

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
Net Asset Value (“NAV”) per share	US\$ 1.78	52.23p
No. of shares in issue	283.77 mm	65.42 mm
Currency of Quotation	US\$	£ Sterling
Ticker	JPEL	JPEZ
Sedol (subject to change with new ticker)	B07V0H2	B07V0R2
ISIN (subject to change with new ticker)	GB00B07V0H27	GB00B07V0R25
Market Makers	Cazenove Collins Stewart Dresdner HSBC Bank	ABN Amro Cazenove Collins Stewart Dresdner HSBC Bank Winterflood

All figures as at 30 September 2008.

Company Description

J.P. Morgan Private Equity Limited (“JPEL”) 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.*

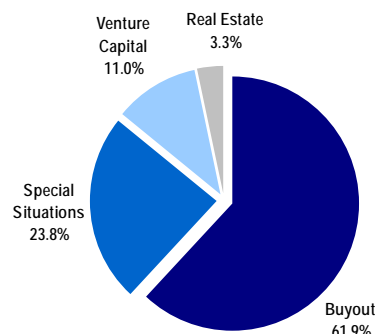
JPEL pursues the following strategies to meet its investment objectives:

- 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.

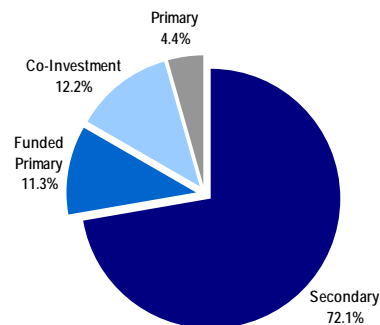
The Company’s capital structure consists of two classes of shares: Equity Shares and Zero Dividend Preference Shares (“ZDP Shares”).

* In the event greater than 15% of shares are tendered, tenders will be reduced on a pro-rata basis. Shares tendered may be held in Treasury for further issuance.

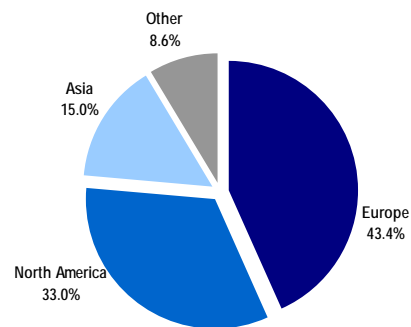
Fund Level – Investment Strategy^{1,2}



Fund Level – Investment Type¹



Company Level - Geography¹



1. The diversification charts above are based on Net Asset Value as at 30 September 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 74.5%
since inception.⁽¹⁾

Cover of JPEL's ZDP Shares
has grown from 1.3x to 4.6x
since inception.

JPEL Performance

For the year to date ending 30 September 2008, JPEL's net asset value (“NAV”) per Equity Share and Equity Share price increased 4.7% and 4.0%, respectively. This compares favourably to the LPX® Composite Index⁽²⁾, which declined 32.1% over the same period, as well as the S&P 500 and the FTSE 100 which declined 20.6% and 24.1%, respectively.

Despite the fact that JPEL's private equity portfolio generated positive performance during the third quarter, extreme volatility in foreign exchange rates caused an overall Equity Share NAV decline of 3.8%. Although JPEL reports its Equity Share NAV in US Dollars, at the end of the quarter only 33% of the portfolio was invested in the United States. The past quarter witnessed significant declines in the Euro, Sterling, and Australian Dollar against the US Dollar, causing declines in the value of JPEL's assets as measured by the US Dollar. As a result, the Company has increased its levels of foreign exchange hedging to partially mitigate further NAV volatility.

JPEL's ZDP share NAV appreciated 1.8% during the quarter, from 51.31p per share to 52.23p per share as at 30 September 2008. ZDP Share price increased 0.5% from 53.25p at 30 June 2008 to 53.50p at 30 September 2008. The cover of JPEL's ZDP shares has increased from 1.3x at inception to 4.6x as at 30 September 2008.

Market Opportunity

JPEL's core strategy is to purchase private equity interests from motivated sellers through selective secondary purchases. The current distressed markets present an increasingly attractive supply of potential secondary transactions. The need for liquidity by large institutions, including banks, insurance companies, hedge funds, etc. has fueled a robust supply of new investment opportunities for JPEL. More importantly, recent signs indicate that the pricing gap that has existed between sellers and buyers in the secondary market is narrowing as many sellers are finally accepting that the pricing paradigm has changed. As the global economy continues to contract, these trends should accelerate.

Investment Activity

Given the turbulence of the current market, JPEL continues to be very selective with investment opportunities. Over the quarter, JPEL made four secondary investments, representing approximately \$32.2 million in new commitments. Three of these investments were “secondary co-investments” whereby JPEL purchased single company exposures from buyers seeking liquidity from prior co-investments and the final investment was a secondary purchase in a German real estate fund. Investments for the quarter include:

- Secondary direct investment in Leeds Equity Partners IV Co-Investment Fund A, L.P., a post-secondary education opportunity, a sector the Manager believes to demonstrate strong countercyclical tendencies.
- Secondary direct investment in Zena, one of Spain's leading multi-brand food chains, operating fast food and casual dining restaurants.
- Secondary direct investment in Hunter Acquisition Limited, one of Germany's largest basic cable companies. This investment represents a follow-on to an existing JPEL co-investment.
- Secondary purchase in Orlando Real Estate GmbH, a special situations Realty Fund, focusing on acquiring unique property assets in German-speaking countries. The fund seeks real estate assets which are undervalued or under-rented and can be re-positioned for greater value.

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

(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.

JPEL Manager's Comments

JPEL's Equity Shares have outperformed the FTSE 100 by 28.1 percentage points year to date.⁽¹⁾

Key Portfolio Highlights

Globally diversified portfolio.

- Diversified by geography, investment strategy and manager
- Portfolio includes exposure to 168 funds with investments in over 1,500 portfolio companies in 35 countries

Significant allocation to special situation funds.*

- Special situation funds currently represent 23.8% of private equity NAV
- Within Europe, special situations represent 36% of private equity NAV

Significant allocation to small and mid-sized buyout funds.**

- Small buyout funds currently represent 33% of private equity NAV
- Mid sized buyout funds currently represent 7% of private equity NAV

Limited exposure to mega and large buyouts and real estate funds.**

- Mega and large buyout funds represent less than 10% of private equity NAV
- Real estate funds represent less than 3% of private equity NAV

*Special situations includes mezzanine, debt, turnaround and distressed investment strategies.

** Funds classifications based on total fund commitments: Small: \$0 - \$500 million; Medium: \$500 - \$2,000 million; Large: \$2,000 million - \$5,000 million; Mega: over \$5,000 million. Excludes co-investments.

Company Actions

Effective 13 October 2008, Bear Stearns Private Equity Limited's name changed to J.P. Morgan Private Equity Limited. The Company's tickers have changed to "JPEL" and "JPEZ" for Equity shares and ZDP shares, respectively. The name change was approved by shareholders in an extraordinary general meeting held on 5 September 2008. Additionally, JPEL's website is now available via www.jpelonline.com and www.jpelonline.co.uk.

On 7 October 2008, the Company issued a tender offer to purchase up to 15 per cent. of the Equity Shares and up to 15 per cent. of the ZDP Shares at the Net Asset Value as calculated on the close of business 31 December 2008.

On 2 September 2008 the Company sold 5,947,165 new ZDP Shares and 1,508,658 ZDP Shares held in treasury at 52.5p per share. On 23 September 2008, the Company sold 9,606,918 Equity Shares held in treasury at US\$1.82 per share. As a result of the sales, the Company now holds 10,268,912 Equity Shares and no ZDP Shares in treasury.

Balance Sheet Information as at 30 September 2008

Investments at Market Value	\$606.3 mm
Bank Deposits	\$27.4 mm
Net Asset Value	\$566.5 mm

Source: Manager.

Summary of Portfolio as at 30 September 2008²

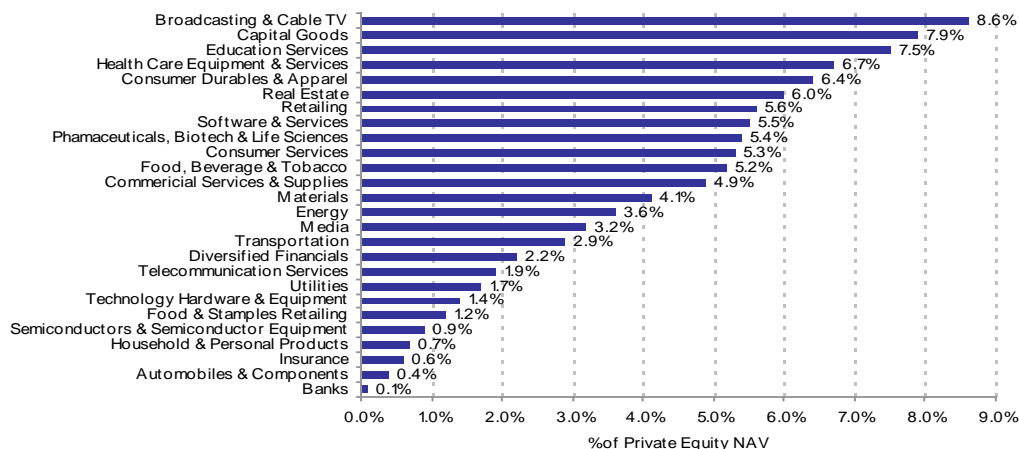
Number of Funds	168
Buyout Funds	88
Special Situations	34
Venture Capital	38
Real Estate	8
U.S. Funds	78
Non-U.S. Funds	90
Co-investments	7

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 30 September 2008 and use underlying company-level and fund-level values.

JPEL

Company Overview

JPEL Contacts

Troy Duncan
US (212) 272-9959
troy.duncan@jpmorgan.com

Rosemary DeRise
US (212) 272-8756
rosemary.derise@jpmorgan.com

www.jpelonline.com

Board of Directors

Chairman

Trevor Ash (*Guernsey Resident*)

Members

Troy Duncan (*US Resident*)

John Loudon (*UK Resident*)

Christopher Paul Spencer (*Guernsey Resident*)

All of whom may be contacted through

St Martin’s House

Le Bordage

St Peter Port

Guernsey GY1 4AU

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 of \$1.6 trillion and operations in over 60 countries. 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

MANAGER

Bear Stearns Asset Management Inc.
237 Park Avenue
New York, NY 10017 USA

SECRETARY, ADMINISTRATOR AND REGISTERED OFFICE

HSBC Management (Guernsey) Limited
St Martin’s House
Le Bordage
St Peter Port
Guernsey GY1 4AU

AUDITOR

KPMG Channel Islands Limited
2 Grange Place
PO Box 235
St. Peter Port
Guernsey GY1 4LD

SOLICITOR

Herbert Smith LLP
Exchange House
Primrose Street
London EC2A 2HS UK

REGISTRAR

Capita IRG (CI) Limited
1 Le Truchot, 2nd Floor
St. Peter Port
Guernsey GY1 4AE

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