J.P.Morgan

ANNUAL REPORT 2008 OF J.P. MORGAN AG

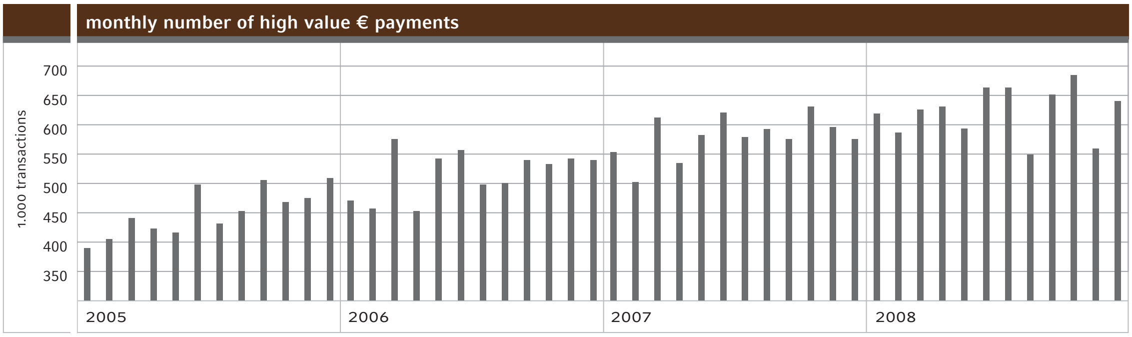
KEY FIGURES J.P. MORGAN AG

MIO €	2008	2007	2006	2005
Total net revenues	120.0	116.3	115.3	94.7
Total expenses	94.0	87.4	77.3	88.1
Income before Tax	25.9	29.0	38.0[1]	11.5
Equity	**149.0**	**143.5**	**143.5**	**143.5**
ROE	17 %	20 %	26 %	8 %
Cost/income ratio	78 %	75 %	67 %	93 %
Pretax margin ratio	22 %	25 %	33 %	12 %

1: without special item: ROE 15 %, Pretax margin ratio 18 %

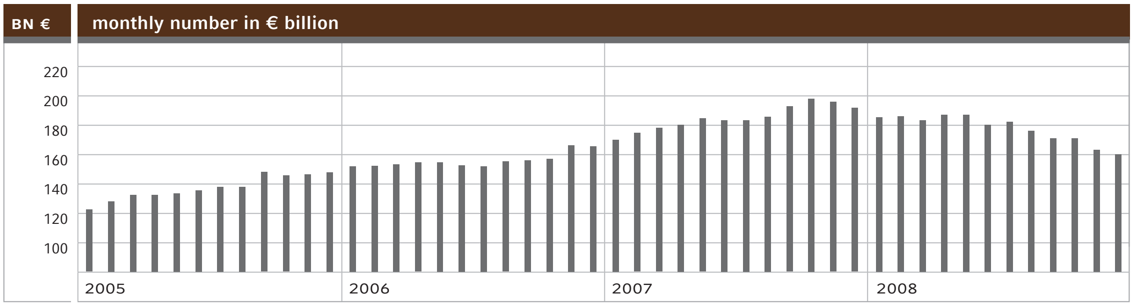
HIGH VALUE PAYMENTS

> PAGE 2: TREASURY SERVICES



ASSETS UNDER CUSTODY

> PAGE 3: WORLDWIDE SECURITIES SERVICES



CONTENT

Annual Report 2008

MANAGEMENT REPORT 2008

Business and Regulatory Framework

ORGANIZATION AND LEGAL STRUCTURE

J.P. Morgan AG, resident in Frankfurt am Main, is an indirectly owned 100 % subsidiary of JPMorgan Chase & Co. resident in Columbus, Ohio, US. J.P. Morgan Beteiligungs- und Verwaltungsgesellschaft mbH in Frankfurt am Main is the direct share holder of J.P. Morgan AG with whom a control and profit / loss transfer agreement exists.

J.P. Morgan AG is managed by a Management Board "Vorstand" consisting of three members and supervised by a Supervisory Board "Aufsichtsrat" with six members. The Management Board meets regularly monthly, whereas the Supervisory Board meets at least twice a year. The Supervisory Board is also informed on a quarterly basis by means of a business report and a risk report in compliance with the MaRisk (Minimum Requirements for Risk Management).

The bank has a license according to section 1 para. 1 banking law (KWG) (item 1 to 5 and 7 to 9) and conducts banking business with institutional clients, banks, corporate clients and public sector clients.

BUSINESS SEGMENTS AND ESSENTIAL PRODUCTS & PROCESSES

J.P. Morgan AG is an integral part of the global J.P. Morgan Group and forms the backbone of J.P. Morgan's operations in Germany. The full integration into J.P. Morgan's global Treasury & Securities Services segment provides us with the necessary international production network to deliver client services that do full justice to J.P. Morgan's mission "First class business in a first class way". In 2008, the Bank continued to concentrate on its core businesses in order to meet J.P. Morgan's endeavor to develop J.P. Morgan AG as its European flagship bank for € payment transactions and as the global custodian for the German investment market.

TREASURY SERVICES

We focused again on a variety of activities to give Treasury Services an even sharper profile and achieve further growth. J.P. Morgan AG is globally responsible for the Group's € clearing operations. Along side political developments to generate a unified payment area in Europe and the preparations already made, our current projects in the market for mass payments and our collaboration with our sister companies, we expect to deliver our leading technology centrally from J.P. Morgan AG to a growing number of corporate clients and financial institutions throughout the world.

On the basis of our global payment capabilities, our sales teams offer highly-advanced solutions in the areas of cash, treasury and trade finance management for both corporate clients and financial institutions. As regards payments, we have further enhanced our products and services specifically in the field of urgent payments with clear liquidity advantages for our clients. Within our Corporate Banking concept, in which we offer key corporate clients extensive advisory services relating to a broad range of products and issues, we sparked further growth in cash management and supply chain financing with selected target clients.

WORLDWIDE SECURITIES SERVICES

Within the Group's global Worldwide Securities Services segment, the Bank plays the role of a fully-licensed custody bank, and has been offering services as a global custodian to German institutional clients since as long ago as 1995. As a global custodian the Bank services some 200 investment funds with over 600 different segments on behalf of its clients. Alongside global custody services relating to securities safe keeping and trade settlement, our extended service range includes diversified products and additional services as well as client reporting.

Providing a cutting-edge technological infrastructure and ensuring a strong client focus are essential elements of our strategy of generating future organic growth in additional client segments. Through the internet access portal JPMorgan access™ we now offer clients and asset managers alike countless report compilation and reporting functions tailored to the needs and wishes of their respective customers. Moreover, our transaction management module provides asset managers and capital investment companies who do not have their own link to the S.W.I.F.T. network with direct and efficient access to J.P. Morgan when placing their business instructions and payment orders.

KEY MARKETS AND COMPETITIVE SITUATION

In Treasury Services we differentiate between client coverage and our function as global operating hub for € payment transactions. In client coverage, we are responsible for institutional clients, banks, corporate clients and public sector clients resident in Germany or Austria, including subsidiaries of international clients resident in these countries.

Based on our global worldwide role for € payment transactions, which we manage with a core team in Frankfurt am Main and support teams in sister companies of the Group in Bournemouth (UK) and Mumbai as well as Bangalore (India), we service a multitude of clients around the world, particularly clients in countries where J.P. Morgan is active and present. Measured by payment volumes in TARGET2 and EBA, J.P. Morgan AG belongs to the three largest € Clearers in Germany.

In Worlwide Securites Services we offer our services as a Depotbank according to the Investment Law foremost to Special Funds and direct investments of institutional clients, corporate clients and public sector clients in Germany, including subsidiaries of international clients resident in Germany. J.P. Morgan AG is one of the top three Depotbanks in Germany.

ESSENTIAL LEGAL AND ECONOMIC PARAMETERS

The business of J.P. Morgan AG is primarily influenced by the world wide economic activity and the level of interest rates for the segment Treasury Services, whereas the segment Worlwide Securities Services depends on the development of world wide capital markets. Both key segments depend fundamentally on the regulatory developments for the banking industry.

INTERNAL CONTROL SYSTEM AND KEY INDICATORS

In addition to regular meetings of the Management Board and the Supervisory Board, a local operating committee with all key corporate functions manages corporate governance in everyday business on behalf of the Management Board. J.P. Morgan AG's corporate functions support not only the Bank's business segments but all other Group units in Germany, in particular the Investment Bank, Private Bank and Investment Management.

Both business segments are managed by a Member of the Board respectively. Next to the key controlling numbers of interest income and commission income a conservative risk policy narrowly limiting credit and counterparty risk provides the basis of a successful management of J.P. Morgan AG by the Management Board.

All aspects of the business segments are transparently covered by a far reaching set of scorecards and controlled by the means of key risk and key performance indicators on a monthly basis in meetings of business control committees together with the international risk managers of the Group. This enables the Management Board to identify changes and risks and to react with corrective decisions in a timely manner on an informed basis.

Over and above this, all data representing utilization, overdrafts, level of collateral and key ratios according to SolvV and LiqV are produced on a daily basis by the Finance and Credit teams for the Management Board. These reports have been completely redesigned during 2008 and will continuously be further enriched to reflect the increased operational risk during the financial crisis.

BUSINESS DEVELOPMENT

Due to the heightening of the financial crisis the global economic development has been even weaker than expected and discussed in our semi-annual report.

In Treasury Services we could not hold up to the growth rates seen in the first half of 2008. Demand for payment and supply chain financing services decreased on the back of reduced capital market activity, the loss of one important client and the rapid retracement of economic activity. In Worldwide Securities Services the business suffered from reduced asset prices and an increasing reservation towards finance and market related services by our clients in the second half of the year.

The flooding of money markets by the Central Banks after the collapse of Lehman Brothers led to a remarkable increase of clients' deposits with J.P. Morgan AG (flight-to-quality) and thus to an increase of our balance sheet by 89 % compared to the year before. Due to our extremely conservative credit policy and a very careful liquidity management, we were not able to reap the full benefit from these volumes with regard to interest income. We thus had to accept markable slowdowns in our previously double digit growth rates for interest income and commission income, but based on our conservative credit policy we could again avoid any losses.

The bank has proven again its ability to achieve satisfactory results even during a difficult year, based on a valid business concept, a first class risk management and a conservative business policy.

PERSONNEL

The number of employees at J.P. Morgan AG has been slightly increased from 269 to 272 (+ 1.1 %) during the year (due date: December 31, 2008). In 2008 the attrition rate improved to 8.1 % compared to 9.7 % in 2007, a very acceptable level. With 11 % of all employees making use of flexible work arrangements offered, these numbers confirm the quality of our human resources management, underlining our commitment to adjust to the needs of our employees.

Following our business concept we have again put high emphasis on the human resources selection process for new hires and on continuous training of our staff.

Financial Report

EARNINGS

In 2008, J.P. Morgan AG continued the successful performance development of prior years, although growth rates for business volumes and earnings in both segments were lower than expected in our semi-annual report. The key performance indicators for both business segments are interest income and commission income. Despite our risk averse credit policy for the increased liquidity in the fourth quarter, interest income rose in the reporting year by another € 2.3 million to € 39.5 million. Commission income rose slightly by € 0.3 million to € 59.5 million.

Both our Treasury Services and Worldwide Securities Services segments drove this positive trend, whereby shrinking business dynamics, pressure on margins as well as lower asset prices proved to provide contrarian influence. Other operating income, first and foremost entailing services to other Group units, grew 4 %, administrative expenses were stable in business 2008.

Together with write offs for securities held to match pension liabilities earnings from ordinary activities were 10 % less and reached € 25.9 million in business 2008.

Taxes are consolidated for the Bank and its sole shareholder J.P. Morgan Beteiligungs- und Verwaltungsgesellschaft mbH, Frankfurt am Main, with whom a control and profit/loss transfer agreement exists.

FINANCING & LIQUIDITY

Principles and Objectives

J.P. Morgan AG's balance sheet is driven by deposits provided through the € clearing and the Depotbank business from our institutional clients and banks. Utilization of credit is limited to a large extent to short term overnight overdrafts to cover technical shorts in cash positions in both business segments. Excess liquidity provided by these deposits in both business segments is placed either within the Group or with first class banks in the form of short term deposits.

Our general objectives include permanent liquidity and a risk averse credit policy. It is our clear business policy to waive potentially higher interest income through increased counterparty risk or through term transformation.

Despite tight liquidity conditions at the market throughout the year, J.P. Morgan AG always held sufficient liquidity. The liquidity ratio is managed conservatively; it reached 1.50 at year end and was at 2.96 on average through the year.

Capital Structure

The regulatory capital of J.P. Morgan AG amounts to € 330 million and is split as follows:

Tier 1:	€ 207	million share capital, reserves and reserves for general banking risks
Upper Tier 2:	€ 26	million profit participating certificate
Lower Tier 2:	€ 97	million subordinated loan
Total Tier 2:	€ 123	million

Off Balance Sheet Business

Within the business of Trade Finance most exposures taken into the own books are directly collateralized through sister companies within the Group.

Cash Flow

T€	2008	2007
Cash position at the end of previous year	0	38,489
Cash Flow from operations	33,847	– 126,622
Cash Flow from investments	– 1,999	– 3,723
Cash Flow from financing	0	91,864
Effects from foreign exchange fluctuation	5,190	– 8
Cash position at the end of the year	**37,038**	**0**

Assets & Liabilities

Assets from non-bank clients increased by € 1,667 million to € 2,135 million by means of higher utilization of money market transactions for cash management purposes, liabilities from non-bank clients increased by € 2,085 million to € 5,309 million by year end. Assets from banks increased by € 6,481 million to € 14,391 million, liabilities from banks increased by € 5,735 million to € 10,519 million by year end.

J.P. Morgan AG's balance sheet thus nearly doubled compared to the year before and reached € 16,700 million at year end 2008. The solvability ratio was at 20.54 and averaged at 18.84 through the year; as per March 2009 it was at 14.41.

Endorsement

There are no reportable events after the close of business 2008.

Risk Report

MANAGEMENT AND CONTROLLING

The Board of J.P. Morgan AG is responsible for the adequate organisation of its risk management function which is defined and documented in the firm's Business and Risk Strategy.

Control functions which are independent of J.P. Morgan AG's front office departments are in charge of the operational implementation of the risk strategy, taking into account the group-wide infrastructure and policies. Control functions in J.P. Morgan AG comprise, among others, the Credit Officer for the controlling and monitoring of credit risks and the Chief Operating Officer (COO) for the controlling and monitoring of operational risks, liquidity as well as market risks.

Risk controlling and monitoring in J.P. Morgan AG are based on the following principles:

- The risk strategy is directly derived from the business strategy of J.P. Morgan AG which is defined by the Management Board. Its implementation is done through local policies, taking into consideration the integration of J.P. Morgan AG into the Group.
- The organisational structure and respective processes have been documented for all risk categories, defining responsibilities and competencies for all functions involved.
- The organisational and operational structure of J.P. Morgan AG follows the principle of a clear segregation of duties between Front Office ("Markt") and Back Office ("Marktfolge") in order to avoid conflicts of interest.
- The firm has the necessary processes in place for identifying, assessing, treating, monitoring and communicating risks in compliance with its risk policies in order to identify material risks at an early stage based on regular scenario analysis.

– Appropriate limits for all significant risk categories have been adequately defined and are effectively controlled.

The Chief Financial Officer (CFO) is responsible for the daily monitoring of the firm's risk capacity and compliance with regulatory capital requirements. He reports – like the Credit Officer and the COO – directly to the member of the J.P. Morgan AG Board representing the Back Office ("Marktfolge").

A timely and independent reporting to the Board, covering the various risk categories has been implemented with a daily, weekly, monthly and quarterly frequency.

The risk capacity is constantly controlled. The economic capital used for the various risk categories is shown in the table below (all amounts in T €):

The firm has an independent internal audit function reporting directly to the Chairman of the Management Board. Based on a regularly updated risk assessment the internal audit function determines an annual audit plan focusing on the effectiveness and appropriateness of the internal control system and the compliance with regulatory requirements. The internal audit function reviews the firm's business activities based on a risk-oriented audit approach, covering all in-house and outsourced activities and processes. In addition, J.P. Morgan AG relies on the group-wide internal audit activities of J.P. Morgan Group.

RISK CATEGORIES

Credit Risk

The counterparty risk is the most significant risk category in J.P. Morgan AG due to its core activities, resulting in the potential drawdown of overdraft facilities by clients which hold their transactional cash account for € payments or global custody activities in J.P. Morgan AG. Prerequisite for the allocation of overdraft facilities can be – due to an unfavourable client rating – the implementation of defined risk mitigation steps, such as the provision of collateral.

Since J.P. Morgan AG does not run an active trading book, other credit risk categories, such as issuer risk, replacement risk and settlement risk, play a minor role for the firm's risk profile.

T€	Dec. 31, 2008	Sep. 30, 2008	June 30, 2008	Dec. 31, 2007
Risk Category				
Credit Risk	116,980	85,019	128,363	131,000
Operational Risk	15,431	15,431	15,431	13,124
Market Risk	5,337	5,133	4,923	0
Economic Capital	**137,748**	**105,583**	**148,717**	**144,124**

The credit risk strategy is derived from the J.P. Morgan AG's business strategy and is an integral component of the firm's overall approach to risk management, defining the risk profile with regard to clients groups, industries, countries and products. The MaRisk guidelines for J.P. Morgan AG define in addition the credit organisation, processes for risk controlling, possible steps for risk mitigation as well as mandatory credit risk reporting. These guidelines complement the group-wide credit policies. The Board of J.P. Morgan AG makes its credit decision following clearly defined responsibilities between Front Office ("Markt") and Back Office ("Marktfolge").

Worst case scenarios are calculated regularly. Even assuming an extreme scenario of complete usage of intra day limits for overnight overdrafts by all clients at the very same time, the capital of J.P. Morgan AG is sufficient under GroMiKV regulations.

The daily monitoring of counterparty risks on client level is done by Treasury & Credit Control, using the group-wide exposure control system which records individual limits and its usage on account but also on single borrower units ("Kreditnehmereinheit"). Daily activities mainly focus on the monitoring of intra-day and overdraft facility usage.

Compliance with the approved limit structure, the monitoring of J.P. Morgan AG's risk capacity as well as the analysis of the firm's portfolio (e.g. maturities, credit products, segments and countries) are summarized in weekly, monthly and quarterly reports to the Management Board of J.P. Morgan AG. J.P. Morgan AG has procedures for intensified loan management as well as the treatment of problem loans, but had not need to apply these procedures to any of the outstanding exposures during 2008.

Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed processes, people and systems, or from external events. An "Operational Risk Event" is an incident or occurrence that prevents successful completion of a defined business process or activity and is for that relevant for all processes and activities within J.P. Morgan AG. This definition also covers legal risk which is defined as the risk of loss resulting from failure to comply with laws as well as prudent ethical standards and contractual obligations.

The firm has the necessary processes in place for identifying, assessing, treating, monitoring and communicating risks in compliance with the group-wide risk policies in order to identify material risks at an early stage. These processes are outlined in the firm's MaRisk Guidelines, assigning the overall responsibility to the Chief Operating Officer, and are further specified in the firm's Operational Risk Manual.

J.P. Morgan AG calculates the Operational Risk Capital Requirement (ORCR) for Pillar 1 & Pillar 2 purposes using the Basic Indicator Approach (BIA). The calculation of the ORCR is considered to be complementary to the qualitative risk framework.

To monitor and control operational risk, J.P. Morgan AG makes usage of the group-wide system of comprehensive policies and a control framework designed to provide a sound and well-controlled operational environment. The goal is to keep operational risk at appropriate levels, in light of the firm's financial strength, the characteristics of its businesses, the markets in which it operates, and the competitive and regulatory environment to which it is subject. For this purpose an inventory of all functions has been established, covering all functions performed by or on behalf of J.P. Morgan

AG. This inventory is regularly reviewed and allows for an in-depth analysis of inherent risks. The final assessment of the residual risks is based on the results of the semi-annual control self assessment which records errors, fines and losses, identifies control weaknesses and respective action plans for risk mitigation and minimisation. The COO provides a summary of these results and possible risk events to the J.P. Morgan AG Board in his quarterly MaRisk Report.

J.P. Morgan AG also covers resiliency risk under the operational risk category. Resiliency risk is the risk that a firm carries in its day to day operations to be able to recover from a business impacting incident and continue critical functions such that legal, regulatory or customer obligations are met in a timely manner. J.P. Morgan AG undergoes regular business impact assessments, which determines the recovery time objectives as well as the appropriate business continuity and recovery plan for each line of business. The implemented recovery plans which take into account various scenarios, such as loss of people, unavailability of IT systems as well as the closure of its office building, are successfully tested on an annual basis.

Liquidity Risk

J.P. Morgan AG defines liquidity risk as the risk of loss arising from the firm's inability to meet its obligations when they come due without incurring unacceptable losses.

The management and monitoring of liquidity risk is defined by the Management Board of J.P. Morgan AG in the firm's business and risk strategy, whereas the treasury policy defines the framework for J.P. Morgan's treasury management activities and summarizes the daily control of J.P. Morgan AG's liquidity position.

The J.P. Morgan AG Board concluded that the allocation of capital is not an adequate approach to cover the risk of a sudden outflow of liquidity in the € clearing business, leaving J.P. Morgan AG with clearing obligations which could not be met. Instead the Treasury Policy defines a number of stress scenarios which analyse J.P. Morgan AG's possibilities for a contingency funding in order to ensure the necessary liquidity to continue its core activities even under unfavourable market conditions.

Stress scenarios include both the sudden outflow of liquidity as well as a sudden increase in utilization of overdraft lines. Scenarios are then calculated assuming the day of lowest excess liquidity in the given quarter. In all scenarios liquidity needs of J.P. Morgan AG are covered.

The liquidity management is handled by the Treasury function in compliance with group-wide policies and J.P. Morgan AG's treasury policy. Compliance with these policies as well as defined warning thresholds are daily monitored by Treasury & Credit Control. Escalation procedures in case of a significant drop in liquidity have been established. The liquidity development is summarized in weekly reports and reviewed by the Management Board of J.P. Morgan AG on a monthly basis.

Market Risk

J.P. Morgan AG defines market risk as the risk of loss due to changed market conditions and market prices. Interest rate risks as well as currency risks have been classified as secondary risk categories, since J.P. Morgan AG does not maintain an active trading book. J.P. Morgan AG does not hold any shares or enters into any equity or commodity derivatives (e. g. forwards, options, futures). Thus, share price risk and commodity price risk are currently fully excluded from the firm's risk strategy.

Interest rate risks mainly result out of J.P. Morgan AG's treasury activities in managing its € liquidity, while currency risks are solely generated through the daily coverage of client FX positions at a very limited scale.

The management of market risks is defined in the business and risk strategy and governed by the Treasury Policy, defining limits for the firm's interest rate and currency positions. These positions are valued and adequately monitored.

J.P. Morgan AG's interest rate risk is managed against a 100-basis point value limit. For the management of the currency risk, solely a spot limit has been defined.

Treasury & Credit Control is responsible for the daily monitoring of these limits. Usage of limits and impact on the firm's risk capacity is reported to the Management Board of J.P. Morgan AG on a monthly and quarterly basis.

RISK CONTROL

Risk Capacity

The Chief Financial Officer (CFO) is responsible for the daily monitoring of the firm's risk capacity and compliance with regulatory capital requirements. He reports directly to the member of the J.P. Morgan AG Board representing the Back Office ("Marktfolge"). In order to calculate the economic capital requirements, J.P. Morgan AG applies (a) the credit risk standard approach ("Kreditrisiko-Standardansatz"), (b) the basis indicator approach for operational risk and (c) marked-to-market with basis point values for market risks.

A detailed analysis of the firm's risk capacity, using various stress scenarios with regard to credit risk and liquidity risk, is performed on a quarterly basis. The results of this analysis are summarized in the quarterly MaRisk Report and presented to the Management Board of J.P. Morgan AG.

Definition of Limits

Especially for the controlling of the firm's liquidity risks for which the Management Board decided not to allocate any risk capital, a series of limits were defined, complementary to the regulatory limits of LiqV and SolvV, which are monitored on a daily basis. These limits are defined in the treasury policy and comprise deposit guidance limits, bidding limits, position limits as well as warning thresholds.

The treasury policy has been approved by the Management Board. In addition, the treasury policy defines roles and responsibilities as well as escalation procedures, in case of threshold excesses or even limit breaches.

Approval of New Products & Markets

In order to identify and assess the risk associated with the implementation of new products or the expansion into new markets, J.P. Morgan AG has implemented a "New Business Initiative Approval" (NBIA) process. The decision for the need of an NBIA process is made independent from the Front Office function by the Chief Operating Officer who also submits the initial assessment of the various inherent risks, results of the test phase and the final recommendation to the Management Board for approval before the products can be migrated into production.

Integrating various functions such as Financial Control, Tax, Legal, Compliance and Risk Management under coordination of the COO guarantees an independent review. This group documents all results of the process for submission for approval by the Management Board.

Outlook

FUNDAMENTAL CHANCES AND RISKS FOR THE COMING YEARS

Due to the various initiatives on sharpening the profile, in corporate governance and risk management started during the last years, J.P. Morgan AG is very well positioned to both, mastering the continued crisis situation and benefiting over proportionally from a turn around of the economy during the next years.

This is certainly due to the leading position of J.P. Morgan globally and the Group's continued investments into technology supporting our local efforts for the highest quality of services, best people management and closeness to our clients. Risks to our business are limited in our view to a potential overreaction of regulators after the experience of the financial crisis. However, we assume that regulators develop and introduce a coordinated and measured concept for the regulation of financial markets to avoid negative consequences for economic and capital market activity.

Expectations for the Bank

Staying with our conservative credit policy we do not expect credit losses during the year despite the increasing recession of the economy. We expect a small decline in our commission income due to reduced economic and market activities. With regard to interest income, we also expect a decline due to the low interest rate environment and our continued conservative credit policy without any term transformation.

Assumptions

These expectations are based on our assumption of a continuation of the recession way into this year. We also believe that the ECB does not have real alternatives to rate cuts and assume a "near zero rate policy" way into 2010. We likewise also expect that well into 2010 market activity will remain restrained and asset values only recover slowly.

Development of Segments

Based on the scenario described above we will continue to manage both segments with a tough cost discipline. We have already started last year to consequently rise efficiencies without sacrificing the quality of our services or the investments into technology. We will also expand our efforts to win new clients and business based on investments in client service areas executed already last year, and we do expect returns on these investments already in 2009.

Liquidity & Solvency

The liquidity and solvency of J.P. Morgan AG is given at all times owing to the business model driven structure of our balance sheet. Additionally the bank will continue to manage a high liquidity ratio which stands at 1.85 for March 2009, and will continue to stay away from term transformation to achieve a higher interest rate margin.

Assurance by the Board

We hereby assure that to the best of our knowledge and in line with the applicable accounting principles for financial reporting, this report offers a fair picture of the Bank's assets, financial / liquidity and earnings that corresponds to the facts and that the course of business, the business results and the Bank's position are presented in such a way as to convey a true and fair picture, and that the material opportunities and risks of the Bank's presumable future performance in the remainder of the current business year are described.

Frankfurt am Main, April 29, 2009

J.P. Morgan AG
Frankfurt am Main
The Board

THOMAS MEYER OLIVER BERGER MARTIN SCHÜTZ

Financial statements for 2008 J.P. Morgan AG

BALANCE SHEET AS AT DECEMBER 31, 2008
J.P. MORGAN AG, FRANKFURT AM MAIN

ASSETS

in € thousands	Notes	2008	2007
Cash and due from banks	2.1.	37,038	–
Interbank placings	2.2.	14,390,964	7,910,121
Commercial and industrial loans	2.3.	2,135,319	468,391
Bonds and other fixed-income securities	2.4.	–	302,008
Shares and other non-fixed-income securities	2.5.	109,853	108,041
Equity investments	2.6.	89	89
Fixed assets	2.7.	15,118	17,617
Other assets		11,284	10,595
Prepaid and deferred expenses		51	105
Total assets		**16,699,716**	**8,816,967**

LIABILITIES AND STOCKHOLDERS' EQUITY

in € thousands	Notes	2008	2007
Liabilities to banks	2.9.	10,518,922	4,783,948
Liabilities to customers	2.10.	5,309,379	3,224,083
Certificated liabilities	2.11.	342,675	322,926
Other liabilities	2.12.	86,937	69,945
Deferred income and accrued expenses		65	44
Provisions	2.13. + 2.14.	113,297	98,266
Subordinated debt	2.15.	97,052	91,864
Profit participation rights	2.16.	26,076	26,076
Fund for general banking risks	2.17.	56,300	56,300
Stockholders'equity	2.18. – 2.20.	149,013	143,515
Total liabilities and stockholders'equity		**16,699,716**	**8,816,967**
Contingent liabilities	2.23.	142,428	94,685
Other commitments		–	–

INCOME STATEMENT
J.P. MORGAN AG, FRANKFURT AM MAIN

FOR THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

in € thousands	Notes	2008	2007
Interest income		361,860	308,352
Interest expense		322,363	271,119
	3.1.	**39,497**	**37,233**
Income from shares and other variable rate securities		4	7
Income from investments		4	3
		8	**10**
Commission Income		68,534	68,269
Commission Expenses		9,043	9,063
	3.2.	**59,491**	**59,206**
Net income from financial operations		323	41
Other operating income	3.3.	20,579	19,746
General administrative expenses	3.4.	84,246	84,072
Amortization and depreciation of fixed and intangible assets		3,382	3,263
Other operating expenses		169	11
Write downs of and provisions against receivable and certain securities and additions to accruals relating to the credit business	3.5.	6,215	8
Income from write-ups of receivables and securities and write-backs of credit provisions		64	49
		– 6,151	**41**
Net operating income		**25,949**	**28,930**
Income taxe		–	–
Other taxes, if not recorded under other operating expenses		11	8
		11	**8**
Profits transferred as a result of a profit transfer of partial profit transfer agreement		25,937	28,922
Net income for the year		–	–
Profit available for appropriation		–	–

NOTES TO THE FINANCIAL STATEMENTS OF J.P. MORGAN AG, FRANKFURT AM MAIN, FOR 2008

1. General remarks

1.1. GENERAL PRINCIPLES

J.P. Morgan AG, Frankfurt am Main, is a registered joint stock corporation under German law, active in Germany in the main fields of transaction banking, securities custody business, deposits and loans business.

The J.P. Morgan AG balance sheet and income statement have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the Regulation on Accounting Principles for Banks and Financial Service Institutions.

The balance sheet and income statement formats are consistent with those in the previous year.

1.2. CHANGED ACCOUNTING AND VALUATION POLICIES

The accounting and valuation policies are unchanged from those used for the 2007 financial statements.

1.3. FOREIGN CURRENCY TRANSLATION

Receivables and liabilities in foreign currencies were translated using the reference exchange rate determined by the European Central Bank on the balance sheet date. Foreign currency transactions were translated at the time of the underlying business transaction at the respective end-of-month rate. Gains from exchange rate conversions were entered in the income statement under the item for “net income from financial operations”.

2. Key accounting and valuation principles and explanations

2.1. CASH RESERVE

in € thousands	Dec. 31, 2008	Dec. 31, 2007
Cash reserve	**37,038**	**0**
Cash balances	–	–
Deposits at central banks	37,038	–
of which: at the Deutsche Bundesbank	37,038	–

Cash balances are carried at their nominal value. As at year-end, cash balances were deposited with the German Central Bank (“Deutsche Bundesbank”).

2.2. INTERBANK PLACINGS

in € thousands (section 9 RechKredV)	Dec. 31, 2008	Dec. 31, 2007
Other interbank placings	**14,390,964**	**7,910,121**
Structure of remaining maturities:		
– Due on demand	3,048,708	6,358,444
– With a remaining maturity or notice period of		
1. up to three months,	11,342,255	1,551,677
2. three months up to one year,	–	–
3. one year up to five years,	–	–
4. more than five years	–	–
of which: loans to associated companies	5,146,739	7,798,506

Interbank placings are entered at nominal value or at the lower of cost / market plus interest deferrals.

The increase in interbank placings is attributable to the more conservative investments with other banks.

2.3. COMMERCIAL AND INDUSTRIAL LOANS

in € thousands (section 9 RechKredV)	Dec. 31, 2008	Dec. 31, 2007
Commercial and industrial loans	**2,135,320**	**468,391**
Structure of remaining maturities:		
– without a fixed maturity	128,871	458,033
– with a remaining maturity or notice period of		
1. up to three months,	2,003,245	6,128
2. three months up to one year,	–	–
3. one year up to five years,	1,212	2,017
4. more than five years	1,992	2,213
of which: loans to associated companies	86,694	276,126

Commercial and industrial loans are entered at nominal value or at the lower of cost / market plus interest deferrals.

The rise is the result of the investment of excess cash balances with clients with prime credit ratings.

2.4. BONDS AND OTHER FIXED-INCOME SECURITIES

in € thousands	Dec. 31, 2008	Dec. 31, 2007
Bonds and other fixed-income securities	**–**	**302,008**
– Due the following year	–	302,008
Bonds and fixed-income securities		
– issued by public bodies	–	302,008
of which: eligible as collateral for Deutsche Bundesbank	–	302,008
Of which publicly-listed securities		
• Exchange-listed	–	302,008
• Not exchange-listed	–	–

The bonds and other fixed-income securities were valued pursuant to section 253 para. 3 HGB strictly according to the lower of cost and market at purchase cost or nominal value plus interest deferrals, the lower publicly quoted price or the lower market value. Bonds that were held owing to a securities lending transactions were valued at the date they were loaned.

Bonds held in the portfolio owing to securities lending transactions in 2007 were valued at the price on the date they were loaned. As at Dec. 31, 2008 the portfolio contained no securities lending transactions.

2.5. SHARES AND OTHER NON-FIXED-INCOME SECURITIES

This item exclusively covers retail and special funds to secure pension obligations.

The equities and other floating-rate securities are carried at purchase cost or at the lower market value.

Owing to declining market values, as at Dec. 31, 2008 these were written back at the lowest value in line with the lower stock market price of € 4,631,616.

The securities held at the balance sheet date and defined as "not publicly listed" were listed the following year on the Luxembourg Stock Exchange, Luxembourg.

in € thousands	Dec. 31, 2008	Dec. 31, 2007
Shares and other non-fixed-income securities	**109,853**	**108,041**
Of which publicly-listed securities		
• Exchange-listed	12,942	12,094
• Not exchange-listed	8,236	7,272

2.6. EQUITY INVESTMENTS

in € thousands	Dec. 31, 2008	Dec. 31, 2007
Equity investments	**89**	**89**
of which: to banks	89	89

The participations are valued at purchase cost. There is a double liability from investments in the amount of € 600.000.

2.7. CHANGES IN FIXED ASSETS

in € thousands	Other assets and business equipment	Technical plant and equipment	Total
Tangible asset			
Cumulative purchase costs as at Jan. 1, 2008	**20,348**	**7,648**	**27,996**
Additions	522	531	1,053
Disposals	– 393	– 627	– 1,020
Cumulative purchase costs as at Dec. 31, 2008	**20,477**	**7,552**	**28,029**
Scheduled depreciation in the current year	2,156	1,227	3,382
Cumulative depreciation as at Dec. 31, 2008	**8,218**	**4,693**	**12,911**
Status as at Dec. 31, 2008	**12,259**	**2,859**	**15,118**
Net carrying value	14,001	3,616	17,617

Fixed assets are made up entirely of office equipment, furnishings and fittings.

Tangible assets are carries at purchase cost less straight-line depreciation. Additions of minor-value assets are valued in line with section 6 para. 2a German Income Tax Act (EStG) and written off.

2.8. OTHER ACCOUNTING AND VALUATION METHODS

Other assets and liabilities are valued strictly in line with the principle of lower of cost or market. Deferred expenses or income has been entered and allocated to the respective balance-sheet item.

Liabilities are carried at the sums repayable and certificated liabilities are entered at nominal value.

Due provisions have been made for uncertain liabilities. There were no losses threatened from pending business transactions.

Interest from interest swaps and total return swaps were deferred on a pro-rated basis and carried at receivables or liabilities, with interest claims being netted against interest commitments for the respective transaction. Interest swaps were values at present value, whereby future cash flows due was discounted at market interest rates as at the balance sheet date. No provision for unrealized losses needed to be established. Unrealized losses from hedging transactions that compared with liabilities on the balance sheet were not considered in the annual financial statements.

2.9. LIABILITIES TO BANKS

in € thousands (section 9 RechKredV)	Dec. 31, 2008	Dec. 31, 2007
Liabilities to banks	**10,518,922**	**4,783,948**
Structure of remaining maturities:		
– Due on demand	4,144,160	2,478,112
– with agreed maturities or notice period of		
1. up to three months,	6,373,951	1,554,594
2. three months up to one year,	811	501,123
3. one year up to five years,	–	–
4. more than five years	–	250,119
of which: liabilities due to associated companies	7,948,640	3,038,916

Liabilities due to banks have risen owing to a greater volume of sight deposits from Group entities as at Dec. 31, 2008.

2.10. LIABILITIES TO CUSTOMERS

in € thousands (section 9 RechKredV)	Dec. 31, 2008	Dec. 31, 2007
Liabilities to customers	**5,309,379**	**3,224,083**
Structure of remaining maturities:		
– Due on demand	3,484,821	2,398,674
– with agreed maturities or notice period of		
1. up to three months,	1,289,124	336,960
2. three months up to one year,	420,471	399,864
3. one year up to five years,	39,963	68,585
4. more than five years	75,000	20,000
of which: liabilities due to associated companies	60,530	435,518

Liabilities due to customers rose primarily owing to higher deposists by non-banks. Liabilities due to Group entities in 2007 consisted mainly of restitution obligations from securities lending transactions that were due in 2008 and were not prolonged.

2.11. CERTIFICATED LIABILITIES

in € thousands (section 9 RechKredV)	Dec. 31, 2008	Dec. 31, 2007
Certificated liabilities	**342,675**	**322,927**
Bonds issued	342,675	322,927
–Due the following year	342,675	322,927
Other certificated securities	–	–
Structure of remaining maturities:		
–with agreed maturities or notice period of		
1. up to three months,	–	–
2. three months up to one year,	–	–
3. one year up to five years,	–	–
4. more than five years	–	–
of which: own acceptances and promissory notes outstanding	–	–

Securitized liabilities result from bonded loans issued. The categorization by remaining period to maturity also considers possible advance termination notice.

In business year 2008 additional bonded loans were issued.

2.12. OTHER LIABILITIES

in € thousands	Dec. 31, 2008	Dec. 31, 2007
Other liabilities consisting of:	**86,937**	**69,945**
–Profit / loss transfer agreement	25,937	28,922
–Profit shares for the profit participation rights (J.P. Morgan Beteiligungs- und Verwaltungsgesellschaft mbH)	4,410	4,918
–Withholding tax	45,728	34,247
–Value added tax	9,410	–
–Any other liabilities	1,452	1,858

The profit shares for the capital subject to profit participation rights are attributable to J.P. Beteiligungs- und Verwaltungsgesellschaft mbH, Frankfurt am Main. The profit transfer as at Dec. 31, 2008 relates exclusively to business year 2008.

2.13. PENSION PROVISIONS

in € thousands	Dec. 31, 2008	Dec. 31, 2007
Provisions	**113,297**	**98,266**
of which for		
– pensions and similar commitments	98,301	86,536

Pension provisions were formed on the basis of an actuarial report in line with the regulations of section 6a EStG. The calculation of the provision is a computed interest rate of 6 % and is based on the actuarial tables by Prof. Dr. Klaus Heubeck 2005 G.

2.14. PROVISIONS

in € thousands	Dec. 31, 2008	Dec. 31, 2007
Provisions	**113,297**	**98,266**
of which for		
– other provisions	14,996	11,730

The provisions stated contain all discernible commitments that relate to past business occurrences or past events.

Other provisions consist largely of accrued expenses for personnel expenses and reconversion commitments for the rented office building.

2.15. SUBORDINATED DEBT

in € thousands	Dec. 31, 2008	Dec. 31, 2007
Subordinated debt	**97,051**	**91,864**
of which: Subordinated debt relating to associates	97,051	91,864

The subordinated debts meets the criteria set out in section 10 para. 5a German Banking Act.

As contractually agreed, the debt is originally denominated in US dollars; and interest payments are made quarterly as of the loan being taken up, starting as of March 20, 2007. Interest is calculated on the respective 3-months USD-LIBOR (London Interbank Offered Rate). A prop-rated interest deferral of € 47,828 is likewise carried under the item for "subordinated debt". The decrease is attributable to the fact that the US dollar lost ground against the euro.

2.16. PROFIT PARTICIPATION RIGHTS

in € thousands	Dec. 31, 2008	Dec. 31, 2007
Profit participation rights	**26,076**	**26,076**
J.P. Morgan Beteiligungs- und Verwaltungsgesellschaft mbH, Frankfurt am Main		

2.17. FUNDS FOR GENERAL BANKING RISKS

in € thousands	Total
Funds for general banking risks	
Status as at Jan. 1, 2008	56,300
Additions	–
Disposals	–
Status as at Dec. 31, 2008	**56,300**

2.18. STOCKHOLDERS' EQUITY

in € thousands	Subscribed capital*	Capital reserves	Total
Schedule of changes in stockholders´equity			
Status as at Jan. 1, 2008	60,000	53,737	113,737
Additions	–	5,499	5,499
Disposals	–	–	–
Status as at Dec. 31, 2008	**60,000**	**59,236**	**119,236**

With the merger agreement of August 19, 2008 and the resolutions approving this of the same date, J.P. Morgan Services GmbH (HRB 28604), Frankfurt am Main, was merged into the legal entity taking it over, J.P. Morgan AG. In this context, in line with the assignment contract of August 19, 2008 an additional payment to stockholders' equity was agreed pursuant to section 272 para. 2 item 4. German Commercial Code (HGB).

2.19. * SUBSCRIBED CAPITAL

The capital stock amounts to € 60,000,000, subdivided into 11.735 common shares. All 11.735 common shares are held by J.P. Morgan Beteiligungs- und Verwaltungsgesellschaft mbH, Frankfurt am Main.

2.20. CHANGES IN RETAINED EARNINGS

in € thousands	Statutory reserves	Other retained earnings reserves	Total
Schedule of changes in retained earnings			
Status as at Jan. 1, 2008	6,000	23,778	29,778
Additions	–	–	–
Disposals	–	–	–
Status as at Dec. 31, 2008	**6,000**	**23,778**	**29,778**

2.21. OTHER ITEMS RELATING TO ASSOCIATES

in € thousands	Dec. 31, 2008	Dec. 31, 2007
Other items relating to associates		
Other assets	631	643
Other liabilities	30,347	33,840

2.22. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

in € thousands	Dec. 31, 2008	Dec. 31, 2007
Assets and liabilities in foreign currencies		
Assets	1,651,103	1,646,132
Liabilities	1,649,666	1,639,852

2.23. CONTINGENT LIABILITIES

in € thousands	Dec. 31, 2008	Dec. 31, 2007
Contingent liabilities		
Liabilities from guarantees and indemnification agreements	142,428	94,685

The increase results from greater business activities in 2008 and from the translation of sums in foreign currencies.

3. Notes to the income statement

3.1. NET INTEREST INCOME

in € thousands	2008	2007
Net interest income	**39,497**	**37,233**
Interest income from	**361,860**	**308,352**
Lending and money market transactions	361,860	308,352
Fixed-income securities and debt securities interest expense	–	–
Interest expenses	**322,363**	**271,119**

The increase in interest income reflects the greater volume of payment transactions and custody business.

3.2. COMMISSION INCOME

in € thousands	2008	2007
Commission income	**59,491**	**59,206**

Commission income remained more or less steady in 2008. Income from payments transactions remained unchanged on the year, while custodian bank business was slightly improved by additional clients being developed.

3.3. OTHER OPERATING INCOME

in € thousands	2008	2007
Other operating income	**20,579**	**19,746**
of which from:		
Services provided for Group entities	19,085	17,491
Other operating income	1,493	2,255

Other operating income includes services provided for Group entities and from a major event.

3.4. GENERAL ADMINISTRATIVE EXPENSES

in € thousands	2008	2007
General administrative expenses	**84,246**	**84,072**
• of which for: Personnel expenses		
– Wages and salaries	24,690	25,376
– Social security contributions, retirement benefits and welfare	9,567	8,528
of which: for retirement benefits	6,927	5,864
• Other administrative expenses	49,989	50,168

3.5. WRITE DOWNS OF AND PROVISIONS AGAINST RECEIVABLE AND CERTAIN SECURITIES AND ADDITIONS TO ACCRUALS RELATING TO THE CREDIT BUSINESS

in € thousands	2008	2007
Write downs of and provisions against		
receivable and certain securities and additions to accruals relating to the credit business	6,215	8

The value impairment results from the write-down at the lowest value of retail funds held to hedge pension commitments.

4. Further information

	Market values as at Dec. 31, 2008		Market values as at Dec. 31, 2007	
in € thousands	**positive**	**negative**	**positive**	**negative**
Interest-related transactions				
Interest swaps	4,588	4,588	2,237	2,237
Equity-related transactions				
Total Return Swaps	32,519	81,734	122,830	26,031
Total	**37,107**	**86,322**	**125,067**	**28,268**

On the balance sheet date, the following forward transactions existed that had not been settled: interest swaps and total return swaps.

The interest rate forward contracts relate to closed positions in which the bank acting as intermediary. The total return swaps were concluded to hedge against market risks.

4.1. RELATED PARTY TRANSACTIONS

J.P. Morgan Beteiligungs- und Verwaltungsgesellschaft mbH, Frankfurt am Main, is sole shareholder and a profit transfer agreement exists with it. Therefore, no dependent companies report pursuant to section 312 German Stock Corporation Act (AktG) needs to be compiled.

The consolidated financial statements for the largest and smallest groups of companies are prepared by JPMorgan Chase & Co., New York, whose shares are traded on the New York Stock Exchange and on various European and Asian stock exchange. The consolidated financial statements can be obtained on request from J.P. Morgan AG, Frankfurt am Main.

The bank is a member of the deposit guaranty fund run by the Federation of the German Banking Industry.

4.2. EMPLOYEES

On average for the year the bank had 285 staff members. As at Dec. 31, 2008 the schedule for employees was as follows:

Payroll structure	2008	2007
Average for the year	**285**	**269**
Payroll structure		
Authorized officers	21	20
Officers	108	110
Commercial clerks	156	136

4.3. TOTAL COMPENSATION OF ACTIVE BOARD MEMBERS

Total compensation of the Management Board came to € 1.465 million. Thereon applied € 241 thousands on restricted stock units. Total compensation of Supervisory Board members totaled € 5 thousands.

In the year under review, no loans were granted to Board members.

4.4. TOTAL COMPENSATION OF FORMER BOARD MEMBERS AND THEIR SURVIVING DEPENDENTS

Retirement benefit obligations for this group of persons totaled € 23.044 million as at Dec. 31, 2008. Total compensation for former Board members and their surviving dependents came € 360 thousands.

4.5. EXPENSE ITEM FOR FEES

in € thousands	2008	2007
Expense item for fees		
which has been recorded in 2008 for		
the year end audit	286	266

Management Board:		
Thomas Meyer, Banker		Chairman
Oliver Berger, Banker		
Martin Schütz, Banker		
Supervisory Board:		
Mark S. Garvin, Managing Director Chairman of Treasury & Securities Services International, JPMorgan Chase Bank, National Association		Chairman
Alexander Caviezel, Managing Director Treasury Services EMEA, JPMorgan Chase Bank, National Association		Deputy Chairman
Peter T. Schwicht, Managing Director Asset Management, JPMorgan Asset Management (Europe) S.à r.l.		
John Jetter, Banker	(until December 31, 2008)	
Karl-Georg Altenburg, Banker	(as of January 1, 2009)	
Carl H. Schneppensiefer, Banker	(until March 31, 2008)	(Employee representative)
Rudolf Wissel, Banker		(Employee representative)
Thomas Freise, Client Service Manager	(as of September 9, 2008)	(Employee representative)

Frankfurt am Main, April 29, 2009

J.P. Morgan AG
Frankfurt am Main
Management Board

THOMAS MEYER OLIVER BERGER MARTIN SCHÜTZ

AUDITOR´S REPORT

(Translation of the auditor's report issued in German language on the annual financial statements prepared in German language by the management of J.P. Morgan AG, Frankfurt am Main.)

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the J.P. Morgan AG, Frankfurt am Main, for the business year from January 1 to December 31, 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, April 29, 2009
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

CHRISTIAN F. RABELING	PPA. KIRSTEN BLOM
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

SUPERVISORY BOARD REPORT

SUPERVISORY AND CONTROL

The Supervisory Board supervised the Management Board throughout the year on the basis of written and oral reports and discharged its duties according to the law. Important matters of business management were examined by the Supervisory Board and reviewed together with the Management Board. The Supervisory Board met twice to discuss the Bank's economic situation, its strategy and risk management. In particular, the Supervisory Board was informed about default risks in the lending business and operational risks in all business areas.

PERSONNEL CHANGES OF THE MANAGEMENT BOARD

There were no changes to the Management Board during the year. The Management Board consists of Thomas Meyer (Chairman) as well as Oliver Berger and Martin Schütz.

PERSONNEL CHANGES OF THE SUPERVISORY BOARD

John Jetter resigned from the Board effective December 31, 2008. Effective January 1, 2009 Karl-Georg Altenburg was appointed to the Supervisory Board by the shareholder. Thomas Freise was appointed to the Supervisory Board to replace Carl Schneppensiefer as representative of the employees. During the year the Supervisory Board was comprised of:

Mark S. Garvin (Chairman), Alexander Caviezel (Deputy Chairman), John Jetter, Peter Schwicht, and, elected by the employees, Carl Schneppensiefer (until March 31, 2008), Thomas Freise (effective September 9, 2008) and Rudolf Wissel.

ANNUAL STATEMENT OF ACCOUNTS

The year-end Financial Statements and the Management Report for 2008 fiscal year as well as all relevant accounting records have been examined by the duly appointed auditing firm PricewaterhouseCoopers AG, Frankfurt am Main. The auditing firm issued an unqualified audit opinion.

Based on the final examination of the year-end Financial Statements and the Management Report by the Supervisory Board, the Financial Statements as of December 31, 2008 and the Management Report have been approved by the Supervisory Board. The annual statement of accounts is herewith determined.

The Supervisory Board would like to express its thanks to the Board of Management and to all employees for their performance and commitment.

May 14, 2009

The Supervisory Board

MARK S. GARVIN
Chairman

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