

J.P.Morgan

J.P. Morgan Clearing Corp.
383 Madison Avenue
New York, NY 10179

January 2009

Safety of Client Assets – Non-Renewal of CAPCO Surety Bond

Dear J.P. Morgan Clearing Corp. Customer,

Your cash and securities are held by J.P. Morgan Clearing Corp. (“JPMCC”) and the safety of customer assets is a primary focus of JPMCC. JPMCC is a subsidiary of JPMorgan Chase & Co. (“JP Morgan”), a leading global financial services firm with operations in more than 60 countries. JP Morgan is a component of the Dow Jones Industrial Average and a leader in investment banking, financial services, commercial banking, financial transaction processing, asset management, and private equity. JP Morgan and its subsidiaries serve millions of consumers in the United States and many of the world’s most prominent corporate, institutional and governmental clients under its J.P. Morgan and Chase brands.

As you may know, JPMCC purchased and maintained surety bonds from the Customer Asset Protection Company (“CAPCO”), a Vermont licensed insurance company, for the protection of customer losses in excess of the coverage provided by the Securities Investor Protection Corporation (“SIPC”). Following events at the end of last year and claims arising out of the Lehman Brothers International Europe insolvency, CAPCO will not be renewing any of its surety bonds at their termination on February 16, 2009.

Notwithstanding the termination of the CAPCO surety bonds, your JPMCC account is protected as a result of the following:

- JPMCC is a separately capitalized, guaranteed* broker-dealer established for the express purpose of holding and financing customer accounts and clearing and settling customer transactions. JPMCC does not engage in market making activities and, other than borrowing securities or funds (or similar transactions) to finance customer activities, JPMCC does not engage in proprietary trading. Accordingly, JPMCC is not subject to the risks associated with engaging in such activities.
- JPMCC is regulated by the Securities and Exchange Commission (“SEC”), the New York Stock Exchange and Financial Industry Regulatory Authority, Inc. JPMCC maintains all customers’ Fully Paid and Excess Margin securities in its possession or control as required under in Rule 15c3-3 of the Securities Exchange Act of 1934. This protects customers from claims of third parties and/or general creditors of JPMCC. In addition, based upon a formula prescribed by the SEC, net Customer Free Credit Balances (if any), or the equivalent thereof in Qualified Securities, not required to be used for the settlement

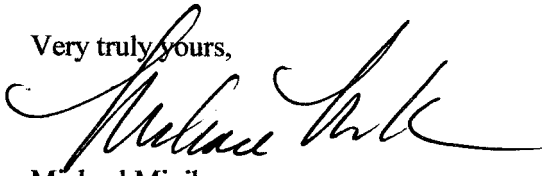
of Customer transactions or the financing of Customer margin debt are held by JPMCC in an account segregated for, in the words of the SEC rules, “the exclusive benefit of Customers.” As a result, funds and Qualified Securities are not available for JPMCC’s proprietary use. Capitalized terms used in this paragraph are defined in Rule 15c3-3.

- JPMCC is a member of SIPC, which was created by Congress to protect Customers of securities brokers and dealers and to promote public confidence in the securities markets. Customers of a SIPC member that fails financially are afforded special benefits under the Securities Investor Protection Act (“SIPA”). In the unlikely event of a liquidation of JPMCC, losses of cash or securities in the securities accounts of each JPMCC Customer are covered by SIPC (subject to the limits noted below), and each JPMCC Customer receives preferential treatment in any liquidation and is not a general creditor of the failed broker-dealer. If the distributions from Customer Property are not sufficient to satisfy Customers’ claims for the Net Equity in their accounts, SIPC protection would be available to satisfy Customer claims for any remaining shortfall in their Net Equity, up to \$500,000 per Customer (of which up to \$100,000 may be for cash claims). SIPC covers losses of cash or Securities from Customer accounts at JPMCC if it were to fail and unable to meet its obligations to its Customers. The coverage does not cover any losses from changes in the market value of investments after a liquidation commences, from delays in the liquidation process, or losses incurred by persons that are not “Customers” under SIPA. Capitalized terms used in this paragraph are defined in SIPA.

These matters are complex and unfortunately it is not possible to address all issues in a general summary. Should you have any questions regarding SIPC coverage, please consult your financial or legal representative, or visit the SIPC web-site at www.sipc.org.

We appreciate your business and we want to assure you of our continued focus on our responsibility to safeguard customers’ assets. Please visit our website at www.jpmorgan.com or contact us if you have questions or need further information.

Very truly yours,



Michael Minikes
Chief Executive Officer
J.P. Morgan Clearing Corp.

**J.P. Morgan Securities Inc. (“JPMSI”), a separately registered broker dealer and direct parent of JPMCC, guarantees the payment of all liabilities and obligations of JPMCC. To view JPMSI financials please go to: <http://investor.shareholder.com/jpmorganchase/financial.cfm>*