



## Recordkeeper Questionnaire

### A. Company Information

*\*Consider attaching a brochure and other company background information*

**Company Name:** JPMorgan Retirement Plan Services  
**Address:** 9300 Ward Parkway  
Kansas City, Missouri 64114

**Primary Contact:** Loren Raber  
**Telephone:** 312-732-7323  
**Extension:** N/A  
**Email:** loren.j.raber@jpmorgan.com

**Secondary Contact:** Jim Stifler  
**Telephone:** 330-650-6105  
**Extension:** N/A  
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## B. Organization

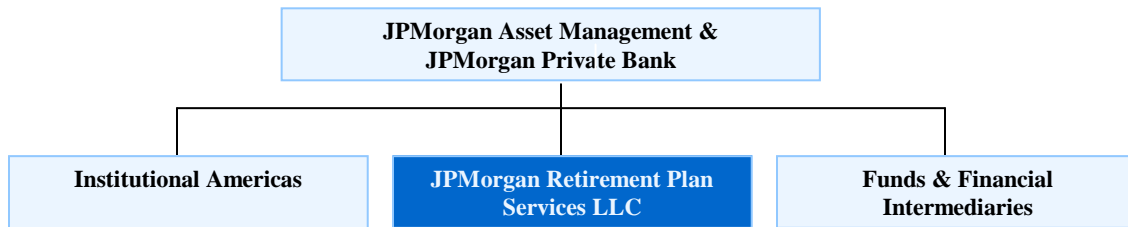
### 1. What is the ownership structure of your firm?

JPMorgan has provided defined contribution recordkeeping and administrative services for 19 years. We are proud that our first client in 1989 is still a client today. Starting with four employees, we have grown to nearly 1,100 employees and almost 200 defined contribution clients.

JPMorgan Chase & Co. entered the defined contribution administration business when we partnered with American Century Retirement Plan Services in 1997. JPMorgan Retirement Plan Services became a wholly owned subsidiary of JPMorgan Chase in 2003. In 2006, JPMorgan acquired CCA Strategies, a benefits administration and actuarial consulting firm that has provided actuarial and administrative services for 16 years and defined benefit outsourcing for eight years.

Today, teams of experienced professionals with strong consulting and benefits backgrounds work with clients in every facet of our full-service defined contribution and defined benefit outsourcing program.

#### JPMorgan Retirement Plan Services' Alignment within JPMorgan Chase



JPMorgan Asset Management provides investment management solutions and services, including separate accounts, commingled funds and mutual funds. JPMorgan Asset management is the marketing name for the investment management businesses of JPMorgan Chase & Co. and its affiliates worldwide. Those businesses include, but are not limited to, J.P. Morgan Investment Management Inc., JPMorgan Investment Advisors, Inc., Security Capital Research and Management Incorporated and J.P. Morgan Alternative Asset management, Inc.

### 2. How many years has your firm been providing 401(k)/defined contribution recordkeeping services?

As a subsidiary of JPMorgan Chase, JPMorgan Retirement Plan Services (JPMorgan) has provided recordkeeping and administrative services for 19 years. In fact, we have provided many of the services that underlie the defined contribution business for substantially longer periods of time as detailed in the table below:

Service	Number of Years
Investment management – JPMorgan Asset Management	146
Recordkeeping – JPMorgan Retirement Plan Services	19
Trustee services – JPMorgan Chase Bank, N.A.	63



JPMorgan Chase Bank, National Association, provides directed trustee, custody and securities services.

J.P. Morgan Retirement Plan Services LLC provides recordkeeping and administrative services to retirement plans. We also draw on the resources of other JPMorgan Chase & Co. affiliates in order to bring to our clients the products and services of a global financial services leader. J.P. Morgan Retirement Plan Services does not provide investment advisory or fiduciary services.

**3. How many 401(k)/defined contribution recordkeeping plans does your firm service? For recordkeeping only?**

As of October 31, 2008, we service 197 clients representing 364 defined contribution plans.

As of October 31, 2008, we service 10 recordkeeping-only clients.

**4. What is the current total market value of your firm’s 401(k)/defined contribution recordkeeping services as of 12/31/2007?**

As of December 31, 2007, the total assets under administration of our defined contribution services business were more than \$108.7 billion.

**5. What are the average and median sizes of all 401(k)/defined contribution plans by:**

	Average Client Size	Median Client Size	Average Plan Size	Median Plan Size
<b>Number of Participants</b>	7,136	1,939	4,254	805
<b>Total Market Value of Plan</b>	\$433 million	\$96 million	\$235 million	\$30 million

As of October 31, 2008

**6. Number of all 401(k)/defined contribution plans serviced by your firm with employees and average and median size of assets for each group.**

	Number of Clients	Average Size (\$)	Median Size (\$)
<b>Under 1000</b>	65	\$30.4 million	\$18.7 million
<b>1,000-4,999</b>	74	\$281 million	\$96.7 million
<b>5,000-9,999</b>	27	\$438.2 million	\$385.5 million
<b>10,000-29,999</b>	23	\$998.7 million	\$617.9 million
<b>Above 30,000</b>	8	\$4.9 billion	\$3.2 billion
<b>Total</b>	<b>197</b>	<b>Total Assets - \$85.7 billion</b>	

As of October 31, 2008

**7. Number of recordkeeping plans gained/lost in the past three years.**

	Gained	Lost
<b>2007</b>	22	3
<b>2006</b>	13	1
<b>2005</b>	13	1



**Please specify why accounts were lost and number of participants.**

Generally when we lose a client, it is due to corporate actions. The lost clients in the table above left due to mergers and divestures, desire to move all benefits to one provider and for service related reasons. Those clients represent 11,379 total participants.

**Number of new clients in 2008 with number of participants.**

As of November 30, 2008, we have added seven clients representing nearly 52,000 participants. In addition, we have nine clients that are currently in conversion and set to go live in 2009. This represents nearly 124,000 participants.

**8. Does your firm use a third party administrator for any services? If so, what services do they provide? How long have they been associated with your firm?**

All primary aspects of executing administrative and participant services activities are performed internally by JPMorgan. We employ the following outside vendors to provide the ancillary services listed:

Vendor	Services Provided
Broadridge	Fulfillment of communication and education materials: prospectuses, enrollment kits, brochures, customized statements
Henry Wurst, Inc.	Printing and fulfillment of forms, enrollment kits (new conversion clients) transaction confirmation statements, personal access codes
Moore Wallace/RR Donnelley	Fulfillment of distribution and loan checks
Strahm Printing	Mail presort, letter mailings

While we provide all recordkeeping services in-house, we also offer access to our best-in-class, integrated alliance providers to clients requiring services beyond bundled defined contribution administration such as stock plan administration and financial advice.

**9. What is your organization’s commitment to the recordkeeping business?**

JPMorgan Chase & Co. has been built on a reputation of trust that spans more than two centuries and represents the coming together of more than 300 companies. We know that McDonalds is a corporation that strives to place the customer first in all they do, and we operate with the same philosophy: To be the best provider of retirement solutions and investment services for every client and each individual.

JPMorgan honors our own legacy by our commitment to the integrity and customer service that have long distinguished the firm. With nearly 20 years in the business, JPMorgan’s commitment has never been stronger nor our vision more clear.



JPMorgan, like McDonald's, values growing our business profitably. This commitment is evident in the following facts:

- In 2003, JPMorgan Chase & Co. made the decision to purchase Retirement Plan Services, providing an additional boost in capital to strengthen the services we provide, and giving us the resources to expand through innovation.
- Our desire to enter the defined contribution marketplace was the reason JPMorgan Chase & Co. initially purchased 45% of American Century and formed a joint defined contribution venture in 1997. The venture's success led JPMorgan Chase & Co. to acquire 100% of JPMorgan/American Century Retirement Plan Services in 2003.
- While JPMorgan Chase & Co. has been historically known as a defined benefit manager, the recognition of the higher growth opportunity of defined contribution plans has reaffirmed the bank's commitment to the defined contribution marketplace.
- JPMorgan Retirement Plan Services' participant growth rate since 1998 is 18%. We currently serve more than 1.4 million participants. As recently as 2001, we served fewer than 500,000 participants. These numbers illustrate successful growth.
- In a March 28, 2005, *Business Week* article, Jamie Dimon, CEO of JPMorgan Chase, referenced the Retirement Plan Services division several times as a growth initiative of the bank.
- Our commitment to providing a full-service offering to our clients is illustrated by our 2006 merger with CCA Strategies, a benefits consulting and actuarial services firm that has been in operation since 1991. As a result of the merger, JPMorgan is able to offer fully integrated defined contribution and defined benefit services. CCA Strategies has provided actuarial services for 16 years, administrative services for 16 years and defined benefit outsourcing for eight years.
- JPMorgan Retirement Plan Services makes up 20% of the new revenue to JPMorgan Asset Management.
- Many of JPMorgan Retirement Plan Services' clients are significant clients of JPMorgan Chase.

Year after year, we have grown our business organically by an average 18% in a controlled growth environment. Our controlled growth philosophy leads us to accept a limited number of new clients each year, enabling us to deliver service excellence to those clients. McDonald's will not get lost in myriad new clients that come to our firm in 2009 and beyond.

### **What is the percent of revenue from the recordkeeping business?**

JPMorgan Retirement Plan Services makes up 20% of the new revenue to JPMorgan Asset Management.

Our parent company, JPMorgan Chase, has had and fully expects to continue experiencing positive operating margins. We are glad to provide you with an annual report for JPMorgan Chase which includes public information as to the revenue of the firm. Copies of our annual reports are also provided online at [jpmorganchase.com](http://jpmorganchase.com).



## 10. How much are you committing to technology development in the 401(k)/defined contribution recordkeeping business each year?

In 2008, our budget allocates 27% to spending on Information Technology. In 2007, our budget allocated 37% to Information Technology spending. We have consistently averaged around 35% in past years. Please also note that many of the systems (voice, data, imaging, etc.) employed by the defined contribution system are leveraged from the systems and technology budgets of JPMorgan Chase & Co., which typically invest more than \$7 billion in technology on an annual basis.

Because all JPMorgan Chase & Co. employees are required to abide by our company's Code of Conduct, which includes a requirement that we not release publicly information considered confidential, we are unable to provide specific dollar figures.

## What is your five year plan for the recordkeeping business?

We believe the retirement industry will face great scrutiny in the next five years given the following factors:

- Legislation – around plan design structures (for example, automation) and increased awareness of fiduciary responsibility
- Changing demographics – an aging population may mean more interest in preservation of capital to help ensure retirement income will last for a lifetime
- Overall shift in the corporate philosophy on benefits – we may be looking at the end of defined benefit plans
- Impact of the current economic crisis – unprecedented ramifications to sponsors and participants

Our goal is to be a thought leader – with you, and in the corridors of power, around positive change.

JPMorgan is deeply committed to this business. We have increased our investment in the business in the last two years. By virtually any measure, we are growing at an annual growth rate of approximately 20%. Our commitment is firm and clear. We intend to:

- grow organically. Acquisitions of other recordkeepers are not out of the question, but they are secondary.
- balance innovations with operational excellence. Specific areas of innovation include: green initiatives, security, case management, increased self-service, retirement income solutions, wealth integration and personal relevancy.
- increase our focus on the post-retirement years.
- deliver broad total retirement solutions.
- draw upon and compliment the resources and programs that JPMorgan Chase has at its disposal.
- continue to manage risk carefully.
- work to shape participant behavior in a meaningful way that leads to retirement success.
- enhance what we feel is the best value-added client experience today.
- help ensure your success as a plan sponsor.



## C. Administration and Personnel

### 1. How many employees service the administration of 401(k)/defined contribution recordkeeping plans? Please detail by specific function.

We currently employ 1,086 individuals who are dedicated to the recordkeeping and administration of defined contribution plans and 97 individuals who are dedicated to the administration of defined benefit plans.

Functional Area	Number of Staff
Chief Executive Officer	1
Client Service Delivery	99
Corporate Compliance	6
Contact Center	199
Emerging Markets	75
Finance/Business Administration	38
Human Resources	22
Information Technology	145
Institutional Sales and Sponsor Services	106
Legal	7
Operations	226
Participant Services	76
Product Organization	37
Retirement Investment Services	49
DB Administration / Technology	97
<b>Total</b>	<b>1,183</b>

As of December 31, 2007

### 2. Where is the office location of the relationship manager who would service our account? What is their level of authority in decision making for your Company and client Plans?

Your strategic relationship manager, **Bill Vorreiter**, is your primary account executive and is responsible for managing your overall client experience. Bill identifies and leads the resources necessary to meet and exceed McDonald's expectations, including services of the administrations team, communications team and Investment Services Group. Bill is charged with helping to ensure your plan fiduciaries are kept abreast of newly emerging products and services, as well as the latest trends. He is evaluated and his variable compensation is based on client satisfaction and service delivery.

Bill, who joined the firm in 1985, is located in Chicago, Illinois. Previously, Bill was an institutional market manager overseeing a group of strategic relationship managers responsible for the primary oversight and satisfaction of our clients. He joined the management team in 2006, bringing more than 20 years of relationship management experience with him. He serviced institutional investment management and retirement plan relationships since 1988. Bill's skills include administering plans involving a number of complex issues including employer stock, mergers and acquisitions, investment analysis, compliance and participant communication programs.

Bill has a bachelor of science in finance from Indiana University and is registered with the Financial Industry Regulatory Authority (FINRA) with Series 7, 24 and 63 licenses. He has more than 21 years of industry experience.



In addition to Bill, we assigned an executive sponsor to McDonald's. Your **executive sponsor, Anna Van Ophem**, is assigned to help ensure your satisfaction through ongoing communication and formal client surveys. She provides you direct access to senior leadership and works with other senior leaders to guide the business to help ensure your needs are addressed. Your executive sponsor is accessible to McDonald's at all times via e-mail, phone and regularly scheduled visits.

Anna van Ophem is a vice president and institutional market manager and is located in Kansas City, Missouri.

Anna joined JPMorgan in 2006 as vice president and manager of the Institutional Strategic Relationship Manager Team. As JPMorgan's institutional market manager, Anna oversees the group of strategic relationship managers who are responsible for the primary oversight and satisfaction of our largest clients. She is a member of JPMorgan's Institutional Business Review Committee, New Business Review Committee and Building the Best Plans in America steering committee. Anna has broad investment consulting and program management experience. Her career began in the retirement plan industry with Hewitt in 1988 where she spent time in the Investment Services Division and Hewitt Services. In 1996, she became a consultant relations manager for Scudder Stevens & Clark, and moved to Putnam in 1998 in similar capacity. Immediately prior to joining JPMorgan, Anna was the defined contribution practice leader at Callan Associates.

Anna has a bachelor's degree in finance from the University of Illinois and master's in business administration in international business from DePaul University. She is registered with the FINRA with Series 7, 24 and 63 licenses. Anna has 20 years in the retirement plan industry.

### 3. What is the average number and range of client relationships assigned to each administrator?

It is important to note that while members of the client service team may have shared clients, the team is not a static one that serves all of the same clients. We attempt to match the appropriate skill sets and real life experiences for each consultant assigned to serve you from each of our functional client service areas: account oversight, administrative oversight, communications, conversions, investment consulting, etc. Using these criteria, we assign the best available consultant in each area to form a dynamic, tailored team to serve the client – rather than assigning a static team, “off the rack,” which may not provide the best fit. It is our goal to obtain as much information about each prospective client very early in the process; this helps us determine which service team members would represent the best fit for that client.

As of December 31, 2007, our strategic relationship managers manage an average of seven clients each, and our service delivery managers manage an average of five clients each.

### 4. Who will be the administrator assigned to this account? What is his/her experience? What is the location of the administrator?

Your service delivery manager, **Brett Loxterman**, supervises the administrative functions of the plan and serves as a daily contact regarding those functions. During the conversion process, he helps establish procedures for the plan and assumes the primary role for ongoing administration. Brett is directly accountable for administration and operations, with your strategic relationship manager, Bill Vorreiter, ultimately responsible for all services provided by JPMorgan. Performance is evaluated annually and his variable compensation is based on client satisfaction and service delivery.



Brett, who joined the firm in 2005, is located in Kansas City, Missouri. Previously, he was a participant services representative and a service delivery specialist for clients with complex plan designs. His support of client needs while performing these roles prepared him to work directly with clients on their day-to-day needs. Brett has a bachelor's degree in general studies and a double major in sociology and history. Brett has five years of industry experience.

#### **5. Is there one individual who will be responsible for answering all client questions?**

Yes. Your service delivery manager, Brett Loxterman, is your day-to-day contact for plan administration; however, your strategic relationship manager, Bill Vorreiter, is responsible for managing your overall experience.

#### **6. If any changes are made relating to plan services, how much advance notice is given to the client? (i.e.. distribution procedures)**

JPMorgan will not implement changes that will alter the basic provisions of your plan document. Should we implement a change in our procedures, your strategic relationship manager, Bill Vorreiter, will work with you to help ensure adequate advance notice is given. Please note the time to implement changes depends on the project and its complexity.

Additionally, we release product updates automatically on a regular basis.

#### **7. What are the client's responsibilities relating to the administration of the plan?**

McDonald's will be able to outsource as much of the daily administration responsibilities as you would like. We will work with McDonald's to foster a collaborative relationship. McDonald's input is important in developing the best possible plan for your participants. Therefore, we look forward to partnering with you in determining strategic goals for your plan.

We expect to handle the daily administrative issues. Our experienced staff makes it possible for you to be confident that your plan is being appropriately administered.

#### **8. How do you solicit client input?**

Like McDonald's strives continually to improve, JPMorgan relies on the voice of the client to help improve and shape our suite of products and services. We formalize that commitment by staffing a team of talented, experienced business leaders whose sole job is to solicit the voice of the client and then work with internal service and product teams to implement responsive solutions.

In soliciting the voice of the client, the team employs formal and informal practices with our clients on whom we rely for a range of cooperative responses, from requirements capture to pilot beta testing of new products and services. Most formally, we hold regular partner group meetings with clients to discuss our development efforts, focusing on what is important for individual clients and also for the benefits industry as a whole. Apart from gathering critical requirements and industry perspective, within partner groups we seek to add to our list of "early adopters." We have received an overwhelmingly positive response from clients who have participated in partner groups and hope to host McDonald's in an upcoming session. Two of our partner groups are briefly summarized below.



- In May 2006, we hosted a partner group in Kansas City to discuss the next phase of our Audience of One program. Finding a vendor to provide a diverse, engaging and continuously fresh supply of hobby-based communication content was the focus of the partner group. Eight clients volunteered to participate. On the first day of the two-day session, we laid out our plans for the next phases of Audience of One and prepared the clients to help us select the hobby-based content vendor. On the second day, five vendors presented their solutions, and the clients then collaborated on the vendor decision. JPMorgan contracted shortly afterward with the chosen vendor and quickly began work to deliver the next phase of Audience of One.
- Later in 2006, we hosted a partner group with 17 clients to examine our Plan Sponsor Portal and participant statements. The clients were divided into two teams, spending a half day on each subject. In both sessions, the clients were given a preview of our next enhancements and were then asked to provide feedback on the direction we had set. The majority of the meeting focused on identifying and prioritizing the next logical enhancements for the two product lines. The client feedback we received during the partner group was used to fund initiatives for 2007 and beyond.

### **Do you have a client advisory board? What changes have resulted from the client advisory board?**

Yes. We have two advisory groups – the Leadership Symposium and the Product Development Panel. Each group is comprised of 10 to 12 clients and meets twice a year.

The members of the Leadership Symposium are senior-level individuals who provide insight and perspective on the trends of the industry and their concerns as a fiduciary. We use this input to drive our business and the strategic direction of JPMorgan as we develop and implement product and service offerings to meet the needs of our clients and the market.

The Product Development Panel is comprised of individuals from our client base who use our products and services regularly. They provide input on the functionality of our products and services, and they represent the experiences of participants using these products and services.

On June 19, 2008, representatives from 11 diverse clients took part in a partner group discussion, which was held in our Kansas City headquarters. These clients shared their opinions and insights on retirement income and supporting Web products, including feedback on our new draw down modeler, currently being developed for the participant Web site. Feedback from this day-long partner group event will be used to help develop the future direction of JPMorgan's products and services.

Our goal in working with these two groups is to create panels that provide the best representation of our client base and provide diverse points of view.

### **Would we be on it?**

Yes. We understand that McDonald's is known as being an innovator, and we would appreciate having McDonald's as an active member of our plan sponsor advisory boards.



## D. Services Available

### 1. List all the services your firm provides in a 401(k)/defined contribution recordkeeping only program. (i.e. investment guidance / advice, internet, personal finance information, etc.)

JPMorgan Retirement Plan Services (JPMorgan) provides McDonald's with the ability to outsource virtually any administrative responsibility related to defined contribution recordkeeping. During the conversion process, we analyze your plan and learn how it operates. We then look for ways that our staff can relieve the administrative burden for your staff. The following list illustrates the processes McDonald's may outsource to JPMorgan at no additional cost:

<ul style="list-style-type: none"> <li>■ Participant access               <ul style="list-style-type: none"> <li>→ Contact center</li> <li>→ Web site</li> <li>→ IVR</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Loans/withdrawals/distributions               <ul style="list-style-type: none"> <li>→ Paperwork processing</li> <li>→ Hardship withdrawal qualification</li> <li>→ Check issuance</li> <li>→ Direct deposit</li> <li>→ Loan payoffs</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>■ Transaction activity               <ul style="list-style-type: none"> <li>→ Transfers</li> <li>→ Investment direction changes</li> <li>→ Deferral percentage changes</li> <li>→ Distributions</li> <li>→ Withdrawals</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Retirement education</li> <li>■ 401(a)(9) distributions and check issuance</li> <li>■ Eligibility determination</li> <li>■ IRS Form 1099-R</li> </ul>
<ul style="list-style-type: none"> <li>■ Statements               <ul style="list-style-type: none"> <li>→ Participant account statements</li> <li>→ Transaction confirmations</li> <li>→</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Payroll processing</li> <li>■ Signature-ready Form 5500</li> <li>■ Discrimination and compliance testing</li> <li>■ QDROs processing</li> </ul>
<ul style="list-style-type: none"> <li>■ Personal access code management</li> <li>■ Enrollment kits and print materials</li> <li>■ Auto-enrollment and enrollment using the Web, IVR and contact center</li> </ul>	<ul style="list-style-type: none"> <li>■ Trustee services</li> <li>■ Technical consulting</li> <li>■ Plan sponsor reporting</li> </ul>
<ul style="list-style-type: none"> <li>■ Roth 401(k)s</li> <li>■ Rollover paperwork</li> <li>■ Investment of rollover checks</li> </ul>	<ul style="list-style-type: none"> <li>■ Calculation of year-end company contribution</li> <li>■ Reallocation of forfeitures</li> <li>■ And more</li> </ul>

### Is your Internet available in other languages? Which languages?

At this time, our Internet services are available in English.

JPMorgan is working to support Spanish speakers more effectively on the participant Web site. To that end, we plan to build out Spanish modules on the participant Web site. This would consist of a dedicated landing page for Spanish speakers, such as <http://espanol.retireonline.com>. This page would have content in Spanish that highlights capabilities on the Web site and includes a tutorial on where to make changes. Once an employee logs on to the site, links to additional educational content in Spanish would help guide employees through key actions such as enrollment and managing their investments.



Supporting Spanish speakers in this way allows us to serve the needs of employees within the bounds of the Financial Industry Regulatory Authority (FINRA) regulations. FINRA states that if you provide fund information in Spanish, you must also provide prospectus information in Spanish. As this is standard practice with fund managers today, it limits our ability to translate the entire site into Spanish. By providing context-sensitive help in these areas, we are able to help plan sponsors stay in good fiduciary standing while meeting the needs of their Spanish-speaking employees.

### **Are call center representatives available that speak Spanish? Any other languages?**

Yes. We have 180 participant services representatives who cover shifts from 7 a.m. to 7 p.m. Central time, including Spanish-speaking representatives. And, Spanish-speaking representatives can respond to participant e-mails.

As a supplemental resource, Language Line Services is an option available to clients whose participants speak other languages. This confidential service supports more than 170 languages and is provided on a recorded line.

### **2. Please describe your distribution capabilities and any products available or any relationship with distribution products. (i.e. direct rollover, annuity products, etc.)**

We offer paperless lump-sum and partial distributions through the participant Web site and contact center. A participant may request a distribution once we have received his or her termination status from McDonald's and/or a specified period of time has passed since the participant's termination, as stated by the plan document. Distribution transaction details are available the following day on the IVR, Web site or contact center systems.

Distribution products and services are provided below:

#### **Direct mailings**

The Transitions Program is directed toward those participants who have recently left McDonald's. The mailing includes a letter that details the participant's options and a statement with personalized account information. Its goal is encourage participants to consider their options carefully in order to make informed decisions while keeping information simple, comprehensive and personal.

#### **Call center assistance**

Our Retirement Investment Team assists participants through distribution events. The retirement consultants are specially trained to assist participants by explaining their distribution and rollover options, customizing their retirement investment solutions and ushering them through whatever decision they make. The consultants have access to all of your plan's distribution provisions, are FINRA registered with Series 6 or 7 and 63 licenses and have been specifically selected for their retirement knowledge and experience.



### **Self-directed brokerage accounts**

We offer self-directed brokerage accounts (SDAs) through Chase Investment Services Corp. (CISC). Through the SDA option, participants may invest in equities, mutual funds, options and fixed income securities as permitted by the plan sponsor. Participants with SDAs receive integrated quarterly statements from JPMorgan showing details of the positions and balances held in the core 401(k) investments and the SDA. Participants can access their plan's core investments and the self-directed brokerage account through the plan's retirement plan Web site or by calling the SDA Service Center and speaking with one of our retirement brokerage specialists.

### **Automatic rollover**

Three times a year, McDonald's service delivery manager, Brett Loxterman, runs a report to capture terminated participants with account balances less than \$5,000 or \$1,000 (depending on your preference). After McDonald's provides approval, we mail distribution forms to the participants on the list and distribute or rollover the accounts (based on your direction) if no action is taken. We have an agreement with American Century Investments to provide automatic rollover services for terminated participants with vested account balances between \$1,000 and \$5,000. Details of this service include:

- No initial setup fee.
- A \$25 annual fee assessed on IRAs with balances less than \$10,000. The annual fee can be waived if a participant elects online account management.
- Accounts are initially invested in the American Century Prime Money Market Fund, a principal protection fund which meets the safe harbor requirements under the Department of Labor's rules.
- JPMorgan transfers assets and records to American Century Investments.
- The service complies with IRS and Department of Labor regulations.
- The service includes mailing the 402(f) notice.

***For more complete information about any of the mutual funds available within the retirement plan, please call 800-988-9084, ext. 44671. Investors should carefully consider the investment objectives, risks, charges and expenses of the funds. Please carefully read the prospectus, which contains this and other important information, before you invest or send money.***

An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds strive to preserve the value of the investment at \$1.00 per share, it is possible to lose money by investing in a money market fund.

Recordkeeping and administrative services for the retirement plan provided by J.P. Morgan Retirement Plan Services LLC (JPMRPS); retirement brokerage services offered by Chase Investment Services Corp. (CISC), member FINRA/SIPC. JPMRPS and CISC are affiliates of JPMorgan Chase & Co. Accounts are subject to the review and approval of Chase Investment Services Corp. Chase Investment Services Corp. reserves the right to change and/or modify pricing.

In connection with a corporate transaction involving J.P. Morgan Retirement Plan Services LLC, JPMorgan agreed to pay certain amounts to American Century. To the extent that JPMorgan clients' investments in American Century funds provide certain targeted levels of revenue to American Century, the amounts that JPMorgan agreed to pay to American Century will be reduced. JPMorgan has an ownership interest in American Century Companies, Inc.



### 3. Please give an overview of your voice response system.

We offer participants an IVR, available seven days a week, 24 hours a day, in both English and Spanish. Once verified, participants receive a greeting using McDonald's plan name.

Following is a list of services that are available through our IVR.

<b>Inquiries</b>
Balances by account/fund
Vested balance
Loan amount available
Loan modeling
Contribution rate information
Current investment election information
General plan information
Mutual fund prices
<b>Transactions</b>
New enrollments
Contribution rate changes
Mapping deferral rate
Mapping elections
Transfers/investment changes
Future contribution investment elections
Redistributions (if applicable)
Catch-up contributions (if applicable)
Paperless loans or initiate loan paperwork
Paperless requests for lump-sum, cash distributions
Personal access code changes
Dividend pass-through elections
<b>Requests</b>
Statements – summary/detailed
Paperwork for transactions where required
Quarterly statement customization

#### Does the system report investment performance?

No. However, investment performance information can be obtained by using the participant Web site, and by contacting our participant services representatives.

#### How long has it been up and running?

Our IVR became available to recordkeeping participants in 1994.

#### How quickly is the system updated?

Our IVR, participant services systems and Internet are fully integrated with our recordkeeping system. If transactions are completed using the IVR by 3 p.m. Central time, they are recorded on that day's business. The actual transactions are processed on our system that evening; however, the system alerts participants that pending transactions are in place if they attempt to complete another transaction before the close of business on that day.



Confirmations of transactions are mailed to participants on the following business day, and participants can access their accounts using the IVR on the following morning to check their completed transactions.

Our recordkeeping system reflects updated account balances at the end of our nightly batch processing. This typically completes between 3:30 and 4:30 a.m. Central time, the following morning.

#### 4. Do you have any problems implementing the current plan document that was provided?

At this time, we do not foresee any issues preventing us from implementing the current plan document.

#### 5. Are you able to implement excessive trading restrictions?

Yes.

#### What kinds of trading restrictions have you implemented?

JPMorgan Retirement Plan Services employs a series of secure, automated systems to help ensure we are in full compliance with all trading regulations. Transaction orders may be received through a variety of touchpoints (the Internet, our participant service representatives, etc.). Once received, transaction orders are stored for processing in a partition of our centralized database, which we refer to as the request tables.

As transaction orders are stored on the request tables, each is electronically “stamped” with an effective date, indicating the business trading day on which the order is to be executed. The effective date is assigned to a transaction order based on the earliest market close time for any security affected by the transaction. The effective date remains electronically affixed to the transaction order forever.

Each business day, shortly after 3 p.m. Central time, an automated process extracts the pending requests, bundling all transaction orders with effective dates that are the same as the current date. Any transaction order with a future effective date remains in the request tables until its effective date arrives.

We have developed a three-pronged program for compliance with the reporting and restriction requirements applicable to all mutual fund intermediaries. Our program includes the following:

- **Control** - A participant Trade Control Policy has been implemented to limit the opportunity for abusive or market timing activity.
- **Report** – This includes the ability to report to each mutual fund company all participant transaction activity.
- **Restrict** – We provide the ability to restrict participant trading activity at the request of a mutual fund company upon identification by the mutual fund company of abusive trading by a participant.

While the mechanisms described above allow us to comply with the trading restrictions established by individual fund companies or mandated by regulatory guidelines (i.e. Rule 22c-2 of the Investment Company Act of 1940), they also allow us to implement plan sponsor-directed restrictions on participant trading. Our systems allow plan-based restrictions, as indicated in a plan’s Investment Policy Statement and/or Trade Control Policy, to be extended beyond those that may be put in place by the fund company or be applied to an investment option not otherwise restricted by the fund company or regulatory constraint.



Most of our clients who have imposed plan-based trading restrictions have opted for a rolling period rather than a calendar-based schedule: 90 days rather than once per calendar quarter, for example. The latter method of restriction can tend to bypass or mitigate the intent of disallowing abusive trading practices by allowing a participant to transact on an affected fund within as little as one regular trading day: selling shares of the fund on the last day of the quarter and buying back in on the first day of the next quarter. That said, we have implemented such calendar period-based trading restrictions for a few of our clients.

### **What kinds of trading restrictions can't your system handle?**

We do not handle any upfront fees like purchase fees or sales commissions.

### **Please refer to the Summary Plan Description for our excessive trading restrictions and explain whether you can implement them.**

After reviewing the McDonald's Summary Plan Description, we believe we are able to implement your excessive trading restrictions.

### **6. Can your system implement the company stock trading restrictions described in the Summary Plan Description? Please give examples of similar plans.**

Yes. We can implement the company stock trading restrictions described in the McDonald's Summary Plan Description. Examples of similar plans are Buckeye Pipe Line Services Co., P&G, Ferro Corporation, Allergan and Brown & Caldwell.

### **7. Do you provide on-line beneficiary designation? How do you maintain if not on-line?**

JPMorgan offers employees of McDonald's online management of their designation of beneficiary elections, which we consider a best practice for efficient and effective plan administration. Beneficiary information is maintained on our Web site for participants to view, change or update anytime.

To update participants on their current beneficiary elections, we can include beneficiary information in participant account statements. Additionally, for participants who have not yet made a positive beneficiary election, a reminder is provided in the statements:

*"A primary beneficiary has not been designated; please visit your plan's Web site to set up beneficiary information."*

To provide current beneficiary elections as part of the McDonald's statement template, our proposal assumes full adoption of online beneficiary management. For a married employee who wishes to designate anything less than 100% of his or her account to the spouse as beneficiary, he or she may input the necessary information on the online designation of beneficiary form and print from his or her computer. To indicate the spouse's consent to the alternate beneficiary election, the completed form returned to JPMorgan must include the spouse's notarized signature.

In addition, plan sponsors may view participants' beneficiary elections via the Plan Sponsor Portal. And, when we receive a beneficiary data file from the plan sponsor, we can load the information so that it is available on the Web site.



## 8. Given your review of our plan, what design changes would you suggest?

After reviewing the McDonald's plan, one suggestion would be to consider adding a Roth 401(k) source and automatically enrolling the salaried restaurant management employees into the Roth 401(k) source. McDonald's could maintain the initial 1% contribution level, but add an automatic increase feature of 1% annually until the participant has reached the maximum match level (5% of compensation).

Thoughts around this plan design change include the following:

- Assuming newly-enrolled participants are younger, they would have a longer working life until retirement and may benefit from the tax-free earnings feature of the Roth 401(k).
- Even if these participants terminate prior to age 59 1/2 and five years from the first contribution, cash distributions - over 90% of count shown appear to be cash distributions - could be subject to less taxes and/or penalties at time of distribution. Turnover would likely be greatest in this newly-enrolled participant group.
- The tax-effect on a net pay basis could be small at 1% (pre-tax vs. Roth), thus potentially minimizing any employee pushback regarding automatic enrollment and take home pay. We believe future (auto-increase) adjustments to contribution rates would be palatable and would be a benefit through an increased employer match contribution.
- Participants could experience greater tax diversification. The Roth 401(k) source, if conditions are met, may not be taxable and could provide tax diversification from the taxable employer match contributions and earnings.

Additionally, we suggest encouraging crew employees to contribute through the Roth 401(k) source.

## 9. What process improvements would you suggest? How do your suggestions improve the plan?

Based on the information provided, it does not appear that terminated participant balances of between \$1,000 and \$5,000 are being automatically rolled over to IRAs. We recommend consideration of implementing an auto-rollover feature. This could ease administration and recordkeeping concerns of smaller account balances for terminated participants.



## E. Communications

### 1. How does your firm handle participant communication in the 401(k)/defined contribution recordkeeping area?

Our philosophy and approach to communications and education is called Audience of One®. Audience of One helps employees achieve their retirement goals, because it focuses on the fact that people are individuals and no one message works for every person in your plan. We use the power of participant data to build messages based on each employee's participation and investment profile. This type of individual personalization helps to drive participant behavior and achieve the basic intent of the plan – **help participants retire when and how they want.**

Audience of One is not a flyer, a questionnaire or a Web-based program. It is a philosophy of personalized communication streams that are proactively delivered to participants through all touchpoints whether on the phone or Web or in the mailbox or meeting hall.

Maintaining constant dialogue with our clients and employees allows us the opportunity to provide support during times of uncertainty. We believe it is very important to communicate relevant and timely information in times such as these, and today's market environment has clients and participants turning to us as an experienced service provider. In September and October 2008, we invited clients to participate in more than 10 client conference calls with JPMorgan Asset Management's lead economist to provide insight into the markets and the impact on plans. We help clients and their benefits staffs provide solutions to participants through phone team support and by developing written, online and video/Flash communications and educational items specific to the topics at hand (stable value investing, selecting investments, understanding retirement plans, etc.). We realize we need to balance the technical component with the emotional factor of today's markets.

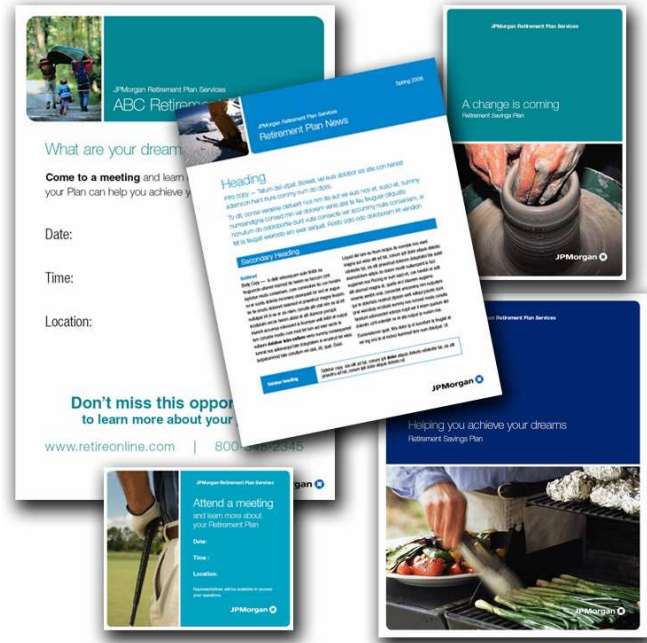
#### Initial communications

Your communications strategist, **Lori Haile**, designs, builds and implements integrated campaigns for your participants. She begins planning your initial communications campaign soon after your decision date in order to create a campaign that resonates with your employees. It is especially important to begin planning early with a client such as McDonald's because we incorporate your company's culture and identity in the look and feel of the campaign. We provide the following communication items to your employees to educate them about the upcoming transition. All pieces can contain information about McDonald's plans.

- **“A change is coming” postcard** – Notifies employees of the change in recordkeeper, to expect new enhancements coming to the retirement plan and that more information will follow.
- **Newsletter** – Provides new plan information, a blackout schedule including transaction cut-off dates, instructions on how to access the plan, new fund information and announces enhancements and any other information McDonald's deems necessary.
- **“Live notice” postcard** – A reminder of the new recordkeeper and how to access a participant's account.
- **Conversion Web site** – Created for participants to access the information pertaining to the transition to JPMorgan. Information provided on this Web site includes a welcome page, details about the transition, a timeline with key dates and an overview of the investments in the plan. Additional retirement education information is available for investors of different experience levels via our participant Web site.



- **E-messages or other online communication campaigns** – To communicate with and educate employees on a variety of topics, ranging from plan change announcements to in-depth retirement education through targeted, personalized and electronic messages.
- **Conversion meetings** – Our financial education consultants conduct interactive, on-site meetings to help participants understand plan specifics of the conversion and help ensure all of your employees are aware of the following: the transition to JPMorgan, benefits of participating in McDonald's plan, plan and investments changes and investment education.
- **Internal media** – Through a company newsletter, e-mail system or intranet site.
- **Table tents, posters, enrollment kits and Sarbanes-Oxley Notice**



### Ongoing communications

To meet the objectives of your plan, we employ a variety of media to deliver Audience of One messages. The focus of our ongoing education program is to proactively communicate with employees and provide a personalized communication stream to each individual. Our ongoing campaign focuses on providing employees and retirees with access to a variety of different information sources. A description of our ongoing communication materials that we have used for clients is included below.

### **Savings and Investing Experience**

Our Savings and Investing Experience provides a personalized communication stream to each participant, using material that is directly relevant to his or her situation. It is designed to help participants achieve their retirement dreams and includes participant progress reporting, savings plan education and promotion, investment education and personal retirement income planning. The goal is to create a participant experience based on a person's interests, behaviors and retirement goals. A participant experiences what is relevant to him or her and the process is based on interactions that take just minutes. It is linear and participants progress through elements that apply to them, and over a period of time. The Savings and Investing Experience includes the following:

- **QuickEnroll Form** – Delivered to non-participating employees. An employee can return the postcard included to begin contributions.
- **Savings Profile Target** – Delivered to participants not taking full advantage of the company match and gives them the opportunity to increase their contribution simply by returning a postcard.



- **Savings Profile** – By answering some very basic questions, we can give a participant insight into spending patterns and ideas on how to save. Then, the participant is sent a **Savings Profile Report** that reminds the participant what he or she is saving for by featuring his or her hobby or interest.
- **Investor Profile** – An undiversified investor is sent the profile to report his or her personal long-term goals and risk tolerance. Then, he or she receives an **Investor Profile Report** in return providing personalized annual retirement forecasts, investment solutions and sample allocations using funds within the investment menu.



### Transitions Program

When a participant separates from service with McDonald's, he or she receives our Transitions Program mailing to assist with retirement planning. The mailing includes:

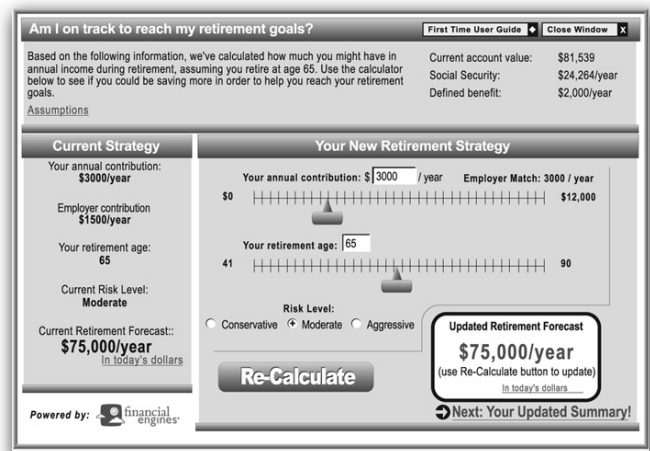
- A separation letter that details the participant's options
- A separation statement with personalized account information

### Retirement Dream Machine

True to the primary tenets of our Audience of One approach, the Retirement Dream Machine is easy to use and easy to understand. The Retirement Dream Machine is accessible via the Internet. Because not all McDonald's employees may have access to the Internet, personalized estimates are also available on our quarterly statement and through our contact center.

### Additional Communication Materials

As a starting point, our baseline ongoing support includes:



- Eye-catching and graphically interesting print and online communications, including e-messaging and targeted communication pieces sent to specific audiences, (e.g., non-participants, those invested in a single fund, etc.).
- On-site education seminars on investment and retirement topics.
- Quarterly participant statements with targeted plan sponsor messages and transaction confirmation statements.
- *Retire On Track* – Quarterly online participant newsletter.
- Personal Evaluation Reports, if advice services are available under the plan, and Progress Reports for participants enrolled in JPMorgan Personal Asset Manager, our managed account program.



In addition, we have created a custom communications event called the **McDonald's "401(k) Day"**, which outlines ways to help increase participation in the McDonald's retirement plan. While this will work company-wide, it is an especially efficient way to reach your restaurant locations. Please refer to **Exhibit I** for the proposed strategy.

J.P. Morgan Institutional Investments Inc. (JPMII) has hired Financial Engines Advisors L.L.C. ("FEA") to provide sub-advisory services. JPMII is a federally registered investment advisor. FEA, a federally registered investment advisor and wholly owned subsidiary of Financial Engines Inc., is an independent company that is not affiliated with J.P. Morgan Retirement Plan Services LLC or JPMII. Neither JPMII, FEA, or its affiliates guarantee future results. Financial Engines® is a registered trademark of Financial Engines, Inc. All other marks are the exclusive property of their respective owners. ©2005-2008 Financial Engines, Inc. All rights reserved. Used with permission. J. P. Morgan Retirement Plan Services provides plan recordkeeping and administrative services.

Screen prints shown represent hypothetical situations and are for illustrative purposes only.

### How often does your firm provide newsletters?

We provide a newsletter as part of our initial communications strategy which provides new plan information, a blackout schedule including transaction cut-off dates, instructions on how to access the plan, new fund information and announces enhancements and any other information McDonald's deems necessary.

In addition, we provide our *Retire on Track* newsletter to participants online on a quarterly basis.

### Are communications available in Spanish?

We offer a culturally-appropriate enrollment and ongoing education campaign for Spanish-speaking employees. Your communications team works with McDonald's to develop and implement campaigns aimed at achieving specific objectives, such as increasing participation. Our Spanish communication and education materials include:

- Employee meetings
- Enrollment kits
- Newsletters, postcards and other print pieces
- Bilingual phone service representatives and e-mail through the "Contact Us Link" on the participant Web site

To the extent funds offered in the fund lineup provide Spanish prospectus, then investment materials may also be made available.

We worked with a consumer research company specializing in the Hispanic market to develop our offering. The focus of our Spanish-language materials was guided by the following research:

- **Color:** Brighter, primary colors resonate with the Hispanic community.
- **Imagery:** Familial images are more impactful than workplace images.
- **Language:** Culturally appropriate translation is clearer than literal translation.
- **Message:** "Saving for the whole family" is a more relevant message than "save for your future."



JPMorgan is working to support Spanish speakers more effectively on the participant Web site. To that end, we plan to build out Spanish modules on the participant Web site that will provide information to Spanish speaking participants.

**2. Specifically, what communications are included in the stated fee quote? What is not included in the required list in Appendix B?**

Communications Required (as listed in Appendix B)	Cost
Safe Harbor notice	Included
SSN verification	Included
Summary Annual Report	Included
Summary of Material Modifications	Included
Auto enrollment notice	Included
Confirmation notices	Included
Confirmation of Discretionary Match Contribution (terms)	Included
Dividend Pass-thru Notice (Quarterly)	Included
Enrollment kit/eligibility notice	Included
Quarterly Statements, including supplement for diversification and transfer restriction	Included
Summary Plan Description (updated annually)	Included
Payments Right Notice (Annually)	Included
Loan notices	Included
Separation from employment notice	Included

Key elements of our standard communication and education program include a communication climate analysis, a detailed program strategy and a follow-up evaluation.

**Communication Climate Analysis**

McDonald's communications strategist, **Lori Haile**, observes the way McDonald's currently conveys information to employees and the results achieved. She develops new ways of making messages work better for McDonald's. She works with McDonald's to understand your communication objectives and company culture, identify target audiences and plan how to effectively deliver influential messages.

The following components contribute to the analysis:

- Employee demographics and attitudes
- Current plan participation statistics
- Organizational style and culture
- Review of past successes and opportunities for improvement
- Plan complexity
- Distribution processes
- Availability and role of internal or other communication resources

Setting objectives is critical to successful communications. We review current plan statistics to identify areas for improvement and to establish specific objectives. With McDonald's input and approval of objectives, Lori recommends multiple-channel tactics to achieve results.



### **Program Strategy**

We draft a strategy to introduce McDonald's employees to the new plan structure. Designed and implemented by Lori, the communication plan:

- Sets measurable, specific goals for the program, as identified during the communication climate analysis.
- Defines key messages, such as plan appreciation or diversification.
- Identifies audiences (e.g., employee subgroups, supervisors, field HR staff or other groups).
- Sequences communication events over time.
- Details specific program components.

By mining the data you provide through the payroll feeds, we segment the employee population according to behavior and demographics to provide highly targeted communications. We create specific campaigns around employee subgroups, for example, to those over age 50 who are not maximizing the match.

### **Results and Measurements**

Your communication strategist, Lori Haile, measures the effectiveness of every communications campaign against the pre-established goals and sits down with McDonald's on a quarterly basis, or as often as you deem necessary, to review the results. The goals may include increased benefits awareness, increased participation, asset reallocation, call statistics and any other objectives McDonald's and Lori identified. Lori's variable compensation is based on the degree to which those goals are achieved.

### **3. What would additional newsletters/communication cost over and above what is included? Please give examples of additional communications provided that which are not included in the required list and associated costs.**

#### Non-standard communications

JPMorgan anticipates conducting 20 days of meetings for conversion and ongoing over approximately a 16-week period according to the following parameters. This approach affords us the greatest degree of efficiency while providing substantial coverage to McDonald's.

- In geographic areas with 125 or more eligible employees
- Multiple facilities within a 50-mile radius can constitute a geographic area
- Minimum projected attendance of 25 people per meeting
- Target between four to five meetings per day

For locations that fall outside of these parameters, we can offer support via videos, conference calls Webcasts and/or Podcasts, or through local leadership training – depending on the needs and technological capabilities at those locations.

If McDonald's would like to offer additional meetings beyond our proposal, we are happy to provide these meetings for \$1,500 per day. This is a flat fee and includes your financial education consultant's, Nichole Homeier, time and travel expenses. The fee is assessed per day and per representative and includes a maximum of five meetings to be conducted per representative each day.

Also, additional fees may be charged for translation of materials in languages other than Spanish.



**4. Do you develop fund fact sheets for each fund? Do you use an outside service provider or are they customized?**

Yes. They are provided by Morningstar, a global investment research firm, or customized by us.



## **F. Participant Service Representatives**

### **1. What are the hours and days per week that PSR's are available to answer phones?**

Our participant services representatives are available from 7 a.m. to 7 p.m. Central time Monday through Friday.

### **2. What are the minimum educational requirements to be hired as a PSR?**

When we hire participant services representatives, we look for people who have strong customer service skills and a financial services background. Once hired, representatives attend eight weeks of training and must pass three assessments with a score of 85% or better before they begin taking calls. Representatives are FINRA registered and have attained both Series 6 or 7 and 63 licenses.

With the addition of our JPMorgan Personal Asset Manager (managed accounts program), we have investment advisor representatives to provide assistance for participants in the program. These representatives must be Series 65 registered in addition to their Series 6 or 7 and 63 licenses. We also have retirement consultants that assist our terminated participants with rollovers and distributions. They are registered with Series 7 and 63 licenses.

### **3. Describe the training that PSR's receive before answering phone calls on their own.**

We believe that call centers can do more than just handle participant questions. They can positively affect customer satisfaction and loyalty, effectively deliver services and capture customer input leading to better products and marketing. Through the training we provide, our participant services representatives receive the skills to deliver participant satisfaction. In fact, in our continuing efforts to improve our performance on behalf of all of our clients, bonuses are linked to company success. Each year, we strive to meet or exceed certain standards in overall performance that serve as indicators of our success. Our customers' satisfaction is one of the most important measures we use.

Our extensive training lasts eight weeks and covers more than 20 different courses relating to retirement and technology. Before entering the training program, representatives must pass both the FINRA Series 6 and Series 63 exams. Additional training on your plan will be required for our representatives.



The following is a description of the courses included in our extensive training program.

Course Name	Description
Series 6 & 63 study	study materials and software provided for representatives to prepare for FINRA Series 6 and 63 exams
Introduction to Investing	information including investing, stock market, market capitalization, bonds, stocks and mutual funds
Retirement Plan Services History and Recordkeeping Services	our company history and knowledge about the roles and responsibilities of a recordkeeper, and the conversion and enrollment process
Retirement Plans Background	history and origin of the retirement plan industry and detailed information on qualified and nonqualified plans
Individual Retirement Accounts	types of IRAs, rolling retirement plan monies and JPMorgan's policies for IRAs
M.A.G.I.C (Day 1 and Day 2)	a 33-point formula to understand and create a positive impression with the customer, clarify and overcome customer problems, and effectively handle incoming and outgoing requests
Retirement Plan Services Systems	hands-on experience accessing the participant services systems, plan-specific information and department information
Qualified Retirement Plans (QRP)	specific guidelines for qualified retirement plan administration including plan types and plan provisions
Audience of One®	philosophy of treating each participant's unique needs on an individual basis; delivered throughout the training curriculum in six modules
Nonqualified Plans	specific information about nonqualified plans
457 Plans	specific information about 457 plans
Contact Center Interactive (CCI)	hands-on experience accessing the Contact Center Interactive (CCI) transaction system to gather participant account information
Participant Access to Online Information	hands-on training with the participant Web site
OmniPlus	hands-on experience using the OmniPlus system for gathering participant information
Retirement Plan Services Teams and Contact Procedures	information about the various departments across the company and their responsibilities
PowerImage	hands-on training on the PowerImage system to submit research requests, locate paperwork, etc.
Miscellaneous Information and Procedures	specific information on handling assist calls, extending transactions and understanding a Good Business Decision (GBD)
Phone Procedures	AT&T Callmaster Telephone system training
Collateral and Participant Services Databases	hands-on experience ordering collateral, and submitting paperwork and transactional requests
Company Stock and Brokerage	knowledge of transactions and trade dates on company stock and brokerage accounts
Confirmation Statements and Letter Requests	procedures for requesting confirmations, participant statements and letters
Additional Training Time Built into the Schedule	role-play, listen-in time, study time, comprehensive review sessions, manager one-on-ones and assessment time



Throughout training, each representative is mentored by an instructor. Trainees are also paired with a representative mentor during the training process who also assists with the transfer of knowledge. Representatives are given practice assessments at various intervals to help ensure they are mastering the materials. Before representatives can start taking calls, they must pass three job-dependent masteries with a score of 85% or better. The masteries target three areas; written exams to help ensure mastery of knowledge, computer exams to help ensure proficiency and role-play exams to determine if the representative has achieved the job simulation prior to taking real calls from participants. Study time for these assessments is built into the training program.

### **Audience of One®**

Part of our representatives' training includes courses about our Audience of One philosophy. The philosophy is to treat each participant as an individual with personalized tools and services tailored to his or her unique needs. Our goal is to:

- make it personal
- keep it simple
- connect the money to the emotion

In addition, our Tips to Retire on Track provide a framework of actions for a participant to consider when planning for retirement. The tips are used by representatives as a guide when speaking with participants. They are:

- contribute to the plan
- take advantage of the company match
- maximize the pre-tax deferral
- invest in an appropriate percentage of equities
- diversify investments
- avoid making frequent transactions
- avoid pre-retirement distributions

### **M.A.G.I.C. training**

Representatives also attend a two-day session in Make a Great Impression on the Customer (M.A.G.I.C.) training. M.A.G.I.C. is a 33-point formula to understand and create a positive impression with the customer, clarify and overcome customer problems and effectively handle incoming and outgoing requests. M.A.G.I.C. provides five key principles under which are 33 points on how to create a positive impression of value and respect on a customer. These principles of M.A.G.I.C. are incorporated into the monitoring guidelines that are used to rate a representative on building a relationship with a caller.

### **Client-specific training**

A service delivery specialist is assigned for the conversion and ongoing servicing of McDonald's participants. Your service delivery specialists will be **Karen Oxman** and **Daniel Fontenot**. Part of Karen and Daniel's role is to help ensure all plan changes and amendments are communicated to our participant services team and to initiate any plan-specific training needed. Karen and Daniel are also responsible for helping to ensure that all documentation used by representatives is up-to-date.

Additional training is developed specifically for each client and may include company culture information, plan specific requirements and specialized system procedures.



Prior to a new plan's conversion, we invite the plan sponsor to visit the contact center to talk to the representatives about the company's culture and to meet the representatives who are assigned to take participant calls. The representatives enjoy learning about each of our clients in order to solidify their relationship with the client and the participants. In addition, we are glad to include plan sponsors in a preview of the plan-specific training that is provided to our participant services representatives. We also have the tools to educate representatives if you are unable to visit our Kansas City and/or Denver locations.

In addition, our software permits special notations on a plan-wide level as well as on a participant level including plan changes and amendments. Plan changes and amendments pop up each time the records of a participant in the plan are accessed, reminding the representative of the recent changes to the plan.

Most importantly, the provisions of McDonald's plan are hard-coded in the system, helping to ensure that the plan cannot be inadvertently altered. Any changes or amendments to the plan are also coded to the system.

The representatives' workstations contain a summary of McDonald's plan features online with all plan documentation stored in our PowerImage system for instant access. Representatives can retrieve digitized images of all documentation received, such as loan requests and applications, with the click of a button. Should the plan change, amendments are automatically updated on the participant services representatives' workstations.

Finally, current issues are communicated through our intranet, ongoing training seminars and internal publications.

### **Monitoring representatives**

A minimum of 2% of overall calls to the contact center are monitored each month. This equates to approximately 20 calls per experienced representative per month. For new representatives, during the first month we focus monitoring on system navigation, overall knowledge and MAGIC skills. Calls are rated based on the technical aspects of the call as well as the relationship building aspects. The technical aspects focus on the representative properly verifying the participant; providing complete, accurate and relevant information; performing the requested transaction; and appropriately summarizing the call. The relationship-building portion of the call relates to appropriate pace, tone and clarity; using the participant's name and offering further assistance.

Call monitoring is used as a coaching tool to assist representatives with their call skills. We measure representatives by the quality of the calls not the number of calls handled. In addition, the calls are graded on knowledge, thinking, influence and attributes such as patience and approachability. Each area is graded on whether the representative exceeds, meets or does not meet the skills needed to effectively and efficiently service a participant. Representatives' resulting monthly reviews ultimately determine their annual review, which determines their salary increase.

### **Regulatory training**

Regulatory training is conducted annually for all licensed representatives via our internal systems as well as through external vendors to keep our employees up-to-date on industry regulations.



### **“Just-in-time” training**

Just-in-time training is provided for seasonal or plan events before the occurrence takes place. Examples include:

- IRS Form 1099-refresher
- required minimum distribution training
- statement reminder

### **Higher education**

Employees who want to attend under- or post-graduate classes are encouraged to do so and are eligible for tuition reimbursement. Hiring and maintaining a motivated and highly trained staff is one of JPMorgan’s top priorities.

## **4. Besides English, what languages do the PSR’s speak?**

We have participant services representatives who are Spanish-speaking. Spanish-speaking representatives can also respond to participant e-mails.

## **5. Can PSR’s access AT&T or a similar translation service?**

Yes. As a supplemental resource, Language Line Services is an option available to clients whose participants speak other languages. This confidential service supports more than 170 languages and is provided on a recorded line.

## **6. How do they verify the identity of callers?**

All callers must be authenticated by SSN, address, date of birth and phone number. Additional measures can be added, such as hire date, should McDonald’s have concerns.

## **7. Do the PSR’s have incentive plans designed to shorten their telephone conversations with participants?**

No. In fact, it is not our goal to shorten phone calls, but to provide the information and education participants need. Representatives are measured on the quality, not quantity, of calls.

To help ensure participants are receiving the service they expect and deserve, each month the Quality Assurance Team retrieves 10 to 15 different recorded conversations to monitor quality of service. These calls are graded on knowledge, thinking, influence and attributes such as patience and approachability. Each area is graded on whether the representative exceeds, meets or does not meet the skills needed to efficiently service a participant. The resulting monthly report ultimately determines a representative’s annual review, which determines his or her salary increase. These monthly sessions also allow representatives to find areas in which they excel and those that need improvement.

Representatives then create performance goals to gauge improvement in subsequent monthly reviews. Each representative is compensated in accordance with his or her skill level and level of service provided to each participant. In addition, representatives receive annual bonuses based on several factors including company performance, availability to take calls, performance toward achieving their goals and overall customer satisfaction.



## 8. What has the PSR turnover rate been in the following years?

### a. 2008 – through 9/30

As of September 30, 2008, our year-to-date 2008 external turnover rate is 14%.

### b. 2007

29.5%\*

### c. 2006

22.6%\*

### d. 2005

25.5%\*

\* Percentages reflect internal and external turnover.

## 9. Do the PSR's give investment or financial advice? If not, do they give descriptions of the investment options?

Our participant services representatives do not offer advice. However, all representatives are registered and are able to give descriptions of investment options. If your employees want advice, we make it available through our alliance with Financial Engines® as subadvisor to J.P. Morgan Institutional Investments Inc.

JPMorgan offers several tools for assisting employees in establishing and reaching their retirement objectives through Financial Engines:

- Personal Online Advisor  
Personal Online Advisor is an easy-to-use advice feature that enables participants to receive advice on how to reach their financial retirement goals, including investment allocation advice specific to the funds in McDonald's lineup.
- JPMorgan Personal Asset Manager  
JPMorgan Personal Asset Manager, our managed accounts feature, is an extension of Personal Online Advisor that provides an option for the investor who wants to have little to no involvement in the actual process of choosing and making investments. JPMorgan Personal Asset Manager uses the same advice engine as the Personal Online Advisor, but takes the advice a step further by making the recommended transactions for the participant, if he or she chooses to sign up for the service.
- Retirement Dream Machine  
Retirement Dream Machine is a powerful tool that provides participants with a personalized estimate of their annual retirement income. Everything is stated in today's dollars making it easy for participants to understand.



### **Savings and Investing Experience**

We offer the Savings and Investing Experience to help participants answer “yes” to each of our Tips to Retire on Track. We proactively communicate with employees and provide a personalized communication stream to each individual. The goal is to create a participant experience based on a person’s interests, behaviors and retirement goals.

The Savings and Investing Experience includes the following:

- **QuickEnroll Form** – Delivered to non-participating employees. An employee can return the postcard included to begin contributions.
- **Savings Profile Target** – Delivered to participants not taking full advantage of the company match and gives them the opportunity to increase their contribution simply by returning a postcard.
- **Savings Profile** – By answering some very basic questions, we can give a participant insight into spending patterns and ideas on how to save. Then, the participant is sent a **Savings Profile Report** that reminds the participant what he or she is saving for by featuring his or her hobby or interest.
- **Investor Profile** – An undiversified investor is sent the profile to report his or her personal long-term goals and risk tolerance. Then, he or she receives an **Investor Profile Report** in return providing personalized annual retirement forecasts, investment solutions and sample allocations using funds within the investment menu.

### **Online education**

A wealth of information is available to your participants on our participant Web site. Participants can check account balances, review plan highlights, conduct transactions, read prospectuses and access commentary on current market conditions. Participants can also access fund fact sheets for publicly traded mutual funds via Morningstar, a global investment research firm. The information is presented in both graphs and text making it easy to understand.

Our participant Web site offers an Education Center and a Financial Tools link to assist participants with investment education and financial planning issues.

**Education Center** – Our Education Center reflects the same life-events structure as our Financial Tools section. Both present targeted information based on participant-chosen preferences. The depth and breadth of the subjects covered provide a useful online resource for participants with a wide range of investing expertise: from the novice to the seasoned investor. The Education Center features three main categories as outlined below.

- **Just getting started** – New to your job or the company retirement plan?  
*Articles such as:*
  - Understanding 401(k) basics
  - Ways to save in the plan
  - Understanding pension basics
  - Marriage and money
  - Thinking of buying a home?



- **Am I on track?** – You have a retirement plan balance and have been working for some time  
*Articles such as:*  
Making the most of your plan  
Beyond the basics: How to read a prospectus  
Accessing money in the plan  
Your personal checklist  
When you change jobs  
How to save for retirement and college
  
- **Living it up in retirement** – You're dreaming of, nearing or in retirement now  
*Articles such as:*  
Ways to increase your savings  
Thinking of retiring early?  
Retirement expenses  
Healthcare  
Mortgage options  
Picturing your ideal retirement

**Financial Tools** – As a complement to the Education Center, our Financial Tools link has several interactive calculators that also help with financial planning needs. Additionally, several of the articles in the Education Center provide links to the appropriate calculator from the following list. These financial planning calculators fall under three areas:

#### Getting Started

- **Retirement Investment Calculator** – helps participants determine how much their current retirement investments may be worth and how long their savings may last in retirement
- **Asset Allocation Profiler** – gives an asset mix based on an investor's particular needs and risk tolerance
- **401(k) Contribution Calculator** – provides a summary of how an employee's paycheck may be affected by his or her retirement savings plan contribution
- **Roth 401(k) Planner** – helps participants determine whether Roth 401(k) or pretax contributions may be best for them

#### Am I On Track?

- **Time Value Calculator** – shows what the power of time and additional regular contributions may have on the value of an individual's investments
- **Dollar Cost Averaging Calculator** – provides the participant with examples and possible benefits of dollar cost averaging
- **Staying Ahead of Inflation Calculator** – helps participants see the affect inflation may have on their future savings goals
- **College Investment Options Calculator** – provides participants the opportunity to explore a number of different investment vehicles that can be used to save for a child's education
- **Borrowing from a 401(k) Calculator** – based on a scenario, provides a comparison of ending balances with and without a loan
- **IRA Planner** – provides participants with an estimate of their ending balances with Roth versus Traditional IRAs, and provides information about a participant's eligibility for a Roth IRA



## Living it Up in Retirement

- **Choosing Your Annual Withdrawal Rate Calculator** – allows participants to see how long their savings may last at different withdrawal rates
- **Projected Retirement Income Calculator** – allows participants to project how much income they may be able to plan on for different retirement timeframes

### 10. What is the resolution process when a participant disputes account activity?

Should a participant have a problem involving his or her account, he or she can contact a participant services representative who then works to reach a resolution as soon as possible. If the concern cannot be resolved easily and immediately, the participant services representative creates a research request and sends it to service delivery specialists, Karen Oxman and Daniel Fontenot, who conduct research and contact the service delivery manager. The service delivery manager, Brett Loxterman, or strategic relationship manager, Bill Vorreiter, then discusses the matter with McDonald's and makes suggestions for corrective action, if necessary.

All participant calls, including complaints, are recorded on participants' account histories using our imaging system. Complaints are also reported through compliance reporting. The documents included in our case management files will be available to McDonald's upon request.

### 11. Do you record all phone calls with participants?

Yes. The system we use to monitor calls is NICE Recording Systems, a digital voice recording and monitoring system. Calls are recorded and archived on the secure logger for a predefined period of time to allow for immediate access for authorized team members and managers. Once a call has reached a maturity date, the audio and index files are moved onto a secure network storage device and can be accessed using the NICE applications. In our contact center, NICE Recording Systems may be used for purposes that include random sampling of calls, training, specific follow-up to training including new representatives and new technology or processes, performance evaluation, easy verification of disputed information, and immediate retrieval of lost information.

#### How accessible are these calls?

Calls can be provided to clients in a .wav file format. The standard time frame for our contact center to pull and forward the requested call to our legal department is 48 hours. Once received, our legal department typically reviews and sends the transcript to the plan sponsor within two business days.

#### How long are they retained?

Calls are maintained for the current year plus six years. Our current records date back to 2001.



## **G. Interactive Voice Response System**

### **1. What languages are available through the IVR?**

We offer participants an IVR, available seven days a week, 24 hours a day, in both English and Spanish.

### **2. Are there any times per day or over the weekend in which the IVR is not available? If so, for what period of time is it unavailable?**

Our IVR is available 24 hours a day, seven days a week. Scheduled downtime remains constant (Sunday 12 to 6 a.m. Central time); however, this full allotment of time is rarely, if ever, used.

### **3. Can the participants do the following on the IVR?**

#### **a. Initiate a loan?**

No.

#### **b. Payoff a loan?**

No.

#### **c. Change 401(k)-contribution percentage?**

Yes.

#### **d. Hear updated investment results?**

Yes.

#### **e. Separate password data base (participants can change current password)?**

No.



## H. Internet

### 1. Same transaction and time of operation questions as the IVR

Our Web site is segmented into easy-to-use sections. The “My Accounts” page is the landing page for authenticated participants. This page allows participants to view balance information, access plan and account information and view products and services. The “News and Quotes” section contains interactive charting and up-to-date news and information. The “Education Center” provides participants with the opportunity to research, read and interact with interactive educational content and articles. The “Financial Tools” section provides interactive financial calculators and retirement planning tools.

We have established a test account that allows you to sample the services available online. The information below allows you to access our test site:

- Go to: [www.jpmorgandemos.com](http://www.jpmorgandemos.com)
- Enter your login: **McDonald's**
- Enter your password: **dalery86**
- Click “Submit”



When you reach the home page, click on “Log On” to be directed to the participant Web site.

The table below reflects the services available through our participant Internet site.

<b>Overall Information</b>
Defined contribution and defined benefit recordkeeping
Total Retirement Solutions with complete integration of all plan data from several alliance providers, within the same site using single sign-on technology
Total Retirement Solutions (Lite Version) with custom landing pages and integrated links to all providers
Total Benefits Offering that provides all Total Retirement Solutions plus health and welfare plan integration
JPMorgan Personal Asset Manager and Personal Online Advisor powered by Financial Engines
Link to Chase Investment Services Corp. (CISC) online brokerage services for self-directed brokerage accounts
Single sign-on solutions from clients' benefits portals and/or Intranets to our participant Web site
Tailored and customized participant Web sites using custom URLs, cookies and style sheets to establish a co-branded and custom option for clients
Activity area imagery that reminds a participant what he or she is working toward. Employees can select from 10 different hobbies, such as travel, golf, family and more. Images of these activities are populated throughout the site.
<b>My Home</b>
Total wealth balance and access to plans
Health and welfare plan access
<b>My Accounts</b>
Plan listings with total wealth balance and plan access
Fully customizable plan-level messaging
Overall account information for personal rate of return
Overall account information for vesting information
Overall account information for summary of investments asset allocation breakdown
Overall account information for account statements
Online (conversion) enrollment for participants with educational content



Online (ongoing) enrollment for new participants in existing plans
Online access through Financial Engines – Personal Online Advisor
Managed account options through Financial Engines – JPMorgan Personal Asset Manager
MarketWatch – Big charts financial information for real-time market information
Retirement forecast with personalized On Track to Receive messaging
Retirement Dream Machine with modeling and direct access action steps to transactions
Personalized messaging with rotating participant level messages regarding the first “no” answer on the Tips to Retire checklist
Personalized retirement checklist with evaluation of all retirement planning checklist items and educational Tips to Retire on Track
Link to Activity Areas that provide educational content, integrated with a person’s favorite hobby. The idea is to both remind people what they are working toward, while putting financial content in a more accessible format.
<b>Account Overview</b>
Account overview with investment choice breakdown
Account vesting – Account balance and vested and non-vested amounts
Account sources – Account balance and breakdown by sources
Personal rate of return with both static numbers and search capabilities for month-to-month PRORs
Personal information on record (participant name, address, date of hire and date of birth)
Beneficiary designation and view of primary and secondary beneficiary names, percentage allocated and date of last beneficiary change
Plan highlights and plan detail (SPD info) fully customizable by participant groups
Fund price information with daily updates
Fund price history information for specific funds with user-defined date range or length of time (i.e., 15-, 30-, 60- and 90-days)
Fund performance information (calendar-quarter end, 3-month, 1-year, 3-year, 5-year, 10-year and since inception)
Fund summaries with updated Morningstar investment profiles
Gross expense ratios
Fund summaries with updated PDF investment profiles for private or commingled funds
Transaction detail search (by transaction description, source, investment, date range or date period)
Transaction detail search with downloadable QIF format for financial software packages
Account statements online (PDFs of original statements kept on file for one year)
Account statements – Request detailed or summary statements sent to address on record
Forms and publications (PDFs of forms selected by the plan sponsor – can be viewed or printed)
<b>Account Detail</b>
Account overview with investment choice breakdown
Account vesting – Account balance and vested and non-vested amounts
Account sources – Account balance and breakdown by sources
Personal rate of return with static numbers and search capabilities
Personal information on record (participant name, address, date of hire and date of birth)
Beneficiary designation and view of primary and secondary beneficiary names, percentage allocated and date of last beneficiary change
Plan highlights and plan detail (SPD info) fully customizable by participant groups
Fund price information with daily updates
Fund price history information for specific funds with user-defined date range or length of time (i.e., 15-, 30-, 60- and 90-days)
Fund performance information (3-month, 1-year, 3-year, 5-year, 10-year and since inception)
Fund summaries with updated Morningstar investment profiles
Fund summaries with updated PDF investment profiles for private or commingled funds
Transaction detail search (by transaction description, source, investment, date range or date period)
Transaction detail search with downloadable QIF format for financial software packages
Account statements online (PDFs of original statements kept on file for one year)
Account statements – Request detailed or summary statements sent to address on record



Forms and publications (PDFs of forms selected by the plan sponsor – can be viewed or printed)
<b>Account Management</b>
Contribution amounts (establish/modify deferral contributions by % or \$ amounts and by source)
Catch-up contribution amounts (establish/modify EGTRRA)
Investment summary – Overview of current balance and future investments
Fund-to-fund investment transfers (transfer types available are %, \$ and share/units)
Investment allocations (existing and future allocation by % with a copy feature)
Rebalance current account (existing allocation by % with a copy feature)
Future contributions reallocation (new contributions by % with a copy feature)
Automatic rebalancing at specific defined intervals to sync up current and future investment elections
Online prospectuses provided with option to not receive the print prospectus at the time of transaction
Self-directed brokerage account feature to move money directly through CISC for stocks with same day funding
Loan modeling online with educational content
Loans establishment online - Paperless or paperwork, depending on plan rules
Active and non-active loan summaries and detail history
Loan information payoff online
Loan establishment online - Residential loan paperwork request
Withdrawal – Paperwork (hardship and in-service)
Withdrawals – Paperless with direct deposit with bank establishment (in-service)
Distribution – Paperless lump-sum to address of record or direct deposit with bank establishment
Distributions – Paperwork
Distribution – Partial paperless distribution option
Disable transactions – opt-out feature to cease online distribution options. Participants must call to turn back on or request distributions.
Dividend pass-through election
Distribution opt-out feature to control distribution options such as cash or reinvest
Installments – Establish and view history online
Online transaction confirmations – At the time of transaction to recap transaction and allow for print off
Pending transaction – Detailed section providing information concerning a pending transaction and the ability to cancel and reinstate transactions
<b>Education Center</b>
Current content and educational material organized in a life-events approach. Content on basic education topics (“Diversification 101”) as well as life-events topics (“Marriage and money”).
Interactive flash-based quiz
Search feature to quickly target the desired topic
<b>News &amp; Quotes</b>
Marketwatch – Market plus news
Marketwatch – Interactive charting and quotes
Marketwatch – Real-time market tracking
<b>Financial Tools</b>
Getting Started
- Retirement investment calculator
- 401(k) contribution calculator
- Asset allocation profiler
- Roth 401(k) planner
Am I on Track?
- Borrowing from a 401(k)
- Dollar cost averaging calculator
- Time value calculator
- College investment options
- IRA planner
- Staying ahead of inflation calculator



Living it up in retirement
Projected Retirement Income
Choosing Your Annual Withdrawal Rate
<b>My Profile</b>
User ID – View and modify
Personal access code – View and modify
Security access information – View and modify
E-communication information – View and modify
Account statement delivery – View and modify
Bank account information – View and modify
Beneficiary information – View and modify
Prospectus delivery – View and modify
Primary Activity – select favorite hobby
<b>Contacts and Help</b>
Dynamic “Contact Us” section by plan with information for e-mail, phone and mail
Site help section with technical information, detailed how-to information, FAQ sections, etc.
Site map with quick access to all areas
Glossary of investment, retirement plan, stock option, defined benefit and financial terms
Privacy policy, terms and disclosures and corporate information links

**Hours of availability**

Our participant Web site is available 24 hours a day, seven days a week. We have certain scheduled maintenance periods. Each night, certain parts of the site are down for approximately 30 minutes between 2 and 3 a.m. Central time while the nightly update jobs run to update all the data in DB2. Monday mornings from 12 to 6 a.m. is our weekly scheduled maintenance period, and certain enhancements are pushed to production during this time for DB2/CICS.

**2. What type of encryption of data do you use?**

JPMorgan uses SSL, RSA Public Key encryption and proprietary encryption algorithms to secure the online connection. Personal access codes to access participant accounts protected by Siteminder are securely stored using a one-way, irreversible encryption algorithm. All laptop and desktop computers are encrypted as are data file transmissions outside of JPMorgan.

**3. What data is needed to access a participant’s account?**

Initial participant log-on

A recent security enhancement allows participants to establish identifiers other than their Social Security numbers for accessing their accounts through the Web site. If preferable, a participant may choose to discontinue using his or her Social Security number as the primary identifier for online access and instead establish a new Username; participants are led through the process to do so during their initial logon. Currently, a participant is required to use his or her Social Security number as the primary identifier on the IVR. For security purposes, contact center representatives do not ask a participant to voice a Social Security number over the phone. Instead, representatives use general account information (such as the participant’s address) to verify the participant. McDonald’s may require participants to answer additional verification questions, such as date of hire.



During the initial log-on, participants are also prompted to do the following:

- Choose a Password – participants can continue using the personal access code along with their identifiers (Social Security number or Username), and they can establish their own Passwords, which can be a combination of alpha- and numeric-characters. These Passwords are used online and on the IVR.
- Establish a security profile – participants are also prompted to complete a security profile and establish two security questions from a provided list and enter their own responses to the questions chosen.

#### **4. Are participants required to change their passwords periodically? If so, how often?**

No.

#### **5. What happens if a participant forgets their password?**

If a participant loses a Password, he or she may request a temporary Password by speaking with one of our participant services representatives. Once the participant has provided the necessary verification information, the representative generates a temporary Password. If the plan allows, the Password may be provided during the call. Otherwise, the Password is mailed to the participant's address of record. The temporary Password allows the participant to log on initially; the participant is then prompted to change the Password to a new number. Importantly, a participant who has lost his or her Password is still able to transact in the plan once he or she receives this temporary Password – or the representative providing the temporary Password can also help the participant with completing the desired transaction or providing information.

In addition to calling our contact center and obtaining a temporary Password from a representative, a participant can access his or her account online by clicking on the [Forgot your Username or Password?](#) link on the participant Web site landing page. If the participant had previously established security questions and answers on our Web site, access to the site can be gained by answering the security questions the participant chose during his or her initial online session.

#### **6. Do you allow for single sign-on access from a client's intranet?**

We offer our clients single sign-on capability for a seamless flow from a company's intranet, portal or Internet site to our participant Web site. The integrated site experience can be implemented through [www.retireonline.com](http://www.retireonline.com) or a specific chosen URL. The integrated site package may or may not include the tailored site features.

We offer two technical solutions to support single sign-on to our Web site. The first follows an industry recognized Security Assertion Markup Language (SAML) based solution. The second is a proprietary, Java-based solution using private/public key encryption known as TPDEF.



## I. Reporting

### 1. Enclose a sample of all standard reports for the plan administrator and participants.

Please refer to **Exhibit II** for a sample participant statement and to **Exhibit III** for a sample plan sponsor report catalog.

### 2. Is trade date reporting used in your reports?

Yes.

### 3. Do asset valuations reflect pending trades and accrued income?

Assets are reconciled daily between OmniPlus and the mutual fund companies. Our Financial Controls Team uses daily asset positions at the mutual fund companies in their daily balancing process. We do not use pending positions.

Financial transactions that are completed by the participant via our Web site, IVR or call center are reflected as pending on the Web site and the call center interactive tool used by our representatives. Pending transactions that contain money movement (financially based transactions) are queued up during the day on our request table. The cut-off for today's activity is at market close (3 p.m. Central time). However, the transactions are held in a pending status until our overnight process is complete. Asset valuations and transaction confirmation statements are reflected on the Web site after the process is complete.

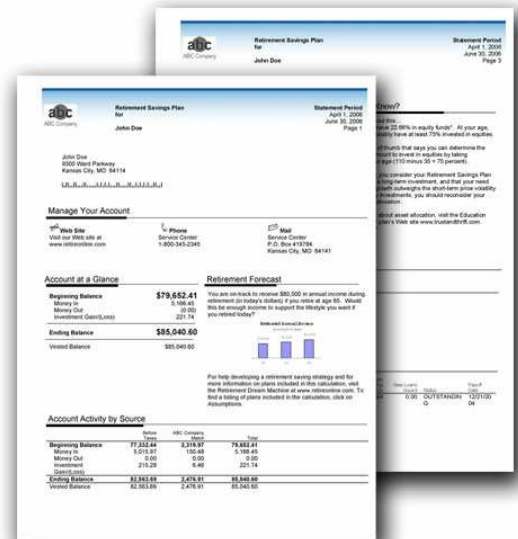
### 4. Can your statements be customized to meet the client's needs? Is there an additional cost to the customized statements?

Yes. As part of our Audience of One philosophy, we provide a customized participant statement each quarter by mail and online. Our statements are designed to be easy to read and understand. They can help participants answer what we believe is the most important question about their retirement:

#### *Will I be able to retire when I want with how much I need?*

Our statements provide eye-catching graphics and design used for illustrative purposes. We also provide consolidated statements for reporting multiple plans.

The most distinguishing feature of our participant statements is the personalized message geared to the participant. When plan sponsors elect to offer the online guidance tool, Retirement Dream Machine, all participants receive a personalized On Track to Receive message. This On Track to Receive message provides a retirement savings forecast customized for each individual. In addition, participants receive relevant recommendations on actions they can take to help improve their retirement forecast.





The following information is standard on all participant statements:

- **Account At a Glance** – Summarizes a participant’s current position at the end of the quarter.
- **Account Summary** – Displays the allocation of shares within each Morningstar asset class, including any brokerage account assets.
- **Manage Your Account** – Provides important information about how to contact JPMorgan through our Web site, contact center and mail.

Our participant statement can be customized with McDonald’s logo and plan name. Each quarter, a customized plan message can be included with the statement. We also allow plan sponsors to customize statements with a multiple modules including loan activity, Morningstar asset allocation, brokerage activity, performance summary, personal rate of return and more.

### **Transaction Confirmation Statements**

These statements contain information confirming participant transactions. Statements are mailed the first business day following the date a transaction is initiated.

For transactions requested through our IVR, participant services representatives and Web site, we generate and mail confirmation statements to the participant’s address of record the business day following the request. For any transactions initiated on our participant Web site, a confirmation is also provided immediately online.

Transactions for which confirmation statements are generated include, but are not limited to:

- Enrollment into the plan
- Changes in deferral percentage
- Changes to contribution allocation
- Transfer of investment options

## **5. Describe the internet access to account information for the plan sponsor?**

In addition to our extensive online reporting capabilities designed around our Building the Best Plans in America strategic consulting framework, authorized users of our Plan Sponsor Portal have access to our **Participant Level Access for Plan Sponsors (PLAPS)** tool. This feature allows specified personnel to view specific participants’ experiences on our participant Web site. The plan administrator determines the McDonald’s personnel to whom PLAPS access is granted and which participant groups are available to access. Grouping of participant populations can be tailored in many ways to help ensure that a PLAPS user is allowed to view the Web site experience of only the participants in his or her authority. Specific data requirements to establish this security setup will be outlined and mapped during conversion meetings.

The Web experience is tailored specifically for the PLAPS feature, and the PLAPS user’s experience mirrors the experience of the participant. The PLAPS user may proceed through all of the steps of requesting a transaction but is not able to complete the transaction. There is no cost associated with this feature, but PLAPS is made available only on the plan sponsor’s request.



## 6. Are you able to develop customized reports designed by the plan sponsor?

Yes. We provide online reporting via our **Plan Sponsor Portal**. The site has more than 100 pre-formatted reports that can be customized in nearly 400 ways. For transaction and participant inquiry, our Plan Sponsor Portal is updated daily. Summary level reports are available on a monthly basis. Data for these summary reports is available on the first Monday following the first Friday of the next month for use in compiling reports. Plan sponsors can enter parameters such as a timeframe or participant Social Security number and view the reports immediately. In order to identify trends, reports are also available for historical time periods.

Our Plan Sponsor Portal was developed to quickly provide insightful, current data via the Internet with report-quality printing, minimal click navigation and the ability to download information for use in Excel or other spreadsheet applications.

The Plan Sponsor Portal provides:

- An enhanced user support, including a keyword search function and “how to” tutorials.
- 5500 Auditor Access, which enables the plan sponsor to allow site access for their auditor, reducing the need for on-site auditor visits.
- A Technical Corner and Compliance Calendar from JPMorgan’s Technical Consulting Group.
- Access to multiple payroll edit reports.

### Building the Best Plans in America

Our Building the Best Plans in America strategic consulting framework has the goal of providing our plan sponsors a method to create the most comprehensive and competitive retirement plan possible. Your strategic relationship manager, Bill Vorreiter, works with McDonald’s toward this goal by monitoring the demographic, legislative and competitive changes that occur in our industry and the best practices adopted by those market forces. Our vision is:

***To be the best provider of retirement solutions and investment services for:  
Every client  
Each individual***

We believe our Building the Best Plans in America strategic consulting framework can turn that vision into reality. We have developed relationships with nearly 200 plan sponsors that share our vision and determination in building some of the best plans in America.

The Plan Sponsor Portal provides statistics to let McDonald’s know the percentage of its participants taking advantage of each of the Building the Best Plans in America features. Specific goals are incorporated into the portal reporting tool, and your status toward each of those goals is displayed, letting you know at all times how your plan is performing compared to your goals. The portal also provides a comparison between your plan and other plans of similar size and industry.





In addition to the information mentioned above, the Building the Best Plans in America section of our Plan Sponsor Portal includes the following unique features:

- An executive summary with participant behavior metrics.
- An “Analyze” link which allows the plan sponsor to compare key metrics to other plans of similar size, geographic region, industry and plan features.
- A scorecard that details the plan’s current adoption of the features that comprises our Building the Best Plans in America standards.
- Each feature provides a link to additional information about “What it is,” “Why it is part of Building the Best Plans in America” and “How to use the feature.”

We have established a test account that allows you to sample the services available online. The information below allows you to access our test site:

- Go to: [www.jpmorgandemos.com](http://www.jpmorgandemos.com)
- Enter your login: **McDonald’s**
- Enter your password: **dalery86**
- Click “Submit”

When you reach the home page, click on “Log On” to be directed to the participant Web site. To access the Plan Sponsor Portal, please click the “View the new Building the Best Plans in America sponsor site” link in the lower left corner of the home page.

### Other Reports

We also provide the following reports to plan administrators:

**Value Benchmark** – This annual report presented by Bill provides an update of the current fees charged and services being used by McDonald’s. It benchmarks these fees and services against JPMorgan’s other clients and the industry. It also facilitates a dialogue between McDonald’s and Bill about which additional services may be added in the future.

**Fiduciary Toolkit** – Your strategic relationship manager, Bill Vorreiter, utilizes the Fiduciary Toolkit during your annual review in order to help ensure JPMorgan is meeting the goals we have set jointly. Our proprietary and innovative toolkit is used to continually monitor the “health” of the plan. It assesses nearly 120 different facets of plan administration. The toolkit is used to help assist plan sponsors in understanding, assessing and monitoring their fiduciary responsibilities under ERISA.

**Investment Review** – Bill delivers an annual investment review to McDonald’s that objectively evaluates each fund’s performance (nominal, relative and risk-adjusted), style consistency, relative fee competitiveness and professional stability. The investment review was designed to assist plan sponsors with overall due diligence.

**Form 5500 Audit Information Packet** – Annually, our Compliance Team prepares the standard service offering Form 5500/Audit Information Packet (audit packet). The audit packet is provided for all plans for each plan year or partial plan year that JPMorgan provides recordkeeping services. The audit packet is typically prepared and mailed within 120 days of the plan’s year-end.



**Does your system allow the plan sponsor to do ad-hoc reports on-line? If so, are there limitations or constraints based on the volume of data?**

Yes. In addition to Plan Sponsor Portal standard reports, we have an ad hoc report writing tool that enables the client to create customized reports. Users can elect to take an existing report template and modify it by changing filters, adding and removing fields, inserting subtotals or just adjusting the sort. Also available is a drag-and-drop tool that lets the user create a brand new report from scratch. Ad hoc reports can be viewed online, printed or exported into an Excel format.

The ad hoc tool has been optimized to query and successfully return results for some of the largest corporations in the world, JPMorgan Chase included. Based on what we know about McDonalds and their employee population, the tool should perform without any significant issues.

**7. Included in Appendix C is a customized report that is required on a monthly basis, are you able to develop this specific report? What additional costs are there for this report and other customized reports?**

Yes, we are able to provide this report. We anticipate working with McDonald's to determine exact requirements and the purpose for which the report is being produced to determine if there is a better solution. There are no additional costs for creating custom reports.

**8. How soon after month end will the client receive administrative reports?**

Transaction and participant reports are provided through our online reporting tool, Plan Sponsor Portal, and are updated daily. Summary reports such as plan assets, cash flow and participation are updated on a monthly basis.

**Do these statements reflect earnings as well as contributions?**

Yes.

**9. Exactly how soon after quarter end will participants receive their statements? Please specify either number of calendar or business days.**

Participant statements are available on the participant Web site on a quarterly basis, and they are available within 36 hours of approval at quarter-end. An annual year-end statement is sent to participants' addresses of record in place of fourth quarter statements. The timeframe to receive the annual statement by mail is within 10 business days after the quarter-end. Annual statements are also available online.

Confirmation statements are mailed on the business day following the completion of a transaction. In addition, on demand statements may be requested online or by speaking with a participant services representative.



## 10. How often do you reconcile your trust system against your recordkeeping system?

JPMorgan Investor Services would first discuss with McDonald's and your service providers the service requirements in detail. They would analyze and document the workflows, indicating deadlines and timeframes for all source information and deliverables. This workflow analysis would extend to other organizations affiliated with the McDonald's organization such as recordkeepers and accounting agents.

JPMorgan Investor Services' analysis of these policies and workflows would then become the core of their service model and their Service Level Document with McDonald's. It documents sources of daily information such as subscription and redemption information and NAV receipt. It additionally documents the sources of information and frequency for reconciliation of any applicable balances on the accounting records to their appropriate sub-systems.

Using these documented procedures, a fund accountant verifies that daily capital stock activity is reflected on the accounting system and reconciled to its source. Expenses, if applicable, are automatically accrued in the account and reviewed for reasonableness and accuracy. Income from the investment in mutual funds is accrued on ex-date according to generally accepted accounting principles. The valuation of fund positions held within an account are executed through the receipt of the daily NAV from the appropriate source identified in the Service Level Document.

Additionally, JPMorgan Investor Services supervisors and managers review each account prior to the rendering of any accounting reports or NAV calculations to clients.

## 11. The only testing performed for this plan are coverage, 401(k) testing for the non-matched contribution and 415 testing. When do you run these tests? Please describe the tests and the method used in performing them?

Testing services are handled by our team of compliance professionals who coordinate all of the compliance work required for our clients' plans. This group works closely with members of our Technical Consulting Group, our ERISA Legal team and your strategic relationship manager, Bill Vorreiter, to help ensure that we provide the most up-to-date and accurate testing possible.

JPMorgan performs the required testing as set out in the Master Services Agreement. Prior to completing the testing, an expectations meeting is held with your assigned compliance consultant and compensation and contribution reports are prepared covering all participants for the entire testing year. The plan administrator then reviews and approves these reports as the first step in the compliance testing process. Once approved, JPMorgan completes the testing as set out on the terms of the Master Services Agreement, which may include ADP testing, ACP testing and 415(c) Annual Additions testing.

Your assigned compliance consultant works within Internal Revenue Code, Treasury Regulation and plan specific parameters to correct the testing results (e.g., current year/prior year testing, borrowing/shifting, etc.). Our goal is to explore every avenue to help the plan pass the test. These tests are applied annually.

## 12. Are you able to estimate and project for the year-end discretionary match based on the description in the plan document?

Yes.



**We would require a monthly report based on the cumulative contributions as well as several other factors starting in March estimating the year-end discretionary match.**

We currently provide similar kinds of periodic forecasts to other nonqualified plan sponsors and feel that we could do the same for McDonald's beginning soon after the conversion. As part of the conversion project, we will meet with you to define the requirements for the monthly report briefly described above.

**What additional costs would be included in this one-time programming? The current programmed spreadsheet contains 62 columns of data or calculations and 17,000 rows of participants.**

The costs for this type of reporting are included.

### **13. What type of tax reporting does your firm provide?**

In preparation for the compliance testing services and 5500 audit packet McDonald's elects to outsource to JPMorgan, your strategic relationship manager, Bill Vorreiter, and/or a member of our Compliance Team meets during the fourth-quarter with your plan administrator to confirm the testing and 5500 services to be performed. During this meeting, we confirm the battery of compliance testing to be performed, the audit packet reports to be delivered, discuss timing expectations and clarify whether there is a need for any supplementary year-end data (i.e. 5% owners) in addition to the plan/participant data accumulated throughout the year from the indicative files and any other regularly occurring data feed sources.

While preparation of Form 990 is not included in the Compliance Team's standard service offering, the information included in our annual audit packet can be used to satisfy the data requirements for the filing of Form 990.

### **Would you be able to provide a signature ready Form 5500 on all assets?**

A signature-ready Form 5500 is delivered for all plans that elect the signature-ready service. Plan sponsors are charged \$2,500 to receive the signature-ready service. Signature-ready service is available to plans for which JPMorgan provides recordkeeping services on the last day of the plan year.

### **14. What developments are you making to participant reports? Be specific if possible.**

We are making the following developments to our participant statements:

- **Flexible disclosures for statements** – Enhancing current custom disclosure capability allowing for more customization with shorter update times.
- **Postal regulation updates** – Continuing to improve statement delivery times to participants by leveraging the new and upcoming postal regulations enhancements.
- **Participant feedback opportunities** – For on-demand statement reporting, allow participants to provide feedback on the reporting tools.

In addition, we are working on a new workflow tool that will help improve the tracking and reporting of statement production.

Possible future developments might include: a two-window envelope, inserts online and participant-targeted messaging.



## 15. What developments are you making to plan sponsor reporting? Be specific if possible.

We are currently working on providing the following enhancements for the Plan Sponsor Portal:

- **Report Performance** – A number of database and tuning changes are being made to improve response times of ad hoc reporting.
- **User Interface** – The user interface for the Plan Sponsor Portal will be enhanced significantly to improve overall navigation and make reports easier to find. New features will be added for report quick links and report “favorites” to provide quick access to commonly run reports. Printing functions will be simplified and file sharing capabilities will be expanded.
- **Total Retirement Solutions** – We will expand and integrate additional retirement programs into the Plan Sponsor Portal including defined benefit and nonqualified plan types.



## J. Systems Capabilities

### 1. What computer system(s) does your firm utilize for custody, recordkeeping and voice response? How long has each been in place?

#### **Custody**

We receive information from mutual fund companies daily. Each evening, our system balances between each of the multiple plans' records and the trust records with information on all investment options in the plan, the beginning share balance, the net activity and the ending share balance (for each of the plans and the trust). Our Financial Controls Team reviews the reports daily and researches and resolves all identified discrepancies.

#### **Recordkeeping**

##### Hardware

We use two of IBM's largest mainframe computers – IBM Z9 – 2094 model 503, 505. These are coupled in a Parallel Sysplex data-sharing environment. The IBM's z/OS environment used on these systems enables us to operate and clone production systems (to guard against down time). Parallel test systems are isolated from the production systems, which enables us to load and test new systems and applications as they are made available on early release from IBM. This isolation of testing and development projects helps prevent impact to production service level objectives. We have been servicing retirement plans on an IBM mainframe infrastructure since 1989.

##### Software

We use OmniPlus as our core participant recordkeeping software system for defined contribution plan processing. OmniPlus uses client/server architecture with a central host processor that interfaces with workstations to provide centralized data and jobs for each user.

OmniPlus:

- provides full daily pricing capabilities as well as share, cash and unit accounting
- handles an unlimited number of participants and 35 different account sources
- allows for multiple vesting schedules and complete allocation formula flexibility
- offers complete loan accounting and transaction history by participant
- includes comprehensive discrimination testing as a standard feature

The OmniPlus system has a degree of flexibility that allows it to adapt to virtually any plan and generate customized reports to suit the specific reporting requirements of each client's plan. The system has no practical limitations that have affected our clients. We have built literally hundreds of proprietary applications around this core system.

#### **IVR**

Computer Telephony Integration allows the participant's Social Security number to be passed to the participant services representative's telephone LED when the call is presented via Avaya Definity G3R PBX. Upon accessing a participant's account, the participant services representative uses our proprietary applications to service all requests. Our participant services workstations operate in Microsoft NT and have distributed client server connectivity to CICS server transactions. The CICS transactions execute on the enterprise servers (IBM OS/390). Communication to the server is TCP/IP and SNA.



## **2. How do you store data? What type of system do you use? Is there a limit to the amount of data you can/will store per client?**

We maintain activity history for immediate retrieval via our Web site and participant services system. Participants can retrieve 12 months of historical data on their accounts. This information is housed within our OmniPlus system, which is integrated with our Internet and participant services representatives' systems. We maintain plan information as required by law. Currently, we retain plan information for a minimum of the current year plus six prior years, even for plans that have deconverted from JPMorgan.

## **3. Were the various systems developed in-house or purchased from an outside vendor? If from an outside vendor, please name the vendor and the system.**

### **Recordkeeping**

We purchased recordkeeping software from SunGard. We have built literally hundreds of proprietary applications in-house around this core system.

### **IVR**

The software was developed in-house using the IBM DirectTalk/6000 voice application product.

## **How often are your systems updated and what is the downtime associated with an update?**

### **Recordkeeping**

We have a contractual agreement with SunGard that entitles us to any software enhancements required by changing legislation or client needs. SunGard provides software updates twice a year, and the last full system upgrade was completed in December 2003. We also upgraded to OmniPlus version 5.5 during the fourth quarter of 2006. We began the OmniPlus upgrade process to version 5.75 in August 2008 and plan to complete the upgrade in October 2009.

Any necessary upgrades required by our clients outside of SunGard's application are performed by JPMorgan as needed.

In addition, a group of JPMorgan employees actively provides feedback on the direction and development of the OmniPlus system by participating in SunGard user groups. The most recent user group gave direct input on future improvements for OmniPlus, OmniTrade, OmniCash and PowerImage. These meetings provided a valuable opportunity for our employees to take an active role in the future of our recordkeeping product. SunGard looks to our industry professionals for advice and guidance on the future of its products.

### **IVR**

Scheduled downtime remains constant (Sunday 12 to 6 a.m. Central time). This full allotment of time is rarely, if ever, used. When unscheduled downtime occurs, callers receive a voice message and, during normal working hours, are asked to remain on the line to speak to a participant services representative.

In 2007, system availability across all major JPMorgan application components was measured at 99.66%, including the recordkeeping system, IVR and Internet. In 2008 (through May 31), system availability was measured at 99.79%.



#### 4. Describe your maintenance and back-up procedures. Please explain how often maintenance is done and when.

Each night, all data related to the recordkeeping system, IVR, Internet and other systems is backed up using the appropriate system for each touchpoint. In addition, a storage area network has been established between the mainframe data center and our recovery site. This helps ensure a near real-time recovery to the mainframe-based data. Application server-based data is mirrored between two locations.

To help ensure JPMorgan does not experience a failure of the systems that would prevent participants from contacting our office, a dual phone centers as well as a back-up recordkeeping facility has been implemented. To date, JPMorgan has not experienced a time when our systems, both phone and Internet, have been unavailable simultaneously. Should our phone lines be inoperable, participants may access their accounts via the Internet.

The Web server programs maintain files and back-up drives internally. Application programs are stored internally in a source management system replicated to several servers and archived. Web files are stored on in-house servers, and application programs are archived in source-control drives in-house.

#### 5. What enhancements have been made in the last three years to each system? Briefly describe system capabilities that will be added over the next three years.

##### Recordkeeping system

The following is a list of enhancements that should be completed by the end of 2008:

- **Age-based communication** – Age appropriate material in line with Audience of One.
- **Life event checklist** – Integrated list outlining upcoming paperwork and/or communication participants should expect to receive or action they should or should not take regarding the plans in which they are currently enrolled.
- **Participant advocate** – A call center advocacy service designed to provide premier service to participants and beneficiaries guiding them through the distribution process.

##### IVR

In order to gain programming efficiencies and consistency across touchpoints, we plan on moving the IVR to a new structure. In addition to changes to the participant experience, this project will deliver the ability to create detailed reporting on participant usage of the phone system. This will, in turn, improve our plan sponsors' reporting and analysis capabilities.

##### Plan Sponsor Portal

We are currently working on providing the following enhancements for the Plan Sponsor Portal:

- **Report Performance** – A number of database and tuning changes are being made to improve response times of ad hoc reporting.
- **User Interface** – The user interface for the Plan Sponsor Portal will be enhanced significantly to improve overall navigation and make reports easier to find. New features will be added for report quick links and report “favorites” to provide quick access to commonly run reports. Printing functions will be simplified and file sharing capabilities will be expanded.



- **Total Retirement Solutions** – We will expand and integrate additional retirement programs into the Plan Sponsor Portal including defined benefit and nonqualified plan types.

## 6. How many options and funds can your system accommodate?

The system can handle up to 99 investment options per plan and can accommodate 800 fund/source combinations.

## 7. Describe your formal disaster recovery process.

A formal Business Resiliency Plan (BRP) exists to provide JPMorgan employees a strategic plan of action for maintaining services to our clients. Our plan exceeds the guidelines of various regulatory bodies governing financial institutions on contingency planning. The BRP provides strategy, planning, execution and reporting of business continuity and contingency requirements. It addresses JPMorgan's main office operations, applications and functions including facility and data center disruption and high-level restoration within our recovery time objective of 24 hours. The plan is evaluated, tested and recertified annually and/or as changes occur. The BRP includes the following:

- System backups are performed at the end of each day either to redundant and geographically disparate off-line storage devices or encrypted tapes stored off-site in guarded vault facilities. Critical data is also mirrored real-time within our storage area network.
- In the unlikely event our computer facilities or equipment sustains extraordinary damage, agreements are in place to provide alternate computing hot site facilities appropriately located outside of our recovery zone which is more than 10 miles from our primary facility on separate power and water grids.
- Our Denver location can function as an immediate, alternate work location to the Kansas City Operations areas to help ensure timely processing of client transaction requests while our Operations Team relocates to a contracted disaster recovery facility.

Our most recent BRP tests are as follows:

- Fourth quarter, 2008: Site recovery in conjunction with our alternate site provider
- Third quarter, 2008: Annual review of business resiliency and technology recovery action plans
- Second quarter, 2008: Call tree tests
- Second quarter, 2008: Recovery site desktop validation tests

## 8. Describe your procedures for reconciling trust versus plan activity. Provide examples.

Our Financial Controls Team corresponds directly with the mutual fund companies each day to be sure our fund positions match. We receive information from the mutual fund companies daily. Each night, our system balances between the plan records and the mutual fund records. Balancing reports are generated for each plan and include all investment options in the plan, the beginning share balance, the net activity and the ending share balance (for both the plan and the mutual fund). Our Financial Controls Team reviews the reports daily and researches and resolves all identified discrepancies.

A full compliance reporting package is provided each year-end. The Certified Trust Statement, Income Statement, Balance Sheet and other items required for 5500 trust filings are included.



We provide a reconciliation report that covers the reconciliation between our trust accounting system and our recordkeeping system. We also reconcile data provided from outside fund managers, including quarterly or monthly statements with the information on our system. In addition, reconciliation data can be accessed and downloaded using our Plan Sponsor Portal.

## **9. Describe your methods of internal checking procedures.**

Upon receipt, payroll data is run against our internally developed programs to edit the validity of the information. The validation includes balancing all contribution totals both by source and in the aggregate. Loan payment information is also edited and balanced. We follow a strict process of requiring control totals from the client with each transmission. All diagnostics created through this editing process are available on the Web site for the plan sponsor to review. All payrolls are subject to a peer review process prior to posting to participant accounts.

In an effort to increase efficiency and timeliness, we employ an automation system named OmniCash. The primary function of OmniCash is to match and balance plan deposits to participant credit detail transactions such as contributions and loan repayments. As soon as the payroll file passes all validations, produces a reject free trial posting and matches control totals supplied by the client, OmniCash requests funding and supplies a reconciliation of the payroll file. A payroll file is not settled until the deposits are received and the participant detail transactions are equal. OmniCash tracks all “unbalanced” items and automatically attempts to reconcile these items whenever contributions or deposits are received. Upon reconciliation of the deposit and the file, OmniCash automatically submits each participant transaction to post within the payroll file.

Our PowerImage system records all hard copy, participant-initiated transactions. The system tracks and reports transaction processing times. Standard reports identify transaction times that exceed our service standards. Each transaction is subject to our standard recordkeeping system edits, which validate information based on the specific type of transaction. For example, a lump sum distribution edit requires a termination date and plan entry date be on file, validates availability of funds and validates that there are no holds on the account (QDRO, etc).

## **10. Are participant contributions and investments reconciled upon investment? How is this verified?**

Our controls are focused on three types of transactions:

- Money coming into the plan
- Money being transferred among investment options
- Money going out of the plan

Contributions to the plan undergo a series of validations each time data is received. These validations help ensure that the data is timely and accurate. We receive two types of payroll data: biographical and financial. Biographical data includes eligibility, validation of address, hire date and Social Security number. Financial data includes the comparison of the contribution amount with percentages allocated and verification of loan payment data. We realize that no two plans are exactly alike and that you may have unique needs. That is why our system can accommodate custom validations if your plan document requires them.

Transfers of money within the plan create an automated confirmation statement that is mailed to the participant the business day after the transaction’s effective date.



Distributions require that a participant's name, Social Security number and address are identical to those in a dual distribution control file. The distribution control file is generated from payroll transmissions and cannot be accessed by recordkeeping personnel.

Our PowerImage system also provides a paper trail which supports transactional integrity. PowerImage's extensive workflow management capabilities include:

- Optical Character Recognition (OCR) allowing the use of BAR codes on standard participant forms, which speeds up the processing of these transactions
- Enhanced workflow options allowing us to control how work from a given plan is processed, including the quality control processing steps to help ensure transaction processing is performed in a timely and accurate manner
- Integration with other SunGard systems including OmniPlus

#### **11. If voice response is used, does the employee/employer receive written confirmation of each transaction?**

Employees receive a confirmation statement for transactions posted to the IVR, but do not receive a confirmation of each call made. McDonald's can track transactions via IVR through the Plan Sponsor Portal.

#### **12. How long do you maintain participant data?**

We maintain activity history for immediate retrieval via our Web site and participant services system. Participants can retrieve seven years of online historical account data. This information is housed within our OmniPlus system, which is integrated with our Internet and participant services representatives' systems. We maintain plan information as required by law. Currently, we retain plan information for a minimum of the current year plus six prior years, even for plans that have deconverted from JPMorgan.



## K. Loan Processing

### 1. What is the procedure for processing participant loans? Please provide normal turnaround time for loan processing.

JPMorgan handles all ministerial functions related to the loan process. The client is only responsible for reviewing payroll exception reports and loading feedback file data.

Our system can administer an unlimited number of loans. The number of loans a participant may have is limited as specified in the McDonald's plan document. We offer paperless loans to our clients whose plan provisions allow for the use of paperless loans. Participants may model and request loans via our IVR, by speaking with a participant services representative or online through our participant Web site. Our system intelligence helps protect against the occurrence of fraudulent violations of loan provisions.

Our paperless loan process is as follows:

1. A participant contacts us prior to 3 p.m. Central time using the IVR, Internet or through a participant services representative, models the loan and confirms (once establishing all the loan's parameters) that he or she wishes the loan be issued.
2. JPMorgan processes the loan request that night and issues disclosure paperwork the following morning (promissory note, truth-in-lending disclosure, etc.).
3. If no company stock is involved, the loan check is mailed the second business day after receiving the request.
4. If we are required to sell company stock to fund the loan, the check is mailed the third business day after receiving the request.
5. Once the loan has been issued, JPMorgan contacts McDonald's to establish the payroll deduction program.
6. McDonald's starts payroll deductions.
7. Each time a payment is received, principal and interest are posted to the account.
8. JPMorgan monitors the loan to be sure payments are received and applied.
9. Once JPMorgan has received the final payment for a loan, we send an electronic file or hardcopy fax to McDonald's instructing your payroll office to immediately stop loan deductions.
10. After the loan is paid off, a loan payoff letter is mailed to the participant.



## 2. How are payments reconciled to the loan account, payroll deduction, and amortization schedule?

Upon receipt, payroll data is run against our internally developed programs to edit the validity of the information. The validation includes balancing all contribution totals both by source and in the aggregate. Loan payment information is also edited and balanced. We follow a strict process of requiring control totals from the client with each transmission. All diagnostics created through this editing process are available on the Web site for the plan sponsor to review. All payrolls are subject to a peer review process prior to posting to participant accounts.

In an effort to increase efficiency and timeliness, we employ an automation system named OmniCash. The primary function of OmniCash is to match and balance plan deposits to participant credit detail transactions such as contributions and loan repayments. As soon as the payroll file passes all validations, produces a reject free trial posting and matches control totals supplied by the client, OmniCash requests funding and supplies a reconciliation of the payroll file. A payroll file is not settled until the deposits are received and the participant detail transactions are equal. OmniCash tracks all “unbalanced” items and automatically attempts to reconcile these items whenever contributions or deposits are received. Upon reconciliation of the deposit and the file, OmniCash automatically submits each participant transaction to post within the payroll file.

Our PowerImage system records all hard copy, participant-initiated transactions. The system tracks and reports transaction processing times. Standard reports identify transaction times that exceed our service standards. Each transaction is subject to our standard recordkeeping system edits, which validate information based on the specific type of transaction. For example, a lump sum distribution edit requires a termination date and plan entry date be on file, validates availability of funds and validates that there are no holds on the account (QDRO, etc).

OmniPlus, the recordkeeping system, is updated with all Internal Revenue Service rules and regulations regarding retirement plans, including compliance with IRC Section 72(p). In addition, your plan specific provisions are programmed into OmniPlus and our proprietary recordkeeping administrative systems to help ensure all loans are processed according to plan guidelines. System programming enforces plan provisions for all loan activity. Once established in the system, plan provisions are peer reviewed prior to plans going live to help ensure rules were set up completely, accurately and in accordance with applicable plan documentation and regulations. In addition, transaction tests and system edits are used to confirm the conversion of plan data. On a daily basis, managers oversee work queues and monitor processing levels to help confirm transactions are processed within the prescribed timeframes.

In addition, our Control Self Assessment (CSA) program is a corporate-wide standardized process designed to encourage proactive identification of opportunities for improvement across our key controls to help ensure that our processes, such as loan processing, are issued efficiently, effectively and within our service standards and your expectations.

## 3. Can you re-amortize loans based on payroll frequency changes?

Yes.



#### **4. Please describe to what extent the plan sponsor must be involved with the processing of loans.**

JPMorgan handles all ministerial functions related to the loan process. The client is only responsible for reviewing payroll exception reports and loading feedback file data.

#### **5. How would you handle part-time employees that have variable and intermittent payrolls?**

We can set up multiple payroll feeds for you on different frequencies to accommodate all of your various schedules. Or, if you prefer, you can hold the transactions for the next scheduled feed.

#### **6. What is the process when a participant defaults on the loan? Please give details.**

##### **Delinquent Loans**

Our standard process for loan payments helps avoid delinquency. McDonald's automatically deducts loan payments from participants' payroll and forwards the payments to JPMorgan via payroll transmissions.

Should participants who have taken a leave of absence or terminated participants who have outstanding loans become delinquent in their loan payments, we notify McDonald's of the delinquency and work with the plan administrator to determine how it is to be addressed. The participant may establish payments by ACH to prevent the loan from going into default. In addition, we are able to reamortize loan payment schedules in the event of a short leave of absence.

##### **Loan Defaults**

JPMorgan's procedures for defaulted loans are dictated by the terms of the plan document or loan policy and the terms of the loan itself. We send letters to participants after loan payments are missing for 30, 60 and 90 days. This letter notifies the participant of the pending default procedures and requests the participant either make up the missed loan payments or pay off the outstanding loan balance. After 90 days the participant's loan is automatically defaulted. If a plan sponsor would like to approve loans prior to default, we send a report listing all participant loans that are 90 days delinquent. The plan sponsor may then sign off on the report prior to JPMorgan defaulting the loans.

#### **7. How is the client's payroll system notified to start and stop loan repayments?**

JPMorgan sends a feedback file to McDonald's to establish the payroll deductions for the loan. Once we have received the final payment for a loan, we send another file or hardcopy fax to McDonald's instructing your payroll office to immediately stop loan deductions.



## L. Withdrawal/Distribution Processing

### 1. Please describe your distribution capabilities and any products available or any relationship with distribution products. (i.e. direct rollover, annuity products, etc.)

As described in our answer to question 2 in the “Services Available” section above, our paperless process for lump-sum or partial distributions allows a participant to contact us through our participant Web site or a participant services representative. A participant may request a distribution once we have received his or her termination status from McDonald’s and/or a specified period of time has passed since the participant’s termination, as stated by the plan document. The following steps apply:

1. The participant verifies his or her address on record.
2. The participant reviews and accepts the request.
3. A confirmation number is presented to the participant.
4. If the request is received before 3 p.m. Central time, it is processed the same business day. Any requests after 3 p.m. are processed on the next business day. An additional day may be required for processing if company stock is involved.
5. The proceeds are sent to the participant’s address or directly deposited into a checking or savings account on the business day following the processing date.

Distribution information is available to the participant on the day following the transaction through our IVR, Web site or by speaking to a participant services representative.

Self-directed brokerage accounts (SDAs) are part of Retirement Brokerage Services offered by Chase Investment Services Corp. (CISC), a registered broker/dealer, member FINRA/SIPC. National Financial Services, LLC (NFS) is the clearing firm for CISC. Through the SDA option, participants may invest in equities, mutual funds, options and fixed income securities as permitted by the plan sponsor.

Participants with self-directed brokerage accounts receive integrated quarterly statements from JPMorgan showing details of the positions and balances held in the core investments and the self-directed brokerage account. These holdings are grouped by asset class. In addition, account holders receive a CISC brokerage statement for any month during which activity occurs. All account holders receive brokerage statements at the end of each quarter regardless of account activity.

Participants may call the SDA service center and speak with a CISC retirement brokerage specialist. The specialists have access to the participants’ core investments, self-directed brokerage account and plan rules, and can assist participants with their retirement plan or self-directed brokerage account inquiries.

### 2. Describe your distribution capabilities and processing time.

Our paperless process for lump-sum or partial distributions allows a participant to contact JPMorgan through our participant Web site or a participant services representative. A participant may request a distribution once we have received his or her termination status from McDonald’s and/or a specified period of time has passed since the participant’s termination, as stated by the plan document.



The following steps apply:

1. The participant verifies his or her address on record.
2. The participant reviews and accepts the request.
3. A confirmation number is presented to the participant.
4. If the request is received before 3 p.m. Central time, it is processed the same business day. Any requests after 3 p.m. are processed on the next business day. An additional day may be required for processing if company stock is involved.
5. The proceeds are sent to the participant's address or directly deposited into a checking or savings account on the business day following the processing date.

Distribution information is available to the participant on the day following the transaction through our IVR, Web site or by speaking to a participant services representative.

If paperwork is required, the participant requests the necessary forms for a distribution via the Web site or by speaking with a participant services representative. Once the completed forms are returned to us, the following steps apply:

1. When the paperwork is received, it is scanned into our PowerImage system and placed in a work task to be processed by our Transaction Team.
2. If the paperwork is complete and in good order, JPMorgan approves and processes the distribution within three business days not including the day of the receipt of the paperwork. If the paperwork is not complete, JPMorgan contacts the participant to obtain the additional information needed. An additional day may be required for processing if company stock is involved.
3. We process the request within three business days and direct deposit the funds in the participant's checking or savings account or mail a check to the participant on the business day following the processing date.

JPMorgan produces and mails all 1099-R Forms by January 31 of the following year to participants who took a distribution during the plan year.

### **3. Can your system accommodate partial in-service and partial terminated distributions?**

Yes.

### **4. Is your system capable of taking the required tax withholding? Can you accommodate different tax withholding based on the employee's job class for the non-qualified plan?**

JPMorgan will withhold and remit to the IRS taxes on distributions from the nonqualified plan after McDonald's appoints us as an authorized agent to do so. We will manage the appointment process as part of the conversion. Once completed, JPMorgan will withhold taxes based on an individual (per participant) aggregate tax withholding amount as supplied to us by McDonald's.



## 5. Can you accommodate TEFRA elections?

Yes.

## 6. How do you handle required minimum distributions and what communication is provided to the plan sponsor?

Based on plan provisions, we handle all aspects of Code 401(a)(9) distributions, which include determining who should receive such a distribution, mailing the appropriate forms to the participant and mailing the check. We do ask that McDonald's verify the ages and termination dates of all participants who may need minimum distributions.

The process includes the following:

1. During the third calendar quarter of each year, we generate reports of all participants who have reached age 70½ or older during the current year. Only participants who are 5% owners, terminated participants with account balances and active participants, if the plan requires, must receive minimum distributions. Beneficiaries also may need annual payments, based on elections or plan provisions.
2. We provide the reports, along with a letter of explanation, to McDonald's for verification of ages and termination dates and inclusion of any other participants who are not on the reports, but are indeed age 70½ or older.
3. McDonald's reviews the list for accuracy, makes any changes and sends the list back to JPMorgan.
4. We then mail information to each participant eligible to receive a distribution. Information such as the option to change the tax withholding, if applicable, and amount of the distribution are mailed directly to the participant at his or her address of record.
5. The participant notifies us of his or her election by the stated deadline.
6. We process the distribution.

## 7. What is the procedure for an in-service withdrawal? To an IRA or to be spent?

Participants may request an in-service withdrawal through our participant Web site or by speaking with a participant services representative. Participants can request the maximum amount available for in-service withdrawals or a specific amount that is less than the maximum amount available, according to the provisions of the plan.

The process is as follows:

1. The participant reviews the minimum and maximum amount available.
2. The participant verifies his or her address on record.
3. The participant enters the request, reviews it and accepts the request.
4. A confirmation number is presented to the participant.



5. If the request is received before 3 p.m. Central time, it is processed the same business day. Any requests after 3 p.m. are processed on the next business day. An additional day may be required for processing if company stock is involved.
6. The proceeds are sent to the participant's address on the business day following the processing date.

Most of our clients prefer the paperless process. For clients that require paperwork is completed, the following steps apply:

1. The participant requests the forms through the Web site or by speaking with a participant services representative.
2. When the paperwork is received in good order, it is scanned into our PowerImage system and placed in a work task to be processed by our Transaction Team.
3. If the paperwork is complete and in good order, JPMorgan approves and processes the withdrawal within three business days not including the day of the receipt of the paperwork. If the paperwork is not complete, JPMorgan contacts the plan sponsor or participant to obtain the additional information needed. An additional day may be required for processing if company stock is involved.
4. The proceeds are sent to the participant's address or directly deposited into a checking or savings account on the business day following the processing date.



## M. Transition

### 1. Describe how you would handle the transition process in a typical situation.

We believe conversions are complex transactions that require experience, detailed project timelines, a focus on accuracy and the ability to customize the experience for each new client. JPMorgan has created a conversion process designed to exceed the expectations of you and your employees. In addition, we have extensive experience working with clients to provide no-blackout or condensed blackout conversions.

It is important to note that we have never missed a live date in the history of our business.

We bring the following goals and strengths to the table when completing your conversion:

- a detailed project timeline, weekly conference calls and project minutes to help keep the conversion process on track
- a thorough, consultative review of all plan documents prior to a one- to two-day conversion meeting
- a guarantee to have your plan live within three business days of receipt of the final data from the prior recordkeeper
- experience with no-blackout conversions
- an efficient re-enrollment technique to help provide 404(c) protection for plan sponsors and enhanced flexibility for participants
- same-day asset transfer to keep participants in the market

Please refer to **Exhibit IV** for a sample conversion timeline.

Our conversion process consists of the following:

#### **Initial consultation**

The conversion is our first opportunity to partner with our clients. And we know that if the conversion goes well, we are on our way to a successful relationship. We approach every conversion as a consulting project. As such, we do the following:

- analyze the status of the current plan
- understand how you would like the new plan to operate
- consult with you on the best way to move the plan from where it is today to where you would like it to be

More specifically, we believe the conversion process consists of nine steps:

1. reviewing and analyzing the plan
2. determining how data is to be transmitted to JPMorgan
3. designing all administrative forms and procedures
4. finalizing all legal agreements
5. helping ensure the establishment of the new plan document, if necessary
6. establishing internal systems controls with JPMorgan
7. transferring assets and records while minimizing disruption to participants
8. preparing the individually customized participant statement
9. communicating the plan to participants



Our conversion process provides several distinct advantages:

- Your strategic relationship manager, Bill Vorreiter, works with your conversion consultant, **Judy Moore**, throughout the conversion process. Therefore, the valuable knowledge gained during the conversion is not lost due to the handoff that follows after the plan is converted.
- We conduct a complete consultative review of the plan and procedures to help ensure the plan is in compliance with all ERISA regulations and is designed effectively.
- Our preferred approach for transferring assets uses a re-enrollment technique that helps to ensure all plan assets are invested according to participant elections on the conversion date. We believe this is more effective and equitable to participants and more comprehensive than mapping or move-to-cash techniques. It also meets 404(c) requirements as participants make positive elections. We can and do map assets for clients who wish to do so.
- We customize communication materials for you and your participants.
- We accept a data dump from the current recordkeeper to transfer existing participant records. Our programmers then write a customized program to extract the information needed.
- Our standard conversion procedure calls for multiple tests of both participant record data and payroll transmission data. Because we use test data to run our estimate programs, we simulate a live version of the plan in our test environment and process employee elections against the test plan data.
- We provide you with a comprehensive administration manual that contains the forms and procedures needed to administer the plan.

Judy, who joined the firm in 1997, is located in Kansas City, Missouri. Previously, Judy was a defined contribution specialist, performing daily administrative services for defined contribution plans. She also provided technical and administrative training to team members. Prior to JPMorgan, Judy was an ERISA specialist in the pension department of a regional certified public accounting firm. Her responsibilities included coordinating recordkeeping conversions related to acquisitions and mergers, document preparation, IRS submissions, conducting technical research regarding plan compliance and consulting and communicating with clients and brokers.

Judy has a bachelor's degree from the University of Missouri, Kansas City. She has successfully completed the PA-1 and C-1 examinations administered by the American Society of Pension Professionals and Actuaries (ASPPA) and is a certified public accountant (CPA). Judy has 16 years of industry experience.

### **People**

To help ensure the plan is transitioned and runs smoothly ongoing, your strategic relationship manager, Bill Vorreiter, and service delivery manager, Brett Loxterman, are involved at every level of the conversion. McDonald's ongoing service team is supported by an experienced staff to assist in the process. This staff includes employees from communications, financial education, systems, participant services, ERISA compliance and financial controls, to name a few. For each of these areas, there is also involvement on the part of individuals from the prior recordkeeper, legal counsel, trustee and McDonald's.



### **Asset transfer**

We perform both re-enrollment and mapping conversions. If increasing participation in the plan is a top priority for you, then a re-enrollment technique can be one of the most effective ways to make that happen. We believe we have the industry's very best enrollment team to communicate the new program and fund changes, and they have a long track record of improving participation in a meaningful way in conversions where a re-enrollment technique is performed.

From our very first conversion more than 19 years ago, our recommended approach has almost always been to re-enroll. A re-enrollment effort has traditionally been one of the few times participants challenge the status quo. In addition to being an "event" to make employees focus on the plan, re-enrollment may offer your plan fiduciaries greater protection under ERISA 404(c) because each participant has the chance to make an affirmative investment election.

A point to consider is that mapping presumes the "map to" fund is very similar to the "map from" fund. With the exception of index products, we believe this is seldom true. In fact, it is virtually impossible to find two funds from every investment consideration (team management versus star system with one lead portfolio manager, individual style, top-down versus a classic bottom-up approach, style consistency versus style drift, absolute versus risk-adjusted return, etc.) that are really that close at all.

Having said that, if a largely compressed blackout or no-blackout, is a higher priority, then mapping may be the better conversion approach. We have done more mapping of new client plans in recent years. This is due in part to the desire on the part of clients for compressed conversion timeframes, as noted above, and this trend is also due in part to a greater tendency toward retention of pre-existing investment options in several large plan conversions.

In summary, if a plan sponsor is committed to doing enrollment meetings, we recommend attempting to improve participation and challenge participants to look at their asset allocation and current deferral rate.

### **Web site and IVR**

During the conversion process, our staff establishes the participant and plan sponsor Web sites for you. The sites are customized with your logo and plan name, and the provisions of the plan are hard-coded into the systems. Additional information includes details about the transition, a timeline with key dates and an overview of the investments in the plan. Retirement education information for investors of varying experience levels is also available on the site.

The IVR is also programmed with a custom greeting for your participants and your plan provisions. Plan information is made available through the IVR and the participant Web site once the plan is live.

A detailed project plan is the cornerstone of a successful conversion, and creating the project plan is the first step in the conversion process. We hold weekly conference calls with all team members and you to help ensure that the proper items are being addressed throughout the process and to keep the process on track. During each weekly call, the previous call is reviewed and progress is tracked. Also, all new projects that must be completed in the coming weeks are outlined. After each weekly call, the call notes are distributed as tracking data.



## Documentation

There are six types of documentation produced during the implementation/conversion process:

1. **Conversion Requirements Document:** The Conversion Requirements Document (CRD) drives our systems setup and documents the plan provisions at conversion. Before the conversion meeting, we review the client's current plan document and SPD and complete the CRD. The CRD is then reviewed in the conversion meeting and after until all provisions are finalized. The client then signs off on the final CRD. This final CRD is used to set up our systems, develop communications materials, etc.
2. **Scope of Services:** The Scope of Services documents the transaction-based procedures, identifying each process and who is responsible for its completion. Ongoing, this document is used as a training and reference tool for participant services representatives, your strategic relationship manager, Bill Vorreiter, and your service delivery manager, Brett Loxterman.
3. **Administrative forms for various transactions:** We customize and provide the necessary forms that accompany the procedures described in the Scope of Services.
4. **Payroll layout:** A customized payroll layout is created to gather the information we need to administer the plans on an ongoing basis. This layout captures indicative and financial data from each payroll cycle.
5. **Service Contracts:** A Master Services Agreement is established to outline agreed-upon fees and services. In addition, we assist in the preparation and review of the trust document, custody agreements (if needed), self-directed brokerage documents, managed accounts agreements, account applications and other documents that may be needed.
6. **Notification to current providers:** We provide you with sample letters to notify the prior recordkeeper, trustee and/or investment managers of the conversion.

## 2. How do you maintain the historical information from the previous recordkeeper?

We maintain participant information and transaction history as required by law. Currently, we retain plan information for a minimum of the current year plus six prior years. This includes data carried over from the prior recordkeeper during conversion.

## 3. What type of lead time for transition is deemed necessary?

We like to have a minimum of 120 days to complete a conversion of McDonald's size and complexity to help ensure a smooth transition for you and your employees. As we do more large plan conversions our processes become streamlined and our timelines seemingly shorter. In one instance, we completed a conversion for a client in as little as 37 days based on the client's unique needs.

The following gives an example of approximate timeframes and tasks involved in a standard implementation:

### Data gathering and plan review

Approximate timeframe – 11 days

Tasks include: requesting and receiving documentation, drafting of Conversion Requirements Document (CRD)



### **Project scope and specifications completed**

Approximate timeframe – 45 days

Tasks include: initial conversion meeting, complete conversion methodology, finalization of investment options, drafting and finalization of Scope of Services document, payroll specifications

### **Plan build**

Approximate timeframe – 51 days

Tasks include: systems setup, set up and testing of investments, payroll set up, preparation of newsletters and participant paperwork, set up of Plan Sponsor Portal

### **Testing**

Approximate timeframe – 33 days

Tasks include: test file reconciliation, system and test data testing, payroll testing

### **Asset and record transfer**

Approximate timeframe – 72 days

Tasks include: finalization and signing of legal agreements, preparation of new hire kit and rollover kit, completions of system and operations documentation, asset transfer, processing of first production payroll, conversion, plan live, preparation and sending of “Plan Live” message

Please note that these tasks are worked on simultaneously.

## **4. How long is the conversion period? Blackout period?**

Our goal for your conversion is to minimize disruption and the corresponding blackout period. There are three factors that affect the blackout:

1. the time prior to the last valuation date during which the prior recordkeeper “cuts off” transactions
2. the time between the last valuation date and the transmission of the final records to JPMorgan. The length of this period is determined by the length of time it takes Hewitt to reconcile accounts
3. the time between the receipt of final records by JPMorgan and the “live” date

Participants are restricted from making changes to their accounts or making withdrawals until accounts are live. All contributions go into participants’ new fund choices, and the accounts are fully invested the entire time.

The conversion timeline may be affected by the liquidity of holdings, particularly brokerage assets; however, we guarantee that the plan will go live within three business days after we receive the final valuation from the prior recordkeeper.



We can also conduct “no-blackout” conversions. We successfully executed our first no-blackout conversion more than 11 years ago. This experience has helped us reduce the total blackout time for plans of all sizes, for example:

- The American Electric Power plans, with more than 23,000 employees, had a blackout period of only three days plus a holiday.
- CSX, with more than 15,000 employees in two plans, had a blackout period of only one day.
- We converted a global technology service company’s plans, with more than 56,000 employees, with a blackout period of less than one day.
- Southwest Airlines, with more than 57,000 employees, had a zero blackout period and converted during the 2004 New Year holiday weekend. We converted six plans in a three-month time period.
- Procter & Gamble, with more than 45,000 employees, had a blackout period of only three days plus a holiday.
- The JPMorgan Chase plan, with more than 100,000 employees, had a blackout of four days.
- We converted the American Airlines plan in November 2002 with only a four-hour blackout period on Thanksgiving Friday.
- In addition, we have completed weekend conversions for plans ranging from 5,400 participants and \$450 million in assets to 17,400 participants and \$3.5 billion in assets.

We understand that making the conversion as seamless as possible to your participants and as efficient as possible to McDonald’s are the first steps in creating a long-term and successful partnership between us. We work to meet or exceed our mutually agreed upon conversion goals.

All case studies are shown for illustrative purposes only and should not be relied upon as advice or interpreted as a recommendation. They are based on market conditions at time of the analysis and are subject to change. Results shown are not meant to be representative of actual investment results. Past performance is not a guarantee of and may not be indicative of future results.



## N. Client Specific Processes

### 1. Describe your capabilities in non-qualified excess benefit plans. How many non-qualified excess benefit plans do you perform recordkeeping for? What complexities have you handled on your system?

JPMorgan's goal is to integrate the administration of all of McDonald's retirement programs in a fashion that delivers economies and efficiencies without the traditional drawbacks that have been associated with broad benefits integration. With all of your plans recordkept by JPMorgan, your participants find an integrated experience for their nonqualified and 401(k) assets. From a plan sponsor standpoint, nonqualified plans are administered using the same standards, maintenance process and procedures as the qualified plan.

We have experience in providing administrative services for nonqualified plans and currently provide services for 95 clients (as of September 30, 2008). We can track liabilities by individual participant regardless of whether the plan benefits are provided on an informally funded or unfunded basis, and we can roll out a customized communications campaign to employees who have access to this unique form of employee benefit. To the extent indicated by plan terms, we try to mirror the services provided to the qualified plan, such as the Internet, IVR and contact center. Our contact center staff provides information on all plans and allows participants to inquire about or transact business on any of the plans in which they participate.

We continually seek to improve our nonqualified plan service touchpoint capabilities.

### 2. Is your system able to accommodate eligibility calculations on approximately 500,000 employees per year? Can you calculate employee eligibility on hours of service, employment history and breaks in service? Can you calculate both non-matched and matched eligibility based on the information in the Summary Plan Description?

Yes. We use a participant's hire date, plan entry date and termination date (if applicable) to determine eligibility when adding a participant to our system. We can calculate a participant's status based on his or her plan entry date and report back to your client if an invalid number is received.

### 3. How do you handle duplicate and invalid SSN issues?

JPMorgan receives notification from McDonald's that an invalid Social Security number has been passed to us. McDonald's will correct the SSN on subsequent payroll files, which may create two accounts initially on our recordkeeping system: one correct and one invalid. McDonald's will then contact the service delivery manager, Brett Loxterman, to provide validation of the correct SSN and request that the account balances (if any) be combined. Our Operations group processes a transaction to combine all relevant indicative and financial information among the accounts to the correct SSN account.

### Do you use employee social security numbers as the identifier? Can you merge participant accounts? If so, how does this process work?

Yes, we use Social Security numbers as employee identifiers on our system. In situations like beneficiary and QDRO disbursements, we create a new account under the alternate payee's Social Security number once we are notified that there should be a change to an account. Participants use their Social Security numbers to log into the account online for the first time, and then can change to a unique Username. The Username can also be used on the IVR.



#### **4. Do your systems currently interface with GuidedChoice? If not, will you program this at no additional cost to the client?**

Currently, we do not have an interface with GuidedChoice. Our preferred partner for delivering advice and managed account solutions is Financial Engines. We cannot build this interface and functionality at “no cost.”

#### **5. Are you capable of handling Company Stock, ESOPs and Leveraged ESOPs?**

Yes. Nearly half of our plans have company stock and we serve what may be one of the largest ESOPs in America.

#### **What is your experience with proxy voting? What is your experience with these types of plans?**

The procedures for proxy voting vary depending on whether the proxies are voted by the plan or by participants. Both processes are described below:

1. **Proxy voting by plan participants** – The service delivery manager, Brett Loxterman, coordinates the voting between the plan trustee, participants and the transfer agent. The client notifies Brett of the impending vote and provides a timeline of events (i.e., record date, date of meeting, date the trustee’s proxy card must be returned to the transfer agent) at least 45 days prior to the vote.

At this time, Brett provides the standard proxy file layout specifications. If the transfer agent requests the use of a non-standard layout there is an additional charge for the processing. Brett coordinates the data collection necessary to mail the proxy cards to individual participants and supplies the data directly to the transfer agent.

The transfer agent mails one proxy card to the trustee and individual proxy cards directly to plan participants with instructions on how to record their votes and directions on returning the proxy cards. Participants return the proxy cards to the transfer agent, and the transfer agent provides the trustee with the totals to vote the plan’s proxy.

2. **Proxy voting by the plan sponsor** – When the plan sponsor votes, only one card is necessary. The transfer agent is directed to send the proxy card to the plan sponsor who votes the proxy and forwards it to the trustee for a signature. The transfer agent is instructed to provide a copy of the proxy materials to the plan trustee. The transfer agent also notifies the trustee of the impending vote and provides a timeline of events at least 30 days prior to the vote.

#### **Are you able to accommodate quarterly pass-through dividends and take elections on the dividends? Give examples of complexities you have dealt with in these plans.**

Yes. A participant chooses his or her dividend election via the Internet, the IVR or by speaking with a participant services representative. If a participant chooses not to reinvest the dividend, we process the dividend check and mail it to the participant’s address of record, or if allowed by the plan, directly deposit the proceeds into the participant’s bank account. Participants who do not make an election are defaulted to either the cash dividend or reinvestment, according to plan provisions.



According to the plan rules, a participant's dividend election may remain in effect until the participant chooses to revoke it or the dividend election may be automatically reset at the plan level each quarter. A participant may request a change to his or her dividend election at any time on our Web site, IVR or by speaking to a participant services representative. If a participant elects to take his or her dividend in cash, no taxes are withheld, and the income is reported as dividend income. The participant receives an IRS Form 1099-DIV after the close of the calendar year that reports the payment as ordinary income taxable as a dividend. The participant is responsible for consulting his or her tax advisor regarding the tax implications of taking the dividend in cash.

The only complexities from a transactional standpoint are that there are a few plans that the dividend posts the day after ex-date as-of ex-date. At that time, the participants who elect the pass-through have those amounts transferred to a holding fund where it remains until the actual pay date of the dividend.

## **6. Are you capable of calculating employer match funding amounts using ESOP shares and/or cash?**

Yes.

## **7. QDRO qualification is not outsourced to the recordkeeper but you would be responsible for splitting the account. What is the process for setting up a QDRO account?**

If you elect this service, JPMorgan reviews your plan's domestic relations orders (DROs) to determine whether they meet the requirements of Internal Revenue Code §414(p) and ERISA Section 206. All required correspondence and phone calls involved in qualified domestic relations orders (QDRO) cases are handled by JPMorgan as well. The parties receive an acknowledgment letter and a copy of the plan's DRO procedures immediately after submitting an order for review.

In accordance with the written DRO procedures and guidelines approved by the plan, JPMorgan provides the plan administrator with a qualified or nonqualified review recommendation on all executed orders. The final decision as to whether an order constitutes a QDRO is ultimately the plan administrator's responsibility as set forth in Internal Revenue Code §414(p)(6). For an unexecuted order or draft order, JPMorgan works directly with the parties to help them modify the order, if necessary, to satisfy applicable requirements before it is executed. The review summary we provide for a nonqualified order describes the deficiencies that we found that render the order not qualified and includes suggested language to correct the order.

Our DRO process includes the following steps:

1. Upon receipt from the plan administrator of a final qualified approval, JPMorgan notifies the parties and begins a 30-day appeals period.
2. If no objections are filed during the appeals period, JPMorgan segregates the participant's account and sets up an account in the alternate payee's name within five business days after the expiration of the appeals period.
3. The participant and alternate payee receive a letter notifying them when the account is segregated.

In order to take advantage of this full QDRO review service, the plan administrator enters into an agreement with JPMorgan and adopts QDRO procedures. A fee of \$500 per QDRO is charged for the review and processing of QDROs related to defined contribution plans.



We have developed a model domestic relations order based on the guidance issued by the Internal Revenue Service and Department of Labor. The use of the model order greatly reduces the time required to review the order for qualification. The model order is available to participants through our contact center.

If McDonald's chooses not to use the full QDRO review service, JPMorgan segregates the account based on segregation instructions provided by the plan administrator.

## **8. How do you access prior recordkeeper QDRO information?**

We access prior recordkeeper QDRO information using the following steps:

1. JPMorgan's QDRO team contacts Hewitt for account balance information (if needed)
2. If McDonald's has quarterly statements, QDROs can be written to use a quarter-end balance
3. At McDonald's direction, new QDROs (after conversion date) must look at conversion balance forward



## O. Fees

1. Please provide a fee quotation on each of the following categories:

- a. Administrative fees
- b. Asset-based fees
- c. Set-up/conversion fees
- d. Per participant fees
- e. Investment option fees
- f. Fees to add/change/remove investment options
- g. Tax reporting charges
- h. Non-discrimination testing charges
- i. Voice response charges
- j. Participant communication charges – do not assume online communications
- k. Printing and fulfillment charges
- l. Audit support fees
- m. Translation costs
- n. Other (please specify)

a.	Administrative fees	\$0
b.	Asset-based fees	\$0
c.	Set-up/conversion fees	\$0
d.	Per participant fees	\$61
e.	Investment option fees	N/A
f.	Fees to add/change/remove investment options	Included
g.	Tax reporting charges	Included
h.	Non-discrimination testing charges	Included
i.	Voice response charges	Included
j.	Participant communication charges	Included
k.	Printing and fulfillment charges	Included
l.	Audit support fees	Included
m.	Translation costs	Spanish included
m.	Other (please specify)	\$50 per loan initiation, \$500 per QDRO review

Our fees were based on the following assumptions:

- We assume no administrative credits from money managers. In fact, this potential exists and will *reduce* the figure of \$61 per participant with a balance above. The credit from the assets already managed by JPMorgan should reduce the out-of-pocket costs significantly.
- 23,324 participants with balances
- \$2.1 billion total plan assets
- Estimated participants in nonqualified plans = 4,000
- Cost for nonqualified administration is in addition to above and is \$60,000 per annum based on 4,000 participants



- Postage passed through at cost
- All communication elements offered are included in the fees above
- Advice and managed accounts programs are in addition to the fees above
- In accordance with the written DRO procedures and guidelines approved by the plan, JPMorgan provides the plan administrator with a qualified or nonqualified review recommendation on all executed orders. JPMorgan does not determine DRO qualification.
- Conversion date is to be determined

The proposed services and fees included in this Request for Proposal are based on the information currently provided to JPMorgan Retirement Plan Services and are subject to final negotiation by the parties. Services are performed by JPMorgan Retirement Plan Services pursuant to the enclosed Master Services Agreement with appropriate Schedules to be added based on services selected.

**2. Based on the plan demographics provided, provide an estimate of annual fees both in total and detail backing this total. (Please use the previous cost analysis spreadsheet as a guide).**

Based on the details provided, we would require **\$61** per year per participant with balances. The administrative credit generated from the investment lineup will be used to offset recordkeeping fees.

**3. We require that revenue sharing be used to offset recordkeeping fees, is this something you would accommodate? Please show revenue sharing based on the current funds.**

Yes. Once the final lineup is determined, we can use what administrative credit agreements we have in place and use the proceeds to offset recordkeeping fees.

**4. Is there a fee guarantee period? If so, how long?**

Yes. We guarantee our recordkeeping fees for three years.

**5. When was the last time your fee structure changed? What changes were implemented?**

From an expense perspective, our expense structure for standard recordkeeping services has not significantly changed.

From a revenue perspective, our fee structure is based on the market rate.



## **P. References**

**1. Please provide names and phone numbers of three clients of similar size as well as same account administrator. We will not contact references unless you are a finalist.**

We make every effort to minimize reference calls to our clients. Therefore, we respectfully request to provide client references at a later stage in the RFP decision-making process. Please contact **Loren Raber** at **312-732-7323** at least 48 hours in advance of your desired call date. We will be glad to provide client contact information at that time.

**2. Please provide names and phone numbers of three clients that have left you in the past 18 months.**

We respectfully request to provide references for former clients at a later stage in the proposal decision-making process. Our client retention rate is a five-year average of 99.1% (considering clients lost due to service), and most former clients are no longer with JPMorgan because of merger or acquisition.

**3. Please provide 1 copy of your recordkeeping contract to Karen Barnes, Legal Department 2111 McDonald's Drive Oak Brook, IL 60523, [karenbarnes@us.mcd.com](mailto:karenbarnes@us.mcd.com).**

Please refer to **Exhibit V** for a sample Master Services Agreement. In addition, a hard copy and an online version of the Master Services Agreement have been sent to Karen Barnes at the address above.

**IRS Circular 230 Disclosure: JPMorgan Chase & Co. and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with JPMorgan Chase & Co. of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.**