

JPEL

Company Summary

Objective

JPEL’s core strategy is to purchase private equity fund interests in the secondary market. The Company will also make selective co-investments and primary commitments.

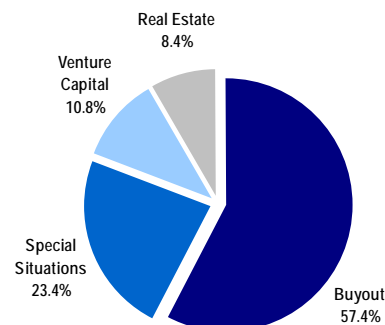
Launched

30 June 2005

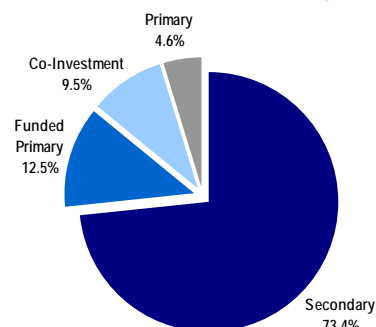
	Ordinary Share	Zero Dividend Preference Share 2013	Zero Dividend Preference Share 2015
Net Asset Value (“NAV”) per share	US\$ 1.71	53.17p	48.88p
No. of shares in issue	283.47 mm	65.42 mm	14.63 mm
Currency of Quotation	US\$	£ Sterling	£ Sterling
Ticker	JPEL	JPEZ	JPZZ
Sedol	B07V0H2	B07V0R2	B00DDT8
ISIN	GB00B07V0H27	GB00B07V0R25	GG00B00DDT81
Market Makers	Cazenove Collins Stewart Dresdner HSBC Bank	ABN Amro Cazenove Collins Stewart Dresdner HSBC Bank Winterflood	ABN Amro Cazenove Collins Stewart Dresdner HSBC Bank Winterflood

All figures as at 31 December 2008.

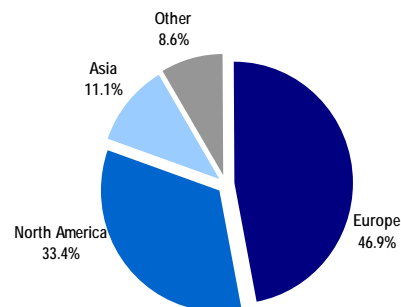
Fund Level – Investment Strategy^{1,2}



Fund Level – Investment Type¹



Company Level - Geography¹



Company Description

J.P. Morgan Private Equity Limited (“JPEL” or the “Company”) is a global private equity fund listed on the London Stock Exchange. JPEL’s core strategy is to purchase private equity fund interests in the secondary market. It will also make selective co-investments and primary commitments. JPEL offers shareholders the ability to tender up to 15% of total shares each year, at Directors’ discretion.*

JPEL pursues the following strategies to meet its investment objectives:

- Acquires secondary portfolios of direct investments, significantly invested partnership investments, and partially drawn commitments, in order to accelerate NAV development.
- Obtains exposure to individual companies by co-investing alongside private equity sponsors in companies that offer the potential for substantial equity appreciation.
- Opportunistically invests in buyout, venture capital, and other special situations funds and investments throughout the world based on attractive transaction values, advantageous market conditions, and compelling risk-adjusted return potential.
- Diversifies its portfolio by manager, industry, geography, investment stage, and vintage year.

The Company’s capital structure consists of three classes of shares: Equity Shares and two classes of Zero Dividend Preference Shares due 2013 and 2015, respectively (together, the “ZDP Shares”).

* Ability to tender up to 15% of US\$ equity shares and 15% of 2013 ZDP shares each year, at Director's discretion. In the event greater than 15% of shares in the relevant class are tendered, each tender will be reduced on a pro-rata basis. Shares tendered may be held in Treasury for further issuance. JPEL's most recent tender for up to 7.5% of total shares for the half year ending 31 December 2008 was oversubscribed. Approximately 7.5% of equity shares and 13% of 2013 ZDP shares that requested tenders were filled. Investors should have no expectations that the tender offer will be operated.

1. The diversification charts above are based on Net Asset Value as at 31 December 2008 and use underlying company-level and fund-level values.
2. Special situations includes mezzanine, debt, turnaround and distressed investment strategies.

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JPEL Manager's Comments

NAV of JPEL's Equity Shares
has grown 67.6%
since inception.

Past performance is not indicative of future performance. Performance returns shown can increase or decrease due to currency fluctuations.

Performance Update

JPEL's net asset value (“NAV”) per Equity Share ended at \$1.71 for the quarter, representing a decline of 3.9% from the prior quarter and a slight increase of 0.6% over the twelve month period ending 31 December 2008. The table below shows the NAV development of each of JPEL's securities over a variety of periods ranging from 3 months to inception-to-date.

Share Class	Ticker	Total NAV Appreciation / (Depreciation)					Inception
		3 months	6 months	1 Year	2 Year	3 Year	
Equity Shares	JPEL	(3.9%)	(7.6%)	0.6%	17.9%	58.3%	67.6%
2013 ZDPs	JPEZ	1.8%	3.6%	7.3%	15.2%	23.6%	28.1%
2015 ZDPs	JPZZ	--	--	--	--	--	0.3%

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The Manager believes that JPEL has delivered strong relative performance during a period characterized by unprecedented value declines across most asset classes, investment strategies, sectors and industries. JPEL's resilient performance is attributable to the fact that the Company has purchased a vast majority of its assets through the secondary market since May of 2007, in the “post-credit crunch” environment. This strategy has permitted JPEL to build a defensive portfolio over the past two years that the Manager believes will retain value in a recessionary environment and remain poised to deliver strong returns once markets stabilize.

In developing the current portfolio, JPEL has pursued and will continue to pursue the following:

- **Built a Highly Diversified Portfolio.** Exposure to 170 funds in 35 countries with investments in over 1,500 underlying portfolio companies.
- **Avoided Large Buyout Funds.** Approximately 42% of JPEL's portfolio is in small to mid-sized buyouts, where leverage and purchase multiples tend to be significantly lower than those in the large and mega buyout segments. Large and mega buyout funds represented 9.5% of the total private equity portfolio at 31 December 2008.
- **Added Special Situation Investments.** Approximately 23% of the portfolio is invested in special situation funds such as mezzanine, distressed debt and restructuring funds. These funds generally take more defensive debt positions and often are direct beneficiaries of illiquid and recessionary environments.
- **Invested in Defensive Industries.** The Manager has emphasized more opportunities in industries that have counter-cyclical or defensive characteristics. As an example, 4 of the top 5 industry exposures are in basic cable, education services, capital goods and healthcare.
- **Followed Secondary Investment Strategy.** JPEL's strategy of buying private equity interests in the secondary market often allow it to purchase assets at significant discounts to intrinsic value and stated NAVs. In addition, this has permitted the selection of funds with specific industry allocations and acceptable debt levels.

On the back of this defensive portfolio and despite turbulent market conditions and a difficult fundraising environment in the fourth quarter of 2008, JPEL completed a small initial public offering for a new class of Zero Dividend Preference (“ZDP”) Shares due in 2015 (“2015 ZDPs”). The Company placed 14,625,650 2015 ZDPs at a price of 50p per share with Final Capital Entitlement⁽¹⁾ of 87.3p per share on 19 December 2008. Given the global market environment in mid-late December, the Manager believes that this fundraise represented strong support of the Company.

The overall resilience of JPEL's Equity NAV was tempered by the continuing difficult economic and capital markets environment. The stock price of the Equity Shares was hard hit during the 4th quarter, ending 2008 at \$1.12 per share, a decline of 27.7% from the start of the quarter and a decline of 24.8% from the start of the calendar year. Although highly disappointing, this compared very well with the LPX® Composite Index⁽²⁾ which declined over 50% during the fourth quarter alone and was off 65.5% for the calendar year. In addition, core indices such as the S&P 500 and the FTSE 100 fell 38.5% and 31.3% for the calendar year, respectively.

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(1) Final Capital Entitlement is defined as the accrued capital entitlement of such a share on the Final Capital Entitlement Date, or, if lower, the amount per ZDP Share to which holders of ZDP Shares would be entitled, and would receive on a winding up of the Company.

(2) See Listed Private Equity Index at www.lpx.ch. The LPX® Composite is a global Listed Private Equity (LPE) index with a broad number of constituents. The index is well diversified across regions and LPE investment styles and represents the development of all LPE companies covered by LPX that fulfill certain liquidity constraints.

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Manager's Comments

JPEL's Equity Shares outperformed the LPX® Composite Index* by approximately 40 percentage points in 2008.⁽¹⁾

* See Listed Private Equity Index at www.lpx.ch. The LPX® Composite is a global Listed Private Equity (LPE) index with a broad number of constituents. The index is well diversified across regions and LPE investment styles and represents the development of all LPE companies covered by LPX that fulfill certain liquidity constraints.

Investment Activity

JPEL continues to be very selective in this market environment and made investments in two JPEL completed a primary investment in Leeds Equity Partners V, L.P. a fund focused on education and related industries. This investment was made in relation to a previous secondary transaction with the Manager. The Company also completed a secondary investment in Terra Firma Deutsche Annington, a real estate fund focused on Germany.

Company Actions

On 23 December 2008, the Company announced that based on the total number of Shares tendered as part of the Company's Tender Offer to purchase shares as at 31 December 2008, the Board anticipates that the Company will (i) accept 7.5 % of all of the 122,950,592 Equity Shares tendered (amounting to 9,221,294 Equity Shares in total); and (ii) accept 13.0 % of all of the 15,823,772 ZDP Shares tendered (amounting to 2,051,508 ZDP Shares in total).

On 16 December 2008, the Company resolved that 14,625,650 2015 ZDP Shares were placed in the Placing at a price of 50p per share with Final Capital Entitlement* of 87.3p per share. Admission became effective, settlement occurred, and dealings in the Placing Shares commenced on 19 December 2008.

Market Outlook

The Manager believes that 2009 should be a very positive year for secondary funds. The Manager continues to see a robust environment for its strategy as distressed sellers, including institutions, banks, endowments, as well as individual investors are actively seeking exits for their private equity portfolios. Although the overall transaction volume continues to be low in the secondary space, we anticipate this will change significantly later in the year.

* Final Capital Entitlement is defined as the accrued capital entitlement of such a share on the Final Capital Entitlement Date, or, if lower, the amount per ZDP Share to which holders of ZDP Shares would be entitled, and would receive on a winding up of the Company.

Balance Sheet Information as at 31 December 2008

Investments at Market Value	\$597.9 mm
Bank Deposits	\$58.0 mm
Net Asset Value	\$545.7 mm

Source: Manager.

Summary of Portfolio as at 31 December 2008²

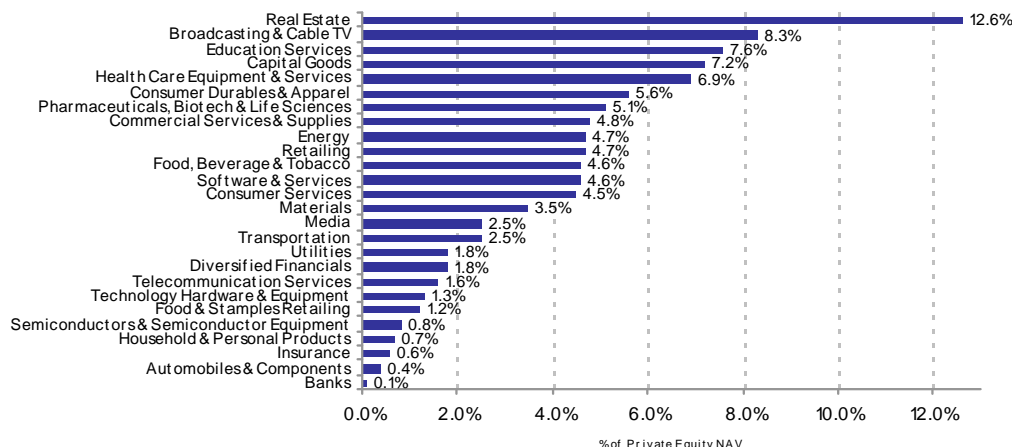
Number of Funds	170
Buyout Funds	89
Special Situations	35
Venture Capital	38
Real Estate	8
U.S. Funds	80
Non-U.S. Funds	90
Co-investments	7

Source: Manager.

¹ Past performance is not indicative of future performance. Performance returns shown can increase or decrease due to currency fluctuations.

² Fund total includes private equity fund interests indirectly owned through the purchase of secondary interests.

Company Level - Industry Diversification³



Source: Manager.

³ The diversification chart is based on Net Asset Value as at 31 December 2008 and use underlying company-level and fund-level values.

JPEL

Company Overview

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Investment Manager

JPEL is a closed-ended investment company that is registered and incorporated under the laws of Guernsey. JPEL is managed by Bear Stearns Asset Management Inc. (“BSAM Inc.”), a wholly-owned subsidiary of JPMorgan Chase & Co.

JPMorgan Chase & Co. (NYSE: JPM) is a leading financial services firm with assets under supervision of \$1.5 trillion and assets under management of \$1.1 trillion. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management, and private equity.

Further information about JPMorgan Chase & Co. can be found at www.jpmorganchase.com

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