

## JPEL Company Summary

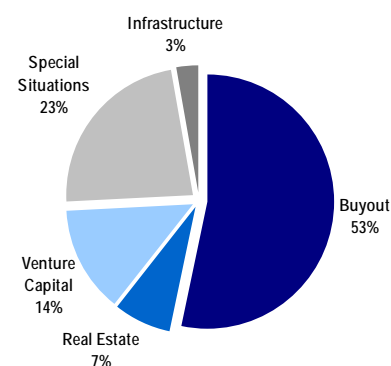
### Objective

JPEL's core strategy is to purchase private equity fund interests in the secondary market.

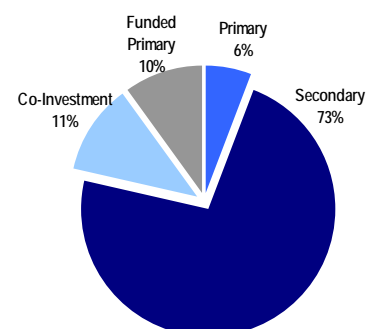
### Launched

30 June 2005

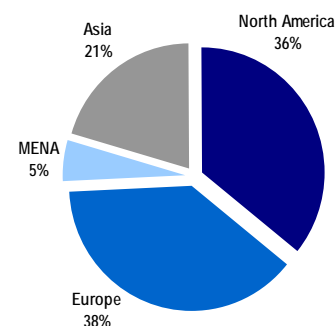
### Fund Level – Investment Strategy<sup>1,2</sup>



### Fund Level – Investment Type<sup>1</sup>



### Company Level - Geography<sup>1</sup>



1. The diversification charts above are based on Net Asset Value as at 30 June 2010 and use underlying company-level and fund-level values.
2. Special situations includes mezzanine, debt, turnaround and distressed investment strategies.

	US\$ Equity Share	Zero Dividend Preference Share 2013	Zero Dividend Preference Share 2015	JPEL Warrants
Net Asset Value ("NAV") per share	US\$ 1.28	59.09p	55.33p	N/A
No. of shares in issue	367.87 mm	63.37 mm	69.42 mm	58.08 mm
Currency of Quotation	US\$	£ Sterling	£ Sterling	US\$
Ticker	JPEL	JPEZ	JPZZ	JPWW
Sedol	B07V0H2	B07V0R2	B00DDT8	B60XDY5
ISIN	GB00B07V0H27	GB00B07V0R25	GG00B00DDT81	GG00B60XDY53
Market Makers	ABN Amro Cazenove HSBC Bank	Cazenove Collins Stewart HSBC Bank Winterflood	Cazenove Collins Stewart HSBC Bank Winterflood	ABN Amro Cazenove HSBC Bank

All figures as at 30 June 2010.

### 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.

JPEL pursues the following strategies to seek to meet its investment objectives

- Acquires secondary portfolios of direct investments and significantly invested partnership investments to accelerate NAV development.
- 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.
- Obtains exposure to individual companies by co-investing alongside private equity sponsors in companies that offer the potential for substantial equity appreciation.
- Diversifies its portfolio by manager, industry, geography, investment stage, and vintage year.
- Actively manages the portfolio by repositioning its investment composition from time to time in order to capitalise on changes in private equity market conditions.

The Company's capital structure consists of three classes of shares: US\$ Equity Shares ("Equity Shares") and two classes of Zero Dividend Preference Shares due 2013 and 2015, respectively (together, the "ZDP Shares").

JPEL issued warrants free of subscription cost to shareholders on record as of 17 August 2009. The warrants are publicly traded on the London Stock Exchange under the symbol "JPWW."

# JPEL

## Manager's Comments

JPEL is the only listed private equity fund focused on the secondary private equity market.

### Second Quarter Update

Despite the declines in the public equity markets and extreme foreign exchange volatility that marked the second quarter, JPEL's private equity portfolio continued to show positive signs of growth. These positive signs include receiving approximately \$18 million in distributions during the quarter (versus \$3.2 million of capital calls) and benefiting from the ongoing market uncertainty by closing several opportunistic transactions in the debt market.

Although JPEL's net asset value (NAV) remains unchanged at \$1.28 per US\$ Equity Share for the six months ending 30 June, JPEL's underlying private equity portfolio showed signs of strong operational performance and lower debt levels. **JPEL's top 35 buyout holdings, representing 33.1% of private equity holdings, experienced weighted average latest twelve months (LTM) revenue growth and LTM EBITDA growth of 9.3% and 18.1%, respectively, with an average weighted Net Debt / EBITDA ratio of 1.9x.\***

In particular, JPEL is encouraged by the following developments within its portfolio:

- **Increased distribution activity, significantly outpacing capital calls**
  - Received distributions of approximately \$18 million (over 3% of JPEL's private equity portfolio value) in the second quarter of 2010.
  - Buyout funds comprised 49% of distributions and venture capital funds comprised 39% of distributions.
  - The majority of distributions from the venture portfolio were a result of the exit of Ancestry.com (NASDAQ: ACOM). JPEL realized over 4.0x its original investment.\*\*
  - Capital calls for the quarter continued to remain low at \$3.2 million (less than 1% of JPEL's private equity portfolio value).
- **Growth of underlying portfolio companies with conservative capital structures**
  - JPEL has continued to emphasize investments in companies with rational debt levels. JPEL's top 35 buyout holdings had a weighted average Net Debt / EBITDA level of 1.9x.\*
  - Weighted average LTM Revenue growth of 9.3% based on JPEL's largest underlying buyout investments.\*
  - Weighted average LTM EBITDA growth of 18.1% based on JPEL's largest underlying buyout investments.\*
- **Creation of a robust investment pipeline with significant cash available to invest**
  - JPEL continues to believe that ongoing economic uncertainty and volatility in the public and currency markets inevitably creates more motivated or distressed sellers of illiquid assets. This market volatility has helped the Company compile a strong transaction pipeline.
  - JPEL is currently working on the later stages of due diligence on several transactions it hopes to close over the next two quarters. Through distribution activity and prudent cash management, JPEL is well positioned to take advantage of investment opportunities resulting from disruptive markets.
- **Strong balance sheet**
  - JPEL has over \$5.34 dollars of private equity assets and cash for every \$1.00 of unfunded commitments. This continues to compare favorably with its peer group of multi-manager funds.
  - Current cash and marketable securities were \$122.9 million at 30 June 2010.

\*Represents largest underlying buyout investments within JPEL's largest 50 underlying companies. Buyout related investments represent 35 of JPEL's largest 50 investments. Based on latest available underlying company data at time of publication.

\*\*A portion of JPEL's shares in ACOM were sold in July 2010.

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

# JPEL

## Manager's Comments *(Continued)*

### Performance Update

Closed the first six months of 2010 with an NAV of \$583 mm

- NAV per US\$ Equity Share was \$1.28 at 30 June 2010 compared to \$1.30 per share at 31 May 2010, representing a 1.5% decrease for the month of June. The decline in value is the direct result of the impact of foreign currency, difficult economic environment in the Middle East affecting several underlying portfolio companies as well as regulatory issues in the for-profit education sector.
- NAV per share for JPEL's 2013 and 2015 ZDP Shares increased from 58.71p to 59.09p and from 54.92p to 55.33p, respectively, during the month of June.
- At the time that the 30 June Quarterly Report was published, JPEL had received approximately 75% of underlying private equity sponsor reports dated 30 June 2010.\*

\*Based on net asset value.

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### Recent Activity

In recent months, JPEL has sought to increase its exposure to first and second lien debt in US-based companies in which the Manager believes can deliver equity-like returns. Over the last three months, JPEL purchased approximately \$15 million in secondary investments through a fund specializing in private debt investments as well as two direct investments.

In April, JPEL purchased a \$7 million commitment to 10th Lane Finance Co. LLC ("10th Lane"). 10th Lane is a US-based specialty finance company created in 2009 to purchase a pre-identified pool of senior secured credit assets in the secondary loan market.

JPEL also made two secondary direct investments in second lien debt supported by two private US middle-market companies. The first investment was in Efmark Deployment I and EDC ATM Subsidiary, LLC, Inc. (collectively "Efmark") a leading ATM deployment company. JPEL also invested in United Road Services, Inc., the country's largest nationwide provider of vehicle logistics. Base case projected internal rate of return for these two credits are approximately 20%. Given significant cash flow and structural protections, the Manager believes this to represent superior risk adjusted returns.

#### Balance Sheet Information as at 30 June 2010\*

Investments at Market Value	\$550.8 mm
Cash & Equivalents	\$122.9 mm
Total Assets	\$673.7 mm
Net Asset Value	\$582.8 mm
Unfunded Commitments	\$126.2 mm
(Private Equity + Cash & Equivalents / Unfunded Commitments)	5.34x

#### Summary of Portfolio as at 30 June 2010<sup>1</sup>

Buyout Funds	85	U.S. Funds	81
Infrastructure	5	Non-U.S. Funds	84
Special Situations	34	<b>Total Funds</b>	<b>165</b>
Venture Capital	40		
Real Estate	7	Co-Investments	8

\* Source: Manager.

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

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# JPEL

## Manager's Comments

### Portfolio Highlights

JPEL's portfolio is comprised of 165 fund interests and 8 co-investments that include over 1,500 companies across approximately 28 industries. The top 20 fund interests account for 46.1% of private equity NAV. The portfolio continues to be weighted heavily towards more defensive industries as approximately 23.8% of its portfolio is invested in healthcare-oriented companies and 9.4% in education assets. In addition, approximately 85% of its buyout portfolio is invested in small to medium sized buyouts, which tend to utilize lower leverage and purchase multiples. JPEL's portfolio is well diversified by vintage year; the average age of the Company's portfolio is 4.3 years.

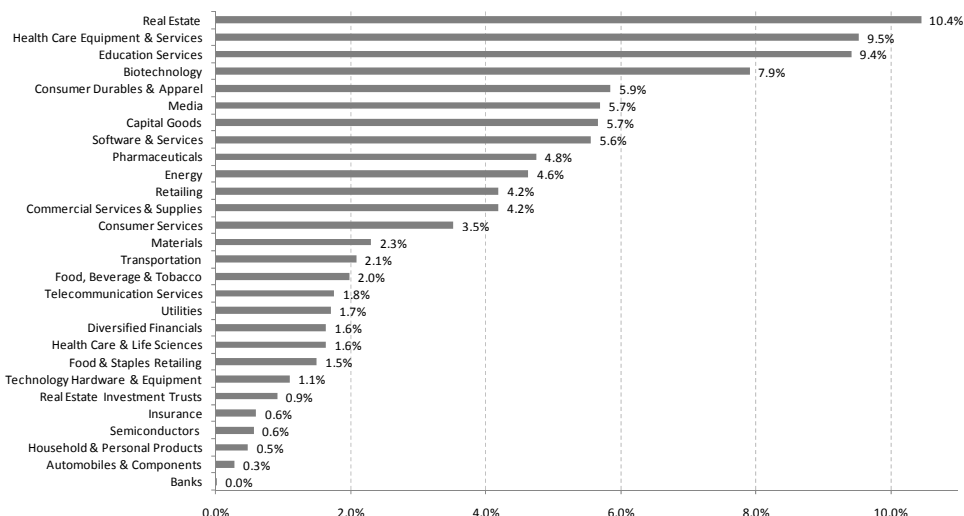
#### Average age of Portfolio by Investment Strategy

- Average age of investments: 4.3 years
- Buyout investments: 3.7 years
  - Small buyout: 3.4 years
  - Medium buyout: 4.3 years
  - Large buyout: 5.4 years
  - Mega buyouts: 5.4 years
- Venture Capital investments: 7.5 years
- Real Estate investments: 4.8 years
- Special Situations: 3.8 years
- Infrastructure investments: 4.3 years

Source: Manager.

Average age of investments based on the vintage year and specific date in which each individual portfolio company investment was made, subject to availability. Weighting is based on underlying portfolio company level values. Age calculated at 30 June 2010. Average is weighted based on Net Asset Value at 30 June 2010 and uses underlying company-level values.

#### JPEL has emphasized investments in industries that have counter-cyclical or defensive characteristics



Note: The diversification chart above is based on Net Asset Value as at 30 June 2010 and uses underlying company-level values.

#### Top 20 Fund Investments at 30 June 2010

1. Liberty Partners II, L.P.	5.4%
2. Avista Capital Partners (Offshore), L.P.	4.1%
3. Life Sciences Holdings SPV I Fund, LP	3.6%
4. Global Opportunistic Fund	2.7%
5. Esprit Capital I Fund	2.7%
6. Alcentra Euro Mezzanine No1 Fund LP	2.6%
7. Milestone Link Fund, L.P.	2.4%
8. Macquarie Wholesale Co-Investment Fund	2.4%
9. Almack Mezzanine I Fund LP	2.3%
10. Omega Fund III, L.P.	2.2%
11. Hutton Collins Capital Partners II LP	1.9%
12. Guggenheim Aviation Offshore Investment Fund II, L.P.	1.8%
13. Strategic Value Global Opportunities Master Fund, LP	1.7%
14. Strategic Value Global Opportunities Feeder Fund I-A, LP	1.7%
15. Leeds Equity Partners IV Co-Investment Fund A, L.P.	1.6%
16. Leeds Equity Partners IV, LP	1.6%
17. Global Buyout Fund, L.P.	1.5%
18. Beacon India Private Equity Fund	1.5%
19. Argan Capital Fund	1.3%
20. GSC European Mezzanine Fund II LP	1.2%

#### Top 20 Company Investments at 30 June 2010

1. Deutsche Annington Immobilien Group	6.9%
2. China Media Enterprises Limited	6.2%
3. Concorde Career Colleges, Inc.	4.5%
4. FibroGen Europe	2.4%
5. Education Management Corporation	2.3%
6. Paratek	1.8%
7. InterFloor	1.8%
8. Amart All Sports	1.2%
9. WinnCare	1.2%
10. Hunter Acquisition Limited	1.1%
11. Step 2 Holdings LLC	1.0%
12. Nycomed	0.9%
13. Lantheus	0.8%
14. EduK	0.8%
15. Lifeaudiology	0.8%
16. EDC Holding Company LLC	0.8%
17. Pacific Apparel Solutions	0.7%
18. Everis Spain	0.7%
19. Ex Libris, Ltd.	0.7%
20. CPC Rocket Dog	0.6%

*JPEL's top 20 fund investments and the top 20 company exposures account for 46.1% and 37.1% of the Company's private equity portfolio, respectively.*

Note: Based on Net Asset Value as at 30 June 2010 and use underlying company-level values. Top 20 Fund Investments exclude limited partnerships set up specifically to for co-investment purposes.

# JPEL

## Company Overview

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#### Members

Gregory Getschow (*US Resident*)

John Loudon (*UK Resident*)

Christopher Paul Spencer (*Guernsey Resident*)

### All of whom may be contacted through

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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." or the "Manager"), a wholly-owned subsidiary of JPMorgan Chase & Co.

JPMorgan Chase & Co. (NYSE: JPM) is a leading financial services firm with assets under management of \$2.2 trillion and operations in more than 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.

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*Key considerations for private equity investors include but are not limited to: private equity is an illiquid asset class; there are typically no redemption features within a traditional private equity fund; traditional private equity fund investments are "locked up" for the duration of the partnership; private equity investments typically involve a long term time horizon; private equity funds may have investment periods that extend 6 years and terms of 12+ years; private equity is a speculative investments and there are no global disclosure standards or capital protection.*

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