

September 22, 2008

Client Communication Regarding Recent SEC Orders

Last week, the Securities and Exchange Commission (“SEC”) took several actions designed to protect the integrity and quality of the securities markets and strengthen investor confidence.

SEC Emergency Orders Issued September 19, 2008

1. Order Banning Short Selling in Financial Stocks, amended September 21, 2008

With limited exceptions, no person may effect a short sale in the equity securities of the financial companies listed in the September 19th order, as periodically supplemented. A list of additional securities is posted on the exchanges’ public websites. Unless extended by the SEC, the order will terminate at 11:59 p.m. ET on October 2, 2008.

<http://www.sec.gov/rules/other/2008/34-58592.pdf>

Notice to Clients under the SEC Order

Please note that during the term of the order, clients of J.P. Morgan should not submit short sale orders to J.P. Morgan in any of these covered securities unless the sale is exempt. In addition, the amended SEC order prohibits J.P. Morgan from effecting a short sale in a covered security (even under one of the limited exceptions provided) if the Firm knows that the transaction will result in the client or counterparty establishing or increasing an economic net short position (through actual positions, derivatives or otherwise) in the issued share capital of a covered firm. **Consequently, if you submit an order (cash or derivative) to J.P. Morgan in one of the covered securities, you are hereby representing to the Firm that you are not establishing or increasing your economic net short position in the covered security.**

<http://www.sec.gov/rules/other/2008/34-58611.pdf>

2. Order Requiring Short Sale Position Disclosure

Effective September 22, 2008, an institutional investment manager who has filed or was required to file a Form 13F for the calendar quarter ended June 30, 2008 under section 13(f) of the Exchange Act and Rule 13f-1(a) thereunder will be required, starting on September 29, 2008, to report (on new Form SH) information regarding short positions to the SEC.

<http://www.sec.gov/rules/other/2008/34-58591.pdf>

3. Order Regarding Issuer Buy-back Rules / Safe Harbor

The SEC has suspended the timing conditions and expanded the volume conditions of the 10b-18 issuer buy-back safe harbor. This order was effective on

September 19, 2008 and, unless extended by the SEC, it will terminate at 11:59 p.m. ET on October 2, 2008.

<http://www.sec.gov/rules/other/2008/34-58588.pdf>

SEC Emergency Order Issued September 17, 2008

The SEC issued an order that adopted enhanced delivery requirements relating to the sales of all equity securities and created a “naked” short selling anti-fraud rule. The order was effective on September 18, 2008 and, unless extended by the SEC, it will terminate at 11:59 p.m. ET on October 1, 2008.

<http://www.sec.gov/rules/other/2008/34-58572.pdf>

1. Settlement Date Delivery Requirement

The order requires sellers to deliver securities for settlement of long and short sales by the close of business on settlement date (three days after the sale transaction date, or T+3). The potential penalties imposed on sellers and the broker-dealers for failing to deliver on settlement date include a prohibition at the broker-dealer level on further short sales in the same security without a pre-borrow in the security.

Please note that in an effort to comply with the new SEC requirement, J.P. Morgan may be required to buy-in client positions that result from a sell order (potentially without prior client notification) if the Firm does not receive securities on settlement date. The buy-in will likely occur no later than 9:30 a.m. ET on the day after settlement (T+4).

2. Short Selling Anti-Fraud Rule

The SEC adopted Rule 10b-21, which expressly targets fraudulent sale transactions. The new rule covers sellers of stock who intentionally deceive broker-dealers or any other market participants. Specifically, the new rule makes clear that those who lie about their intention or ability to deliver securities in time for settlement are violating the law when they fail to deliver.

Please consult your legal counsel for further guidance on the SEC orders.