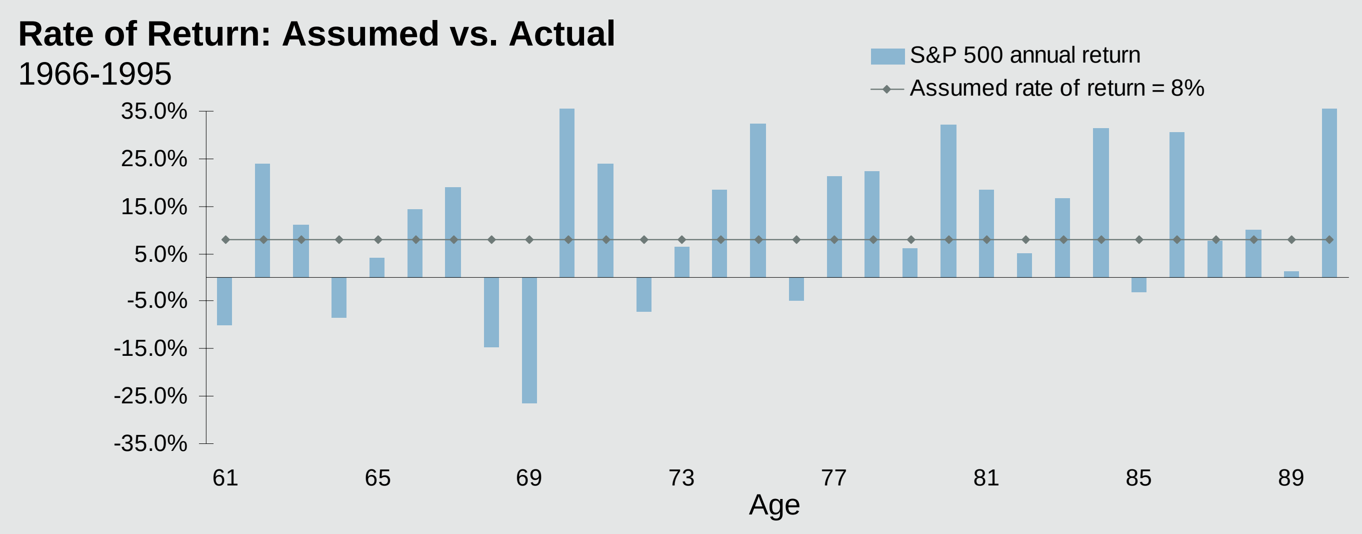
RETIREMENT INSIGHTS

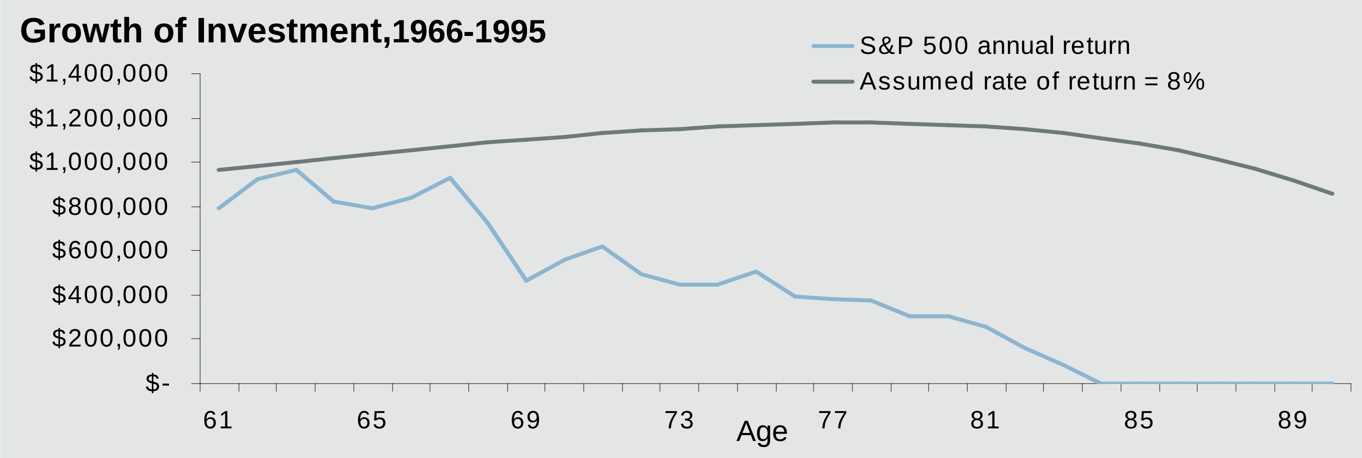
Dollar Cost Ravaging - Impact of Market Returns on Distribution

Withdrawing assets in volatile markets early in retirement can ravage a portfolio



Assumptions:

- Enter retirement at age 60 with $1,000,000
- Start with a 5.5% withdrawal of $55,000
- Increase $$ amount of withdrawal by overall rate of inflation (3%) each year
- Compare the growth of investment using S&P 500 annual return vs. assumed rate of 8%



Results:

- Actual annual average return of S&P 500 over sample period was 11%
- Volatility in returns early in retirement can "ravage" a portfolio

Source: S&P 500 Total Return Index, J.P. Morgan Asset Management, Convergent Retirement Plan Solutions, LLC.
Returns are based on the S&P 500 Total Return Index. The assumptions are presented for illustrative purposes only. They must not be used, or relied upon, to make investment decisions. There is no direct correlation between a hypothetical investment and the anticipated future return of an index. Past performance does not guarantee future results.

Retirement

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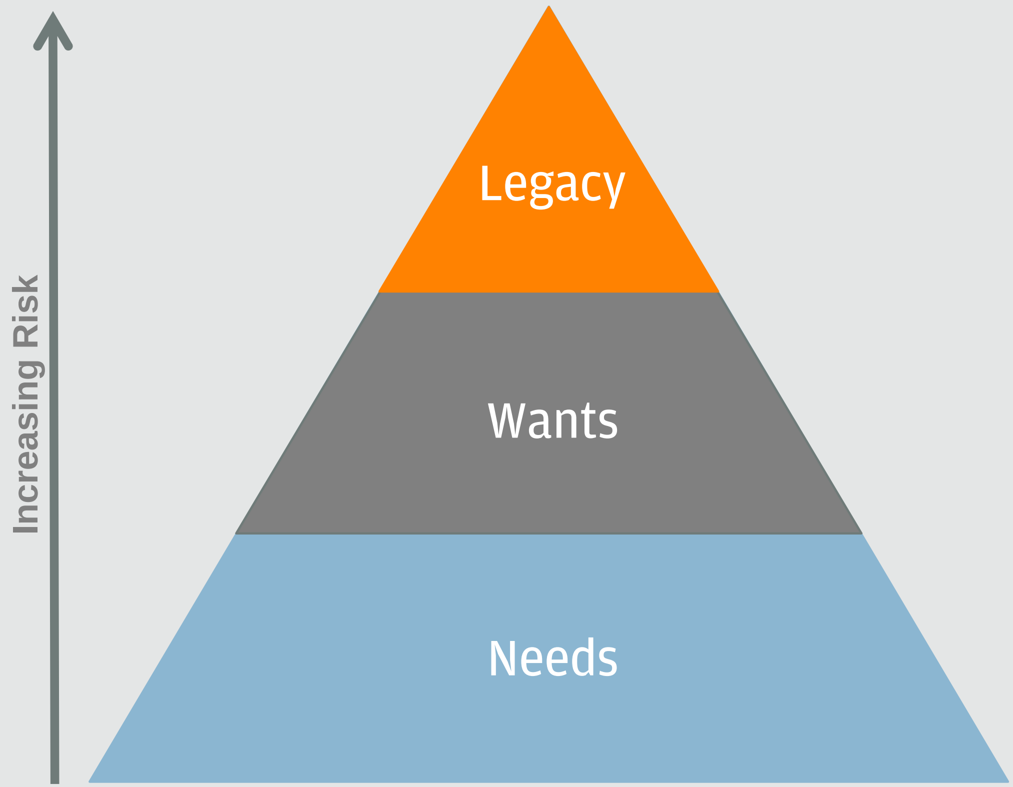
Structuring a Portfolio to Match Investor Goals

How will you structure your investments in retirement to meet your goals?



Considerations	Potential Solutions
Time horizon not only of yourself, but also of your heirs or endowment	Equities Alternatives
What are your desires/wants? How much risk are you willing to take?	Equities Bonds
What are your basic needs? What income sources do you have or will you need to create?	Social Security Pension Annuities Bonds Cash Instruments

For illustration purposes only.
J.P. Morgan Asset Management.

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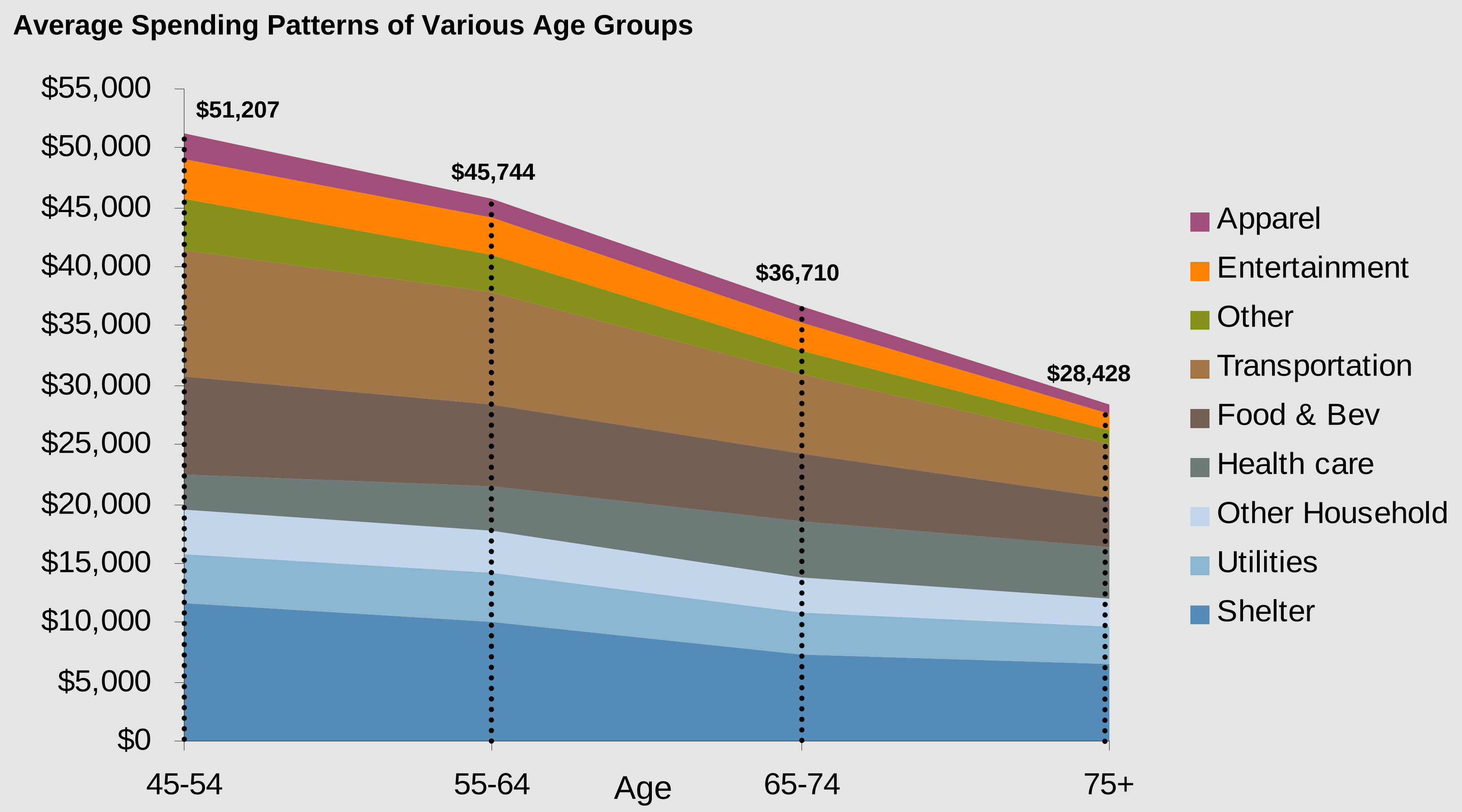
Changes in Spending

How will your spending habits change over time?

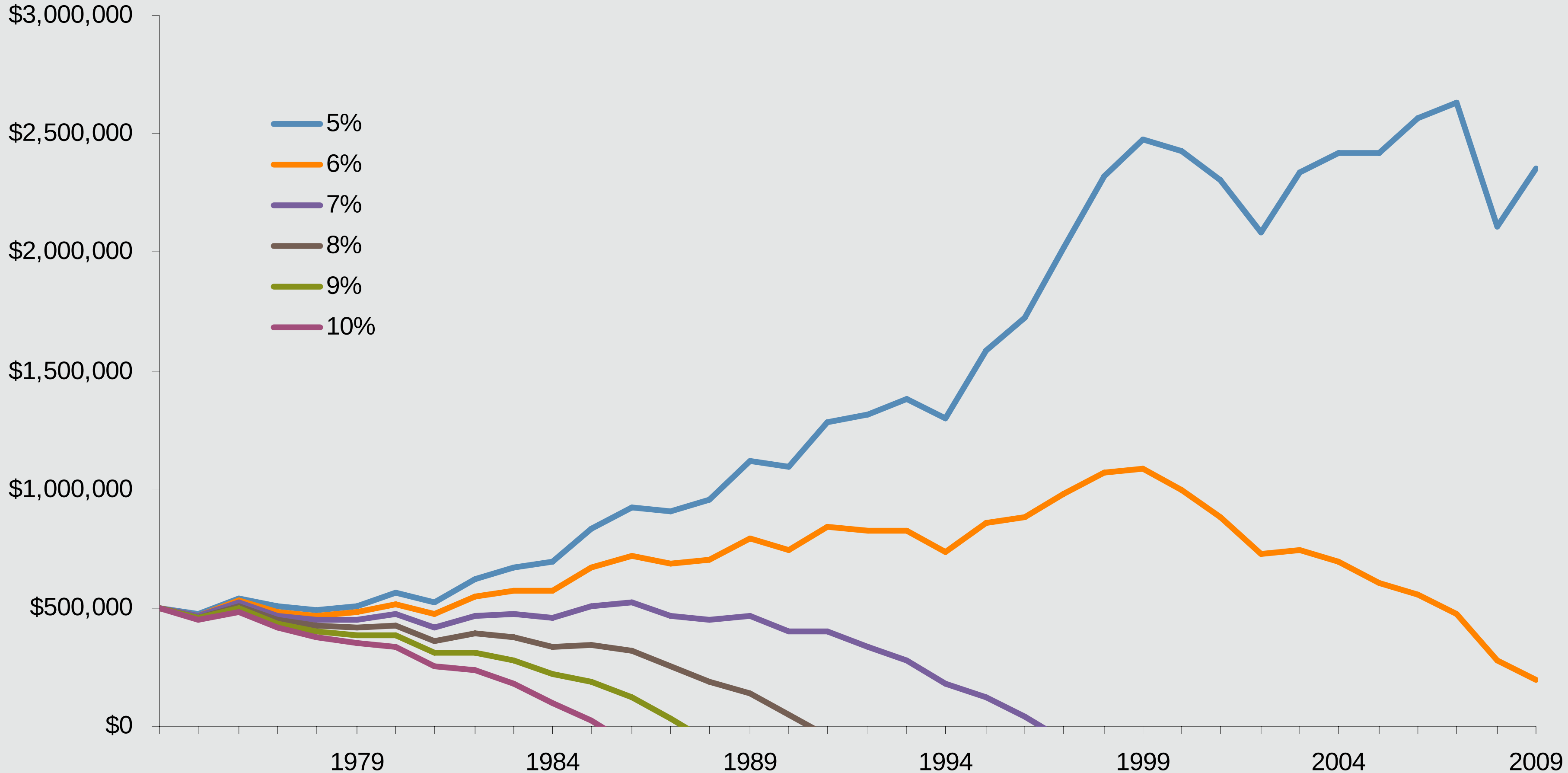


Estimates based on average consumer expenditure from the Consumer Expenditure Survey for each respective age group excluding pension and cash contributions, BLS. Data as of 2008.
Source: J.P. Morgan Asset Management.

Effects of Withdrawal Rates

Even a small increase in the withdrawal rate can dramatically affect the longevity of a portfolio

The Effect of Withdrawal Rates on Portfolio Longevity
1975 - 2009



For illustrative purposes only. Illustration shows the hypothetical performance of a portfolio from January 1, 1975 to December 31, 2009 given various withdrawal rates set at retirement. Hypothetical portfolio is comprised of 50% bonds and 50% stocks that is rebalanced annually. The yearly withdrawal amount is set as a fixed percentage of the initial amount of $500,000 and is then inflation adjusted over the period. Returns to stocks are represented by the S&P 500 total return, returns to bonds by the Barclays Aggregate Index total return, and inflation by the Consumer Price Index. Source: J.P. Morgan Asset Management

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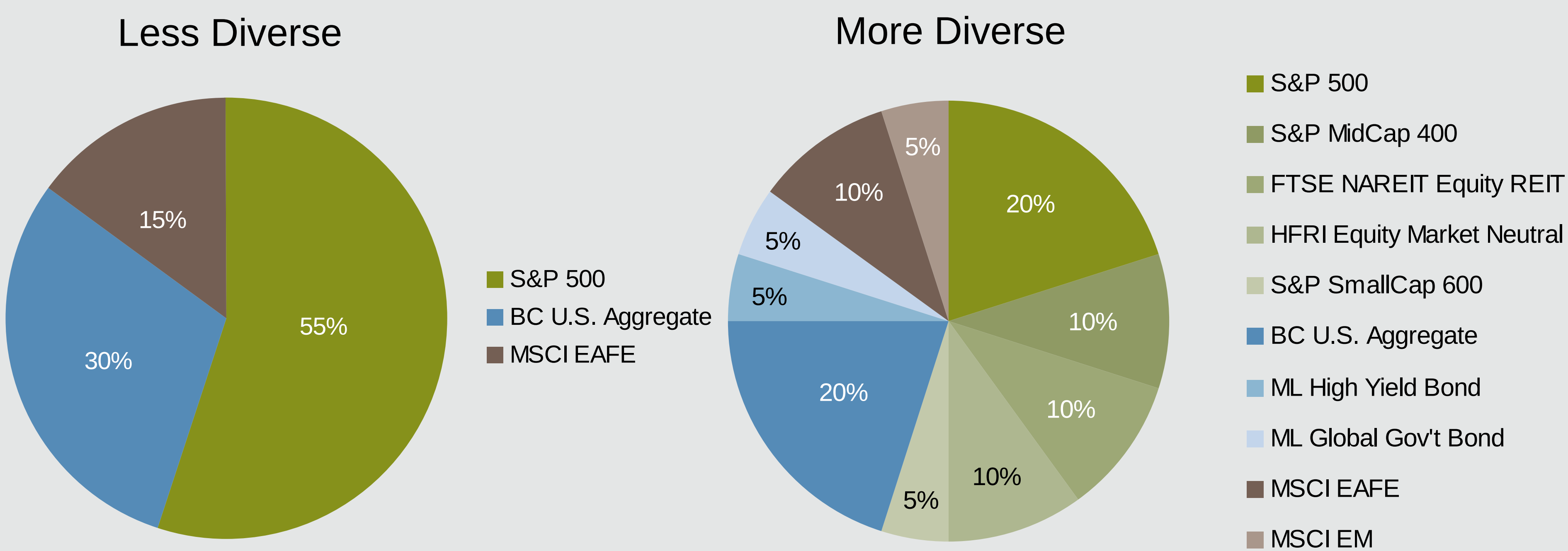
Diversification may provide better returns with less risk

Maximizing the Power of Diversification, 1990 - 2009



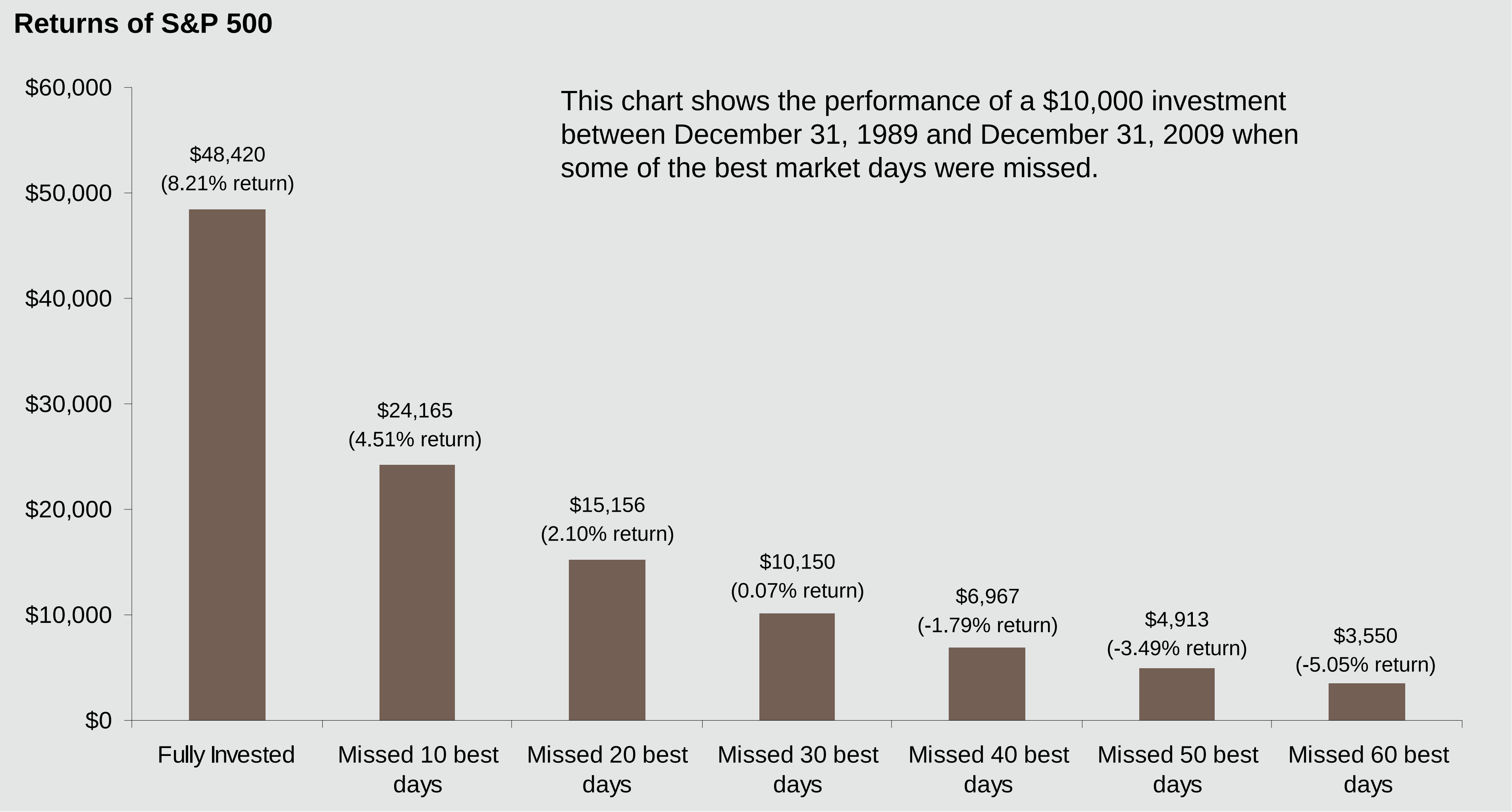
Return: 7.92%
Standard Deviation: 10.59%

Return: 8.94%
Standard Deviation: 9.66%

The above chart is for illustrative purposes only. Source: J.P. Morgan Asset Management. Allocations calculated using Zephyr. Data are from 1990 – 2009 with the exception of HFRI Equity Market Neutral, which was started at the inception of index in 1998. Diversification does not guarantee investment returns and does not eliminate the risk of loss.

Impact of Being Out of the Market

Trying to time the market and missing a few of the best days can significantly affect returns



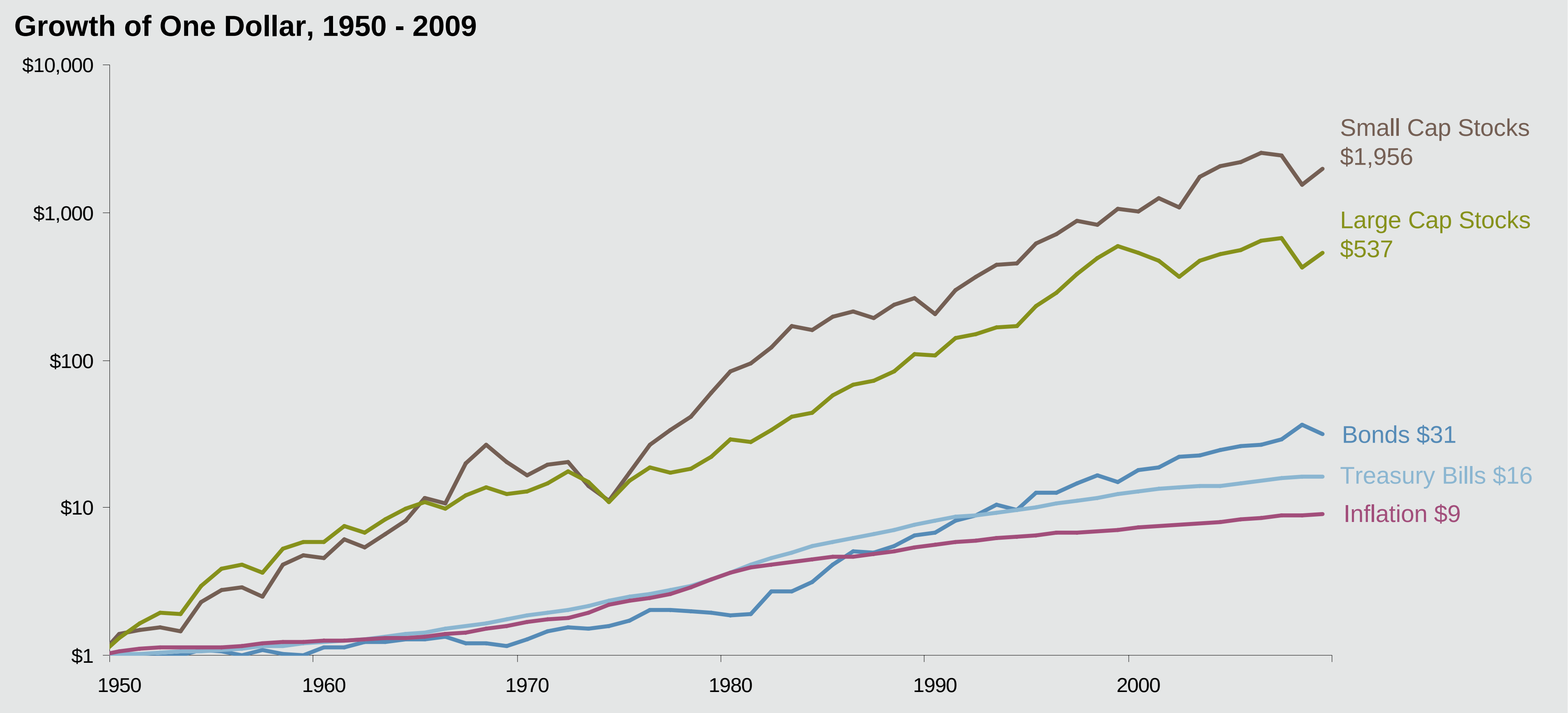
This chart is for illustrative purposes only and does not represent the performance of any investment or group of investments.

Source: Prepared by J.P. Morgan Asset Management using data from Lipper. Returns are based on the S&P 500 Total Return Index, an unmanaged, capitalization-weighted index that measures the performance of 500 large-capitalization domestic stocks representing all major industries. Past performance is not indicative of future returns. An individual cannot invest directly in an index.

RETIREMENT INSIGHTS

Major Asset Classes vs. Inflation

Cash may not be a long-term solution



Hypothetical value of $1 invested at year-end 1950. Assumes reinvestment of income and no transaction costs or taxes.

Small Company Stocks—represented by the fifth capitalization quintile of stocks on the NYSE for 1950–1981 and the performance of the Dimensional Fund Advisors, Inc. (DFA) U.S. Micro Cap Portfolio thereafter; Large Company Stocks—Standard & Poor's 500®, which is an unmanaged group of securities and considered to be representative of the stock market in general; Government Bonds—20-year U.S. Government Bond; Treasury Bills—30-day U.S. Treasury Bill; Inflation—Consumer Price Index. Government Bonds and Treasury Bills are guaranteed by the full faith and credit of the United States government as to the timely payment of principal and interest, while stocks are not guaranteed and have been more volatile than the other asset classes. Small-capitalization stocks typically carry more risk than stock funds investing in well-established "blue-chip" companies since smaller companies generally have a higher risk of failure. Historically, smaller companies' stock has experienced a greater degree of market volatility than the average stock. This is for illustrative purposes only and not indicative of any investment. Past performance is no guarantee of future results. An investment cannot be made directly in an index. CDs, savings accounts and money market deposit accounts are insured by the FDIC for up to $100,000.

Investing

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The best and worst performing asset classes vary greatly year to year

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	10-yrs '00 - '09
Real Estate 26.4%	Real Estate 13.9%	DJ UBS Cmdty 23.9%	MSCI EME 56.3%	Real Estate 31.6%	MSCI EME 34.5%	Real Estate 35.1%	MSCI EME 39.8%	Barclays Agg 5.2%	MSCI EME 79.0%	Real Estate 174.5%
DJ UBS Cmdty 24.2%	Market Neutral 9.3%	Barclays Agg 10.3%	Russell 2000 47.3%	MSCI EME 26.0%	DJ UBS Cmdty 17.6%	MSCI EME 32.6%	MSCI EAFE 11.6%	Market Neutral 1.1%*	MSCI EAFE 32.5%	MSCI EME 162.0%
Market Neutral 15.0%	Barclays Agg 8.4%	Market Neutral 7.4%	MSCI EAFE 39.2%	MSCI EAFE 20.7%	MSCI EAFE 14.0%	MSCI EAFE 26.9%	DJ UBS Cmdty 11.1%	Asset Alloc. -23.8%	Real Estate 28.0%	Market Neutral 108.7%
Barclays Agg 11.6%	Russell 2000 2.5%	Real Estate 3.8%	Real Estate 37.1%	Russell 2000 18.3%	Real Estate 12.2%	Russell 2000 18.4%	Market Neutral 9.3%	Russell 2000 -33.8%	Russell 2000 27.2%	Barclays Agg 84.8%
Asset Alloc. 0.6%	MSCI EME -2.4%	Asset Alloc. -5.4%	S&P 500 28.7%	Asset Alloc. 12.5%	Asset Alloc. 8.0%	S&P 500 15.8%	Asset Alloc. 7.3%	DJ UBS Cmdty -36.6%	S&P 500 26.5%	Asset Alloc. 60.8%
Russell 2000 -3.0%	Asset Alloc. -3.4%	MSCI EME -6.0%	Asset Alloc. 25.2%	S&P 500 10.9%	Market Neutral 6.1%	Asset Alloc. 14.9%	Barclays Agg 7.0%	S&P 500 -37.0%	Asset Alloc. 22.5%	DJ UBS Cmdty 50.9%
S&P 500 -9.1%	S&P 500 -11.9%	MSCI EAFE -15.7%	DJ UBS Cmdty 22.7%	DJ UBS Cmdty 7.6%	S&P 500 4.9%	Market Neutral 11.2%	S&P 500 5.5%	Real Estate -37.7%	DJ UBS Cmdty 18.7%	Russell 2000 41.3%
MSCI EAFE -14.0%	MSCI EAFE -21.2%	Russell 2000 -20.5%	Market Neutral 7.1%	Market Neutral 6.5%	Russell 2000 4.6%	Barclays Agg 4.3%	Russell 2000 -1.6%	MSCI EAFE -43.1%	Barclays Agg 5.9%	MSCI EAFE 17.0%
MSCI EME -30.6%	DJ UBS Cmdty -22.3%	S&P 500 -22.1%	Barclays Agg 4.1%	Barclays Agg 4.3%	Barclays Agg 2.4%	DJ UBS Cmdty -2.7%	Real Estate -15.7%	MSCI EME -53.2%	Market Neutral 4.1%	S&P 500 -9.1%

Source: Russell, MSCI Inc., Dow Jones, Standard and Poor's, Barclays Capital, NAREIT, J.P. Morgan Asset Management.

The "asset allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EMI, 30% in the Barclays Capital Aggregate, 5% in the CS/Tremont Equity Market Neutral Index, 5% in the DJ UBS Commodity Index and 5% in the NAREIT Equity REIT Index. Asset allocation portfolio assumes annual rebalancing. All data except commodities represent total return for stated period. Past performance is not indicative of future returns. Please see index definitions on the disclosure slides. Data are as of 3/31/10, except for the CS/Tremont Equity Market Neutral Index, which reflects data through 2/26/10. "10 Year" returns represent cumulative total return and are not annualized. These returns reflect the period from 1/1/00 – 12/31/09. *Market Neutral returns include estimates found in disclosures.

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Appendix: Traditional IRAs vs. Roth IRAs - 2009

	Traditional IRA – Tax-deductible	Traditional IRA – Non-deductible	Roth IRA	Roth IRA conversion
Maximum contribution	$5,000 (under age 50) $6,000 (age 50-70½)	$5,000 (under age 50) $6,000 (age 50-70½)	$5,000 (under age 50) $6,000 (age 50 or older)	No limit on conversions of traditional IRAs, SEP IRAs, SIMPLE IRAs (if open 2+ years) and former employer plans
Age limits to contribute	Under 70½	Under 70½	None	None
Income limits to contribute	**Single:** Up to $55,000 for full deduction, $65,000 for partial[1] **Joint**: Up to $89,000 for full deduction, $109,000 for partial[1]	None	**Single:** Up to $105,000 for full contribution, $120,000 for partial **Joint:** Up to $166,000 for full contribution, $176,000 for partial	Modified adjusted gross income of $100,000 or less
Federal tax treatment	▪ Deductible contributions and investment gains taxed as ordinary income upon withdrawal ▪ Early withdrawals before 59½ subject to 10% federal penalty unless certain exceptions apply	▪ Non-deductible contributions can be withdrawn tax-free ▪ Investment gains taxed as ordinary income upon withdrawal ▪ Early withdrawals before 59½ subject to 10% federal penalty unless certain exceptions apply	▪ All contributions are non-deductible; can be withdrawn tax-free ▪ Investment gains are tax-free if withdrawn after five years and 59½ or older ▪ Early withdrawals of investment gains subject to taxes and 10% federal penalty unless certain exceptions apply	▪ Taxes due upon conversion of account balances not yet taxed ▪ Converted amounts can be withdrawn tax-free[2] ▪ Investment gains are tax-free if withdrawn after five years and 59½ or older ▪ Early withdrawals of investment gains subject to taxes and 10% federal penalty unless certain exceptions apply
Mandatory withdrawals	▪ **After 70½** for account owner ▪ Upon account owner's death for non-spouse beneficiaries	▪ **After 70½** for account owner ▪ Upon account owner's death for non-spouse beneficiaries	▪ **None** for account owner ▪ Upon account owner's death for non-spouse beneficiaries	▪ **None** for account owner ▪ Upon account owner's death for non-spouse beneficiaries
Deadline to contribute	April 15, 2010	April 15, 2010	April 15, 2010	December 31, 2009 (to apply conversion to current tax year) **Note:** No income limits to convert in 2010 and beyond

Source: IRS Publication 590

[1] Assumes participation in an employer's retirement plan. No income limits apply when investors and spouses are not covered by a retirement plan at work.

[2] Penalties may apply if converted amounts are withdrawn before five years of the conversion or age 59½.

RETIREMENT INSIGHTS

Appendix: Traditional IRAs vs. Roth IRAs - 2010

	Traditional IRA – Tax-deductible	Traditional IRA – Non-deductible	Roth IRA	Roth IRA conversion
Maximum contribution	$5,000 (under age 50) $6,000 (age 50-70½)	$5,000 (under age 50) $6,000 (age 50-70½)	$5,000 (under age 50) $6,000 (age 50 or older)	No limit on conversions of traditional IRAs, SEP IRAs, SIMPLE IRAs (if open 2+ years) and former employer plans
Age limits to contribute	Under 70½	Under 70½	None	None
Income limits to contribute	**Single:** Up to $56,000 for full deduction, $66,000 for partial[1] **Joint**: Up to $89,000 for full deduction, $109,000 for partial[1]	None	**Single:** Up to $105,000 for full contribution, $120,000 for partial **Joint:** Up to $167,000 for full contribution, $177,000 for partial	None in 2010 and beyond
Federal tax treatment	▪ Deductible contributions and investment gains taxed as ordinary income upon withdrawal ▪ Early withdrawals before 59½ subject to 10% federal penalty unless certain exceptions apply	▪ Non-deductible contributions can be withdrawn tax-free ▪ Investment gains taxed as ordinary income upon withdrawal ▪ Early withdrawals before 59½ subject to 10% federal penalty unless certain exceptions apply	▪ All contributions are non-deductible; can be withdrawn tax-free ▪ Investment gains are tax-free if withdrawn after five years and 59½ or older ▪ Early withdrawals of investment gains subject to taxes and 10% federal penalty unless certain exceptions apply	▪ Taxes due upon conversion of account balances not yet taxed ▪ Converted amounts can be withdrawn tax-free[2] ▪ Investment gains are tax-free if withdrawn after five years and 59½ or older ▪ Early withdrawals of investment gains subject to taxes and 10% federal penalty unless certain exceptions apply
Mandatory withdrawals	▪ **After 70½** for account owner ▪ Upon account owner's death for non-spouse beneficiaries	▪ **After 70½** for account owner ▪ Upon account owner's death for non-spouse beneficiaries	▪ **None** for account owner ▪ Upon account owner's death for non-spouse beneficiaries	▪ **None** for account owner ▪ Upon account owner's death for non-spouse beneficiaries
Deadline to contribute	April 15, 2011	April 15, 2011	April 15, 2011	December 31, 2010 **In 2010 only:** Option to pay taxes in full in 2010 or divide conversion income equally over 2011 and 2012 tax returns

Source: IRS Publication 590

[1] Assumes participation in an employer's retirement plan. No income limits apply when investors and spouses are not covered by a retirement plan at work.

[2] Penalties may apply if converted amounts are withdrawn before five years of the conversion or age 59½.

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J.P. Morgan Asset Management – Index Definitions

Indexes are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

The S&P 500 Index is widely regarded as the best single gauge of the U.S. equities market. This world-renowned index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the S&P 500 Index focuses on the large-cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market. An investor cannot invest directly in an index.

The S&P MidCap 400 Index tracks a diverse basket of medium-sized U.S. firms. A mid-cap stock is broadly defined as a company with a market capitalization ranging from about $2 billion to $10 billion.

The S&P SmallCap 600 Index invests in a basket of small-cap equities. A small-cap company is generally defined as a stock with a market capitalization between $300 million and $2 billion.

The Russell 2000 Index ® measures the performance of the 2,000 smallest companies in the Russell 3000 Index.

The MSCI® EAFE (Europe, Australia, Far East) Net Index is recognized as the pre-eminent benchmark in the United States to measure international equity performance. It comprises 21 MSCI country indexes, representing the developed markets outside of North America.

The MSCI Emerging Markets IndexSM is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of June 2007, the MSCI Emerging Markets Index consisted of the following 25 emerging market country indices: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The CS/Tremont Equity Market Neutral Index takes both long and short positions in stocks with the aim of minimizing exposure to the systematic risk of the market (i.e., a beta of zero).

*Market Neutral returns for November 2008 are estimates by J.P. Morgan Funds Market Strategy, and are based on a December 8, 2008 published estimate for November returns by CS/Tremont in which the Market Neutral returns were estimated to be +0.85% (with 69% of all CS/Tremont constituents having reported return data). Presumed to be excluded from the November return are three funds, which were later marked to $0 by CS/Tremont in connection with the Bernard Madoff scandal. J.P. Morgan Funds believes this distortion is not an accurate representation of returns in the category. CS/Tremont later published a finalized November return of -40.56% for the month, reflecting this mark-down. CS/Tremont assumes no responsibility for these estimates.

The NCREIF Property Index is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors - the great majority being pension funds. As such, all properties are held in a fiduciary environment.

The FTSE NAREIT EQUITY REIT Index is designed to provide the most comprehensive assessment of overall industry performance and includes all tax-qualified real estate investment trusts (REITs) that are listed on the NYSE, the American Stock Exchange or the NASDAQ National Market List.

The Barclays Capital U.S. Aggregate Index represents securities that are SEC-registered, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indexes that are calculated and reported on a regular basis.

The HFRI Equity Market Neutral Index is an equally weighted performance index. The HFRI is broken down into 33 different categories by strategy. The strategy of this index seeks to profit by exploiting inefficiencies between related equity securities, neutralizing exposure to market risk by combining long and short positions. In many cases, portfolios are structured to be market, industry, sector and dollar neutral. One example of this strategy is to build portfolios made up of long positions in the strongest companies in several industries and take corresponding short positions in those showing signs of weakness. Due to the mutual agreements with the hedge fund managers listed in the HFRI database, the index is not at liberty to disclose the particular funds behind this index.

The Merrill Lynch Global Government Index tracks the performance of investment-grade sovereign debt publicly issued and denominated in the issuer's own domestic market and currency. In order to qualify for inclusion in the Index, a country (i) must be an OECD member; (ii) must have an investment grade foreign currency long-term sovereign debt rating (based on an average of Moody's, S&P and Fitch); (iii) must have at $50 billion (USD equivalent) outstanding face value of Index qualifying debt (i.e., after imposing constituent level filters on amount outstanding, remaining term to maturity, etc.) to enter the Index; (iv) must have at least $25 billion (USD equivalent) in outstanding face value of Index qualifying debt in order to remain in the Index; (v) must be available to foreign investors; and (vi) must have at least one readily available, transparent price source for its securities.

The Merrill Lynch U.S. High Yield Index tracks the performance of US dollar-denominated below-investment-grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below-investment-grade rating (based on an average of Moody's, S&P and Fitch) and an investment-grade-rated country of risk (based on an average of Moody's, S&P and Fitch foreign currency long-term sovereign debt ratings).

The Dow Jones Industrial Average measures the stock performance of 30 leading blue-chip U.S. companies.

The Dow Jones-UBS Commodity Index is composed of futures contracts on physical commodities and represents 19 separate commodities traded on U.S. exchanges, with the exception of aluminum, nickel and zinc.

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J.P. Morgan Asset Management - Disclosures

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