



Fiduciary Toolkit

Bechtel Trust & Thrift Plan
Becon Trust & Thrift Plan

Data as of September 30, 2010

Jennifer L O'Neill, Vice President, Client Advisor
816-673-2237, jennifer.l.oneill@jpmorgan.com

Private and confidential: for institutional use only



J.P.Morgan

Table of Contents

J.P. Morgan Retirement Plan Services Update	3-50
▪ Business	
▪ Regulatory/legislative	
Bechtel Trust and Thrift Plan	51-82
▪ Statistical Summary and Benchmarking	
▪ Saving	
▪ Saving Enough	
▪ Saving Behavior	
▪ Estimated Income Replacement	
▪ Participant Interaction with J.P. Morgan Retirement Plan Services	
▪ Summary Observations and Next Steps	
Becon Trust and Thrift Plan	83-108
▪ Statistical Summary and Benchmarking	
▪ Saving	
▪ Saving Enough	
▪ Saving Behavior	
▪ Participant Interaction with J.P. Morgan Retirement Plan Services	
▪ Summary Observations and Next Steps	
Appendix	109-132
▪ Plan design overview	
▪ Fiduciary standards of conduct	
▪ 404(c) Checklist	



J.P. Morgan Retirement Plan Services Update

J.P. Morgan Retirement Plan Services' vision

Every
Client

Each
Individual

operational excellence • industry-leading innovation • people who make a difference

Building the **BEST PLANS**
in America
Strategic Consulting Framework

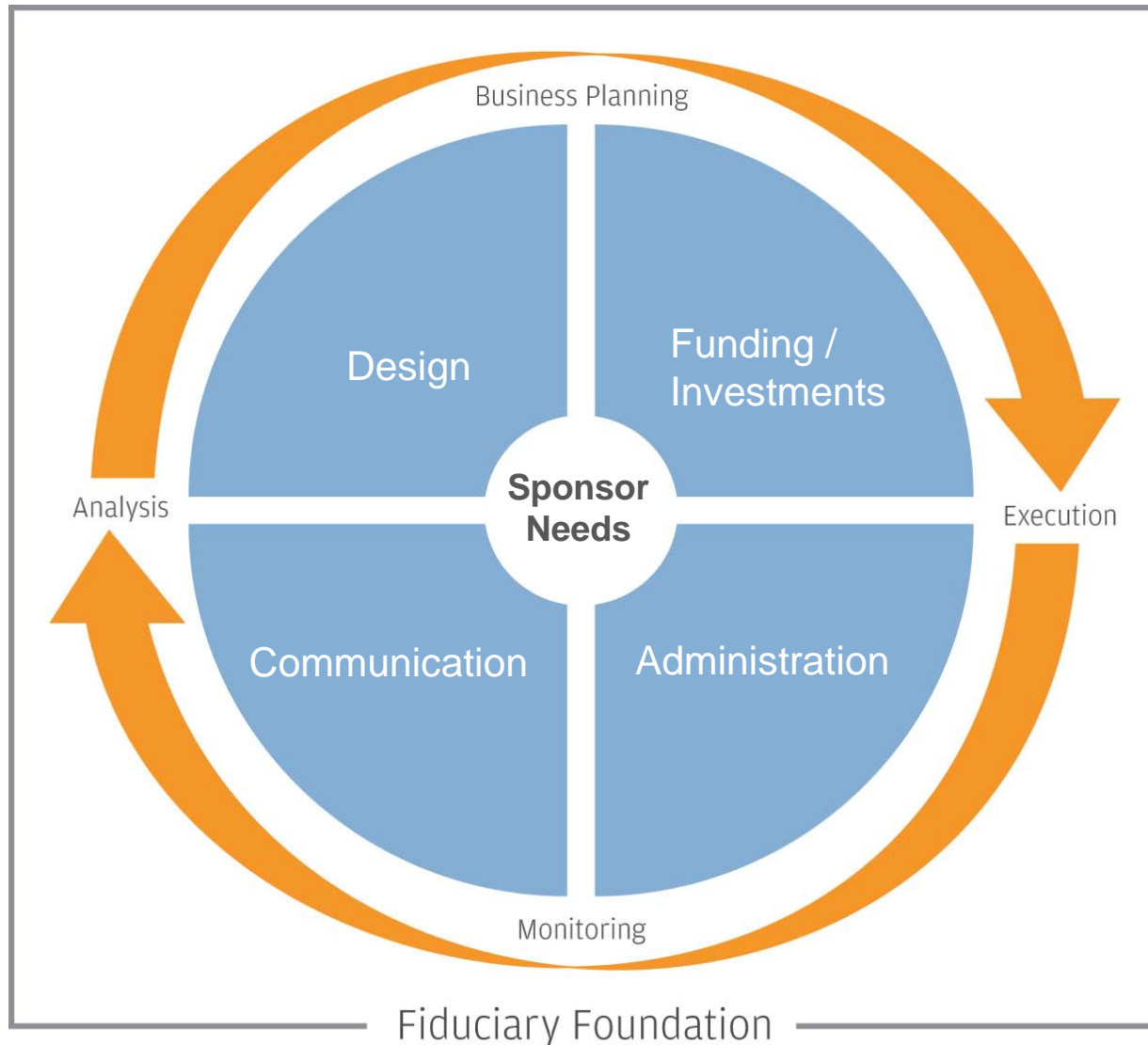
Audience of **ONE**SM
J.P. Morgan Retirement Plan Services

Our vision

to be the best provider of retirement services
and investment solutions



Building the Best Plans in America



- Strategic consulting for:
 - Plan design
 - Funding and Investments
 - Administration
 - Communication
- Utilizes current best practices and industry standards
- Reflects legislative and regulatory requirements and future considerations
- Used by the entire J.P. Morgan client team to address your unique needs and the needs of your participants
- Helps ensure proactive relationship and plan management





Design

Building the Best Plans in America—Design

Smart plan design

No plan design feature should be considered “off the table”

- Money in

- Eligibility for employer contributions
- Employee participation and deferral rates
- Rollovers in
- Catch-up provisions
- Sponsor contributions
- Roth source and potential conversion capability
- Streamlined core investment structure, target date funds, managed accounts and self-directed brokerage

- Money out

- Loans
- Withdrawals
- Vesting
- Stay-over or rollover
- Forms of distribution (i.e., annuities)
- Assessment of plan fees



Smart plan design

Design ideas for sponsors to consider

Auto suite

- Conduct automatic enrollment for current employees who were hired prior to the effective date of this feature and prospective-hire automatic enrollment
- Sweep the opt-out employees back through an automatic enrollment process every few years
- Set the initial default deferral lower so the initial contribution has a less obvious impact on take-home pay
 - Automatic increase is necessary for this to work over time
- Use automatic increase, but require participants to opt out
 - Set at 2% increments rather than 1% and go up to 10% rather than the match level

Qualified default investment alternative

- Establish a qualified default investment alternative (QDIA)
- Conduct a passive enrollment campaign giving participants the opportunity to opt out

Match

- Get creative with the employer contribution
- Hold employees accountable for taking greater responsibility to save for their retirement
- Challenge status quo on eligibility



Smart plan design

More design ideas to consider

Roth 401(k)

- Add a Roth 401(k) feature to take advantage of legislation allowing the conversion of plan accounts

Rollovers

- Advertise and encourage rollovers in to get better overall pricing

Defined benefit

- Consolidate your defined benefit administration with J.P. Morgan, so participants can make deferral, investment and distribution decisions holistically

Catch-up contributions

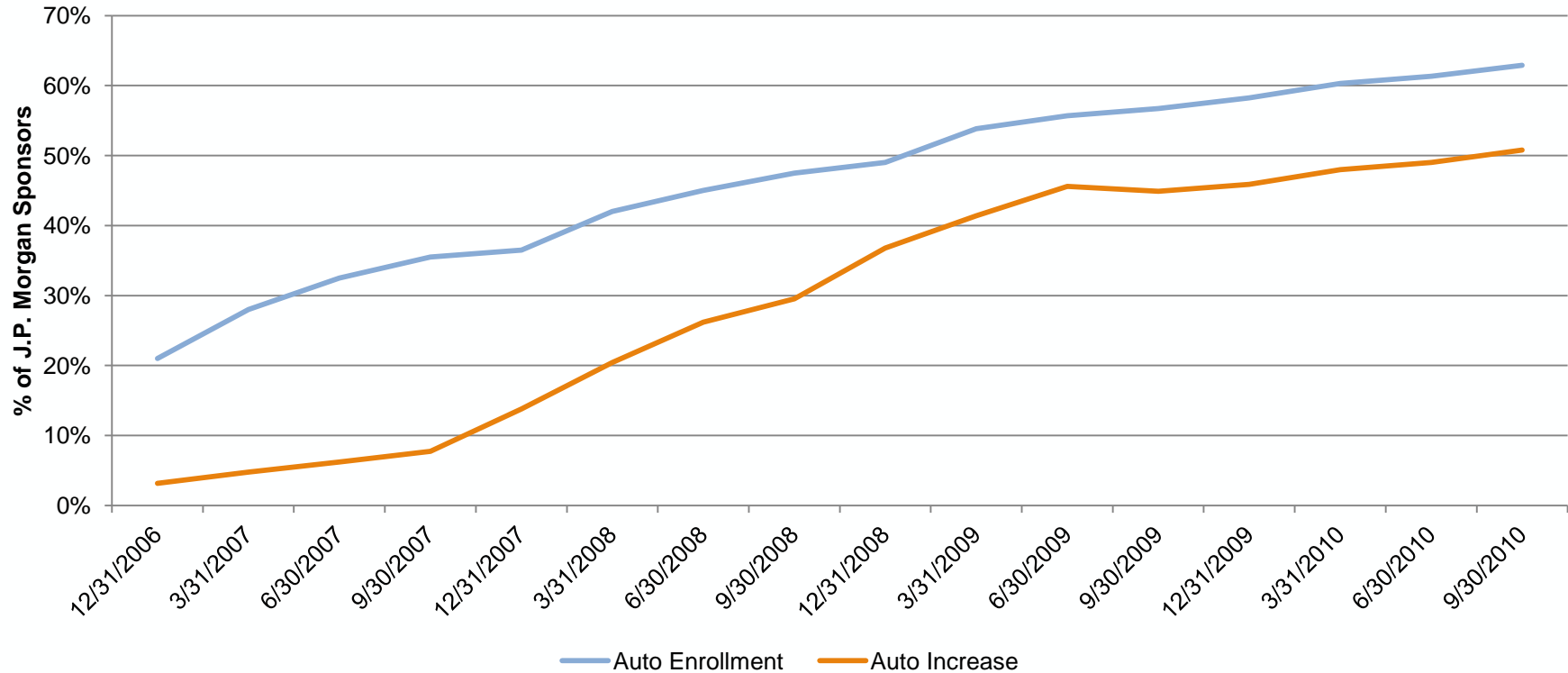
- Conduct a specific, targeted campaign to 50+ workers about catch-up contributions—better yet, make older workers opt out of catch-up



Smart plan design

Plan sponsors are defaulting participants into the plan

Sponsor decisions – adoption of automatic suite in design



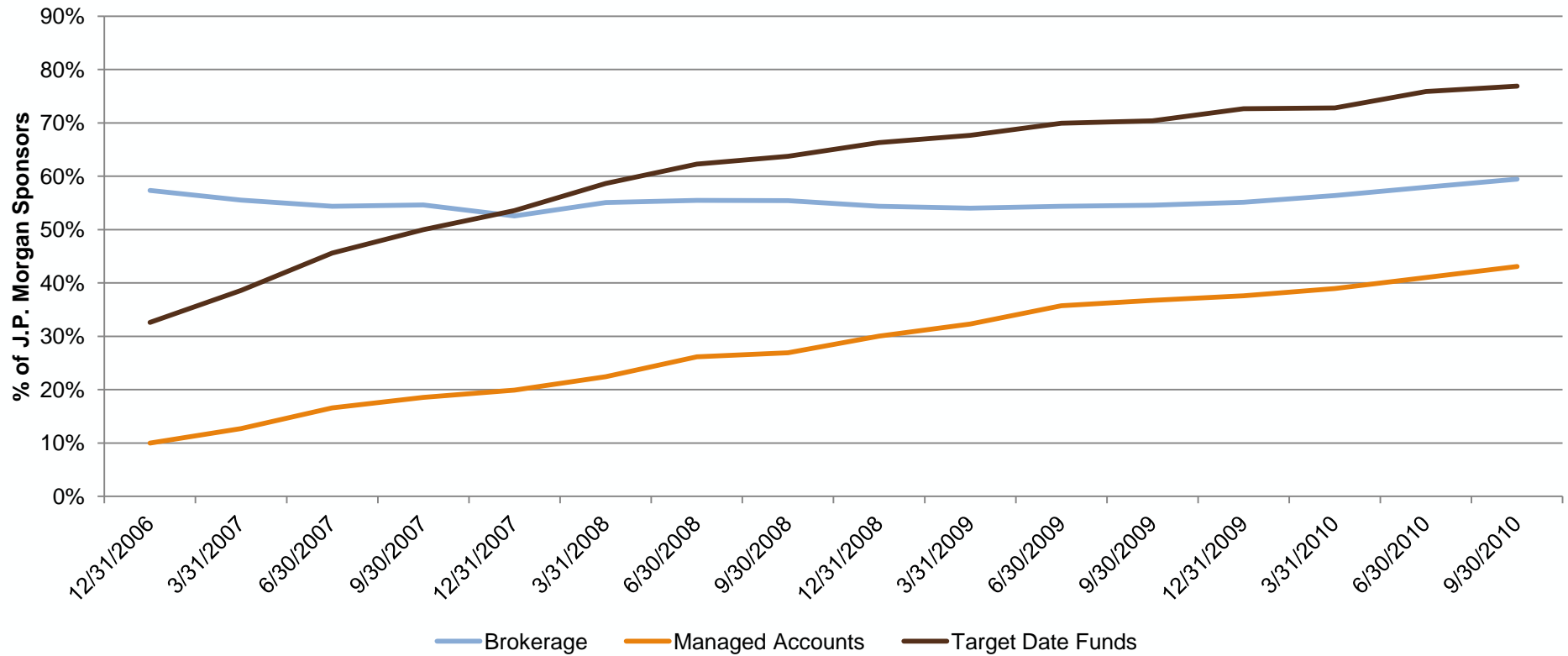
Source: J.P. Morgan data fourth quarter 2006 to third quarter 2010



Smart plan design

Delegator options are increasing; sophisticate options remain level

Sponsor decisions – adoption of brokerage, managed accounts and target date funds

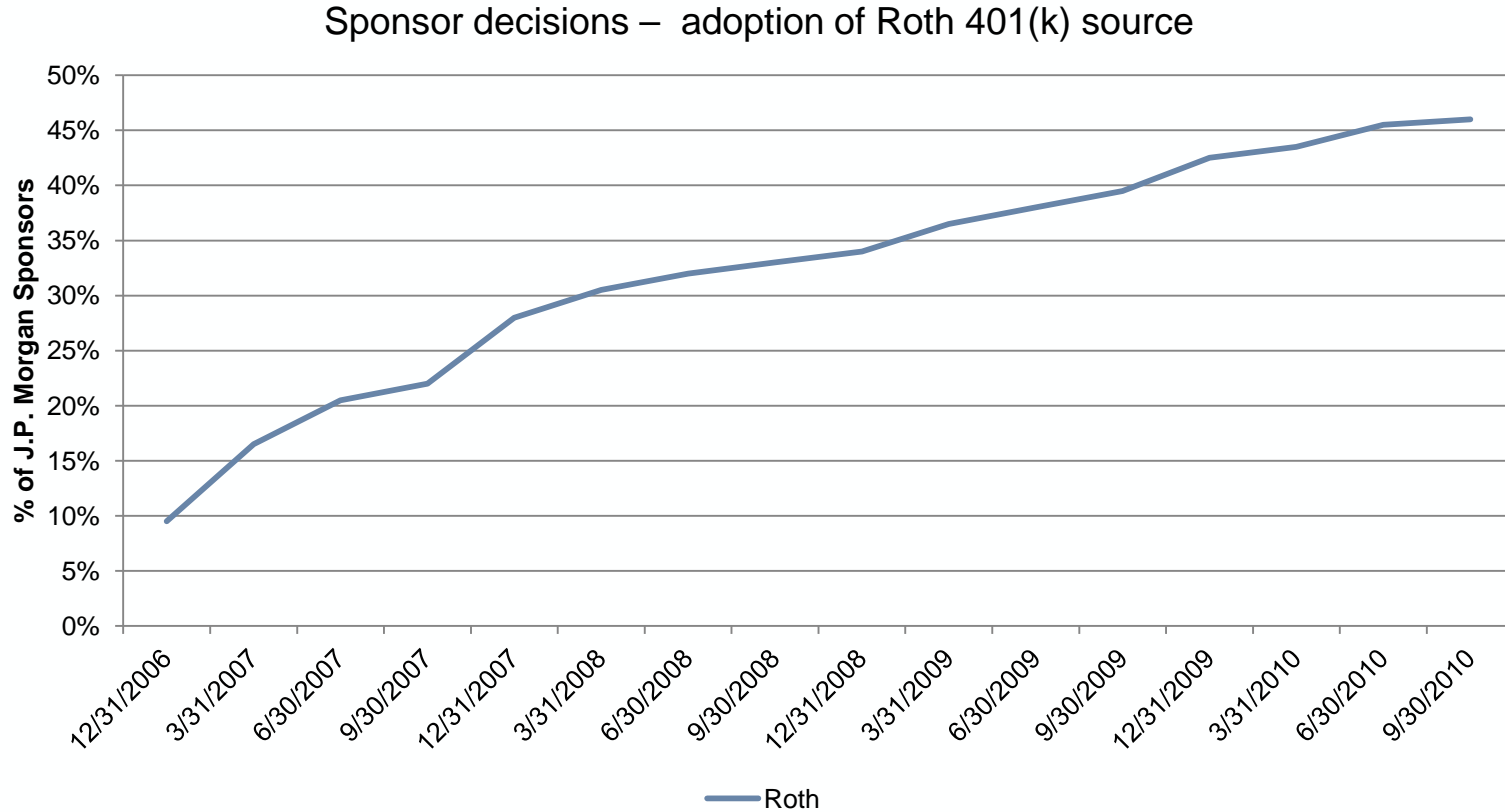


Source: J.P. Morgan data fourth quarter 2006 to third quarter 2010



Smart plan design

More plan sponsors are adding a Roth 401(k) source to their investment lineup



Source: J.P. Morgan data fourth quarter 2006 to third quarter 2010



Smart plan design

2010 seemed to be the “Year of the DC Plan”

- In 2008 to 2009, plan sponsor decisions relating to plan design, funding and communications came to a screeching halt except for...
 - Nearly 20% of plan sponsors reduced or eliminated company match in 2009¹
 - J.P. Morgan’s client base had a similar experience

- In the last half of 2009, sponsors began to re-engage concerning their defined contribution programs:
 - **Employer matching contributions:** some have reinstated, but at a less generous rate and some allow for greater flexibility depending on the company’s financial results.
 - **Passive enrollment into managed accounts:** believed to achieve better asset allocation results for a broader group of participants and forces participants to affirm their investment choices.
 - **Annual re-enrollment (participation and deferral rates):** strategy used to maintain high levels of plan participation and keep deferrals at a higher minimum.
 - **Periodic re-election (investment allocations):** forces participants to make an affirmative investment election every year for additional fiduciary protection.
 - **Automatic enrollment with automatic increase for current employees who were hired prior to the effective date of this feature:** usually results in 90% participation, and eventually 75% of participants are expected to be saving at higher deferral rates (e.g., 25% will eventually opt out of automatic increase).
 - **Investment changes:** actively monitoring investment options and purposefully selecting target date fund series.

¹Callan Associates, 2010 Defined Contribution Trends Survey – Getting the DC Plan Back on Track



Smart plan design

Examples of changes plan sponsors are making to their plans

Small building development and manufacturing company

Objectives

- Decrease asset concentration in stable value fund
- Increase plan participation
- Increase participants' deferral rates
- Improve diversification of participants' asset allocation

Strategy

- Education and re-enrollment meetings provided
- Paper-based re-enrollment with JPMorgan SmartRetirement funds as the Qualified Default Investment Alternative (QDIA)
- Simultaneously added retroactive automatic enrollment and automatic increase to the plan

Results

- Average pretax deferral rate increased from 3.1% to 3.7%
- Plan participation rate increased from 56% to 90%
- Assets in bond funds decreased from 11% to 6%
- Assets in stable value fund decreased from 24% to 13%
- Assets in target date retirement funds 58%

Generally, the asset allocation of each target date fund will change on an annual basis with the asset allocation becoming more conservative as the fund nears the target retirement date. The target date is the approximate date when investors plan to start withdrawing their money. The principal value of the fund(s) in a plan's lineup is not guaranteed at any time, including at the time of target date and/or withdrawal.







Funding/Investments

Building the Best Plans in America—Funding/Investments

J.P. Morgan Asset Management

Leadership through partnership

- One of the world's most respected financial institutions
- Strong reputation based on a long heritage of character, intelligence and strength
- Committed to providing groundbreaking investment solutions
- Dedicated to offering insights that help drive your success

Industry leadership

- More than a century of serving institutional investors, financial advisors and wealthy individuals around the world
- More than \$1.1 trillion in AUM*

Investment capabilities

- Nearly 700 investment professionals representing 21 different countries and 280 career analysts averaging 15 years of experience*
- Approximately 200 different strategies operating within independent, self-contained investment disciplines

J.P. Morgan Retirement Plan Services – Committed to partnership

- Open architecture – access to more than 120 fund families
- Innovations for plan sponsors that tie investments to retirement planning

* June 30, 2010



Funding/investments

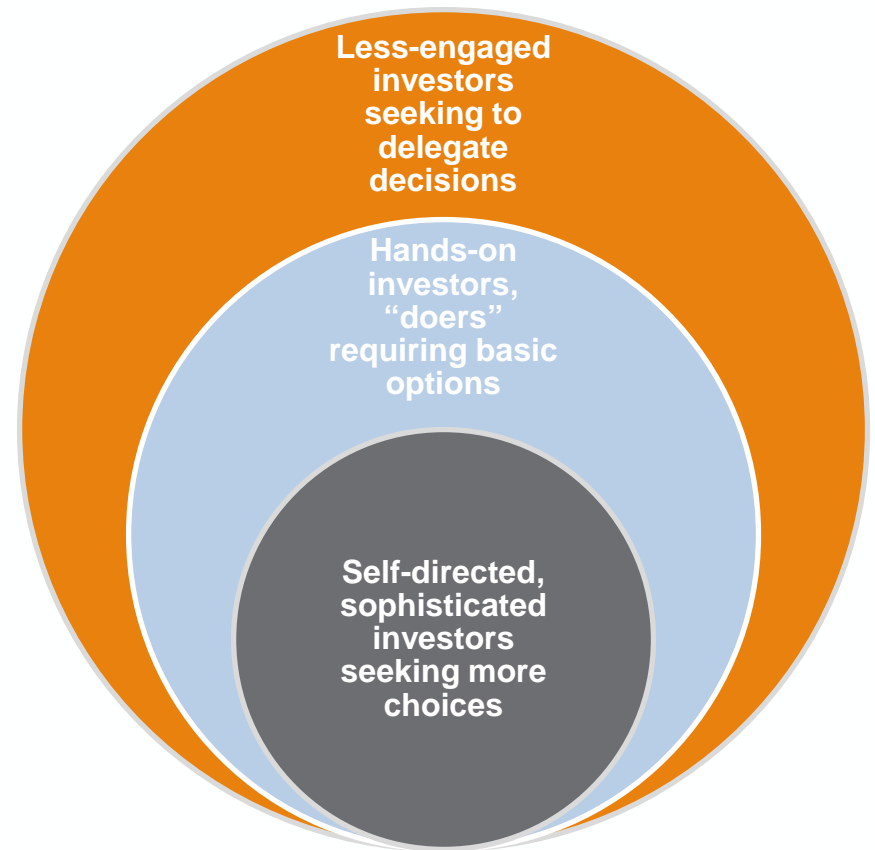
Investment products along the continuum

J.P. Morgan Asset Management provides a full suite of investment solutions:

- Target date funds
- Risk-based funds
- Managed accounts

- Stable value
- Core and high-yield fixed income
- Multiple capitalizations (large, mid and small)
 - Value, core and growth strategies
 - International, emerging market and global equities

- Self-directed brokerage



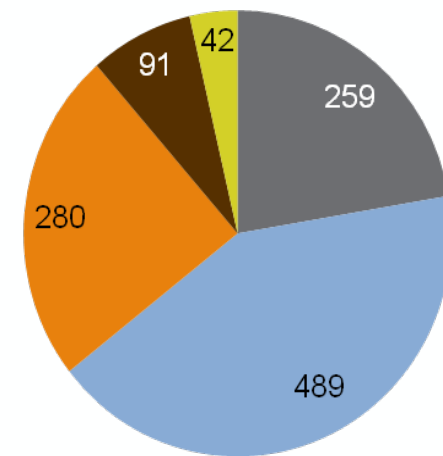
J.P. Morgan Asset Management – managing assets for more than a century

- 200 distinct strategies spanning a broad range of investment capabilities
- Leadership positions in United States, United Kingdom, continental Europe, Asia and Japan

Industry Rankings

■ \$1.2 trillion in assets under management (June 30, 2010)
■ 5th largest manager of mutual fund assets in the United States (Lipper: May 2010)
■ #1 provider of 130/30 funds (Lipper: May 2010)
■ Largest U.S. institutional real estate equity manager (Pensions & Investments: May 2010)
■ #4 Largest manager of absolute return strategies (Pensions & Investments: May 2010)
■ #1 Real Estate Fund, Security Capital (Pensions & Investments: March 2010)
■ Largest hedge fund manager in the world (Pensions & Investments: March 2010)
■ Largest international AAA-rated liquidity fund complex (iMoneyNet: December 2009)
■ #1 Private Bank for Ultra-High-Net-Worth Globally (Euromoney: December 2009)
■ 6th largest active manager of client assets in the United States (Pensions & Investments: December 31, 2009)
■ #3 in net long term flows for 2009 (Lipper: December 31, 2009)

Assets under management
in billions, USD
as of June 30, 2010



■ Fixed Income ■ Liquidity ■ Equity ■ Alternatives/Currency ■ Asset Allocation



J.P. Morgan Asset Management

Distinct investment engines draw on deep firm research

Equity approaches



Research

Portfolio managers leverage centralized teams of fundamental, bottom-up sector specialists who generate Dividend Discount Model rankings for their entire large cap sector coverage.

- U.S. Equity
- Research Market Neutral
- International Value
- International Opportunities



Manager

Each Portfolio manager leverages a dedicated team of fundamental bottom-up analysts aligned by market cap and sector.

- Mid Cap Value
- Mid Cap Growth
- Small Cap Growth
- Large Cap Growth
- All Cap Value
- All Cap Growth



Behavioral

Portfolio manager teams seek to identify and capitalize on market anomalies created by irrational investor behavior.

- Intrepid Value
- Small Cap Value (QDV)



Quantitative

Utilize a rigorous quantitative process to rank stocks primarily through 15 – 20 fundamentals and valuation metrics.

- Highbridge Market Neutral
- Index strategies

Fixed income approaches

J.P. Morgan Asset Management's fixed income strategies are managed by distinct, globally based teams.



Bottom-up, value

Time-tested and risk-controlled strategies managed with a bottom-up, value-oriented approach.

- Core Bond
- High Yield



Top-down, bottom-up and global

Opportunistic strategies managed with a top-down, bottom-up process offer a range of core, specialty and global processes.

- Strategic Income Opportunities

Multi-asset class/overlay approaches



Global Multi-Asset Group (GMAG)

The Global Multi-Asset Group blends its strategic and tactical asset allocation, portfolio construction and active risk budgeting capabilities with one of the broadest product offerings in the industry. This variety affords GMAG access to the ideal, lowly correlated, building blocks necessary for structuring efficiently diversified portfolios.

- JPMorgan SmartRetirement

Separate accounts/pooled funds/mutual funds

Generally, the asset allocation of each target date fund will change on an annual basis with the asset allocation becoming more conservative as the fund nears the target retirement date. The target date is the approximate date when investors plan to start withdrawing their money. The principal value of the fund(s) in a plan's lineup is not guaranteed at any time, including at the time of target date and/or withdrawal.



Focused on results

71%

of J.P. Morgan Asset Management mutual funds outperformed their respective Lipper median for the one-year period, ended June 30, 2010*

75%

of J.P. Morgan Asset Management mutual funds outperformed their respective Lipper median for the five years ended June 30, 2010*

73%

of J.P. Morgan Asset Management mutual funds outperformed their respective Lipper median for the 10-year period, ended June 30, 2010*

* The Lipper information is sourced from Lipper Analytical Services. The performance information is based on the oldest share class of each JPMorgan Fund (non-money market) versus the universe of all shared classes within the respective Lipper categories. The oldest share classes are typically (but not always) those with the lowest expenses, the performance of these share classes is better than the more expensive share classes. Different share classes will have different results. The following performance as of June 30, 2010 reflects only those funds that had performance for the period. The percentage of JPMorgan funds that have share classes that have performed above the median of their respective Lipper category are as follows: for the 1-yr period (70%); for the 3-yr period (69%); for the 5-yr period (75%); and for the 10-yr period (73%). Lipper is a wholly owned subsidiary of Reuters.



J.P. Morgan Asset Management

Focused on market intelligence

■ Timely Webcasts

- J.P. Morgan Asset Management market strategists deliver updates on the markets and the economy
- Quarterly defined contribution-focused investment-themed Webcasts
 - Year-to-date topics include:
 - *Another Lesson in 2009 on Investing for the Long Term*, featuring Hal Bjornson and Shari Mancher
 - *What's Next for Small Caps*, featuring client portfolio manager Kimberley West
 - *International Opportunities for 401(k) Plans*, featuring client portfolio manager Kit Rodrigo

■ Topical Insights


- Publications include a monthly newsletter and quarterly periodicals offering a consultative approach to investment considerations

J.P.Morgan

WEBCAST **What's next for Small Caps?**

May 25, 2010
3:00 p.m. Eastern
2:00 p.m. Central

Speakers



Kimberley West
Managing Director,
Asset Management

J.P. Morgan Retirement Plan Services invites you to our next webcast

Client Portfolio Manager, Kimberley West and Vice President of Investment Services Group, Shari Mancher will discuss the role of small caps in DC plans, moderated by Head of Investment Services Group, Hal Bjornson.

The session will explore small cap investing, examining the current market environment and outlook for the asset class. The discussion will include considerations around the risk/return profile of small cap and the role of this asset class within a defined contribution plan.

Webcast
To participate in our live webcast please click on <https://www.livemeeting.com/ce/meetingplace/jm?id=SCaps&role=attend&pw=309497>

Click JOIN and enter your name, company name and e-mail.

Audio
Passcode: 3696238


U.S.: 1-800-593-7169

Please dial in several minutes in advance to allow for operator assisted access.


IF YOU EXPERIENCE PROBLEMS
Visit: <http://www.livemeeting.com/ce/meetingplace/jm>

Click JOIN MEETING. You will then be prompted to enter the following:
Meeting ID: SCaps — Entry Code: 309497

For help at any time with Live Meeting,
U.S.: 1-866-463-2825



Shari Mancher
Vice President,
Investment Group
Services



Hal Bjornson,
Moderator
Head of Investment
Services Group

Balanced vs. Lifestyle

As the retirement industry continues to evolve, dialogue regarding defined contribution investments has focused on professionally managed asset allocation solutions for participants. At J.P. Morgan Retirement Plan Services, we believe in professionally managed solutions for participants who lack the time, talent or interest in taking an active role in managing their retirement. Professionally managed solutions are designed for participants who embrace the "set it and forget it" mentality, appreciating the simplicity of a decision to select a target date fund or a managed account solution that does not require an ongoing time commitment.

Pros to the extent of target date managed account solutions, balanced funds that offer the most diversified asset allocation within the investment menu, balanced funds allow participants the ability to allocate assets to various asset classes, typically U.S. domestic equity, represented by the S&P 500 index, and fixed income, represented by the Russell 2000 or Aggregate Index. With the exception of target date solutions, plan sponsors begin adding target date products to investment menus and, in many cases, historical fund managers allow target date portfolio range, similar to or slightly higher performance, of the fund they typically will invest in the plan. A balanced fund will invest in a mix of target date funds in the same investment menu, and an employee plan sponsor is likely to have a target date fund in their investment menu.

A balanced fund combines equity and fixed income securities with a risk allocation that does not change over time, based on the participant's age and other factors. Target date funds, however, automatically adjust the asset allocation in the investment menu. The target date funds start with an aggressive allocation and fixed income, and gradually transition to a more conservative asset allocation. One major benefit of the target date solution is that participants can opt to invest in a target date fund, which makes having to change to a more conservative asset allocation with their investment age (2005, 2010, 2015, etc.) a more seamless transition. Target date funds also include a fixed income component that is not typically available in a traditional balanced fund. Participants can also opt to invest in a target date fund, which makes having to change to a more conservative asset allocation with their investment age (2005, 2010, 2015, etc.) a more seamless transition. Target date funds also include a fixed income component that is not typically available in a traditional balanced fund. Participants can also opt to invest in a target date fund, which makes having to change to a more conservative asset allocation with their investment age (2005, 2010, 2015, etc.) a more seamless transition.

A comparison of balanced funds and target date funds would be to compare a balanced fund to a target date fund, which is not typically available in a traditional balanced fund. Participants can also opt to invest in a target date fund, which makes having to change to a more conservative asset allocation with their investment age (2005, 2010, 2015, etc.) a more seamless transition.

J.P.Morgan

Active vs. Passive

What came first, the chicken or the egg? Is behavior influenced by nature or nurture? Who had the best swing in baseball, Mickey Mantle or Ted Williams? What style of investing wins over time: active or passive management?

What do these questions have in common?

The answer to the first two questions is that both Mickey Mantle and Ted Williams were active players. The answer to the third question is that both Mickey Mantle and Ted Williams were active players. The answer to the fourth question is that both Mickey Mantle and Ted Williams were active players.

Active management is a style of investing that seeks to outperform a benchmark index. Active managers use a variety of strategies to identify and invest in securities that they believe will outperform the market. Active management is often associated with higher fees and higher risk.

Passive management is a style of investing that seeks to match the performance of a benchmark index. Passive managers invest in securities that track the performance of the index. Passive management is often associated with lower fees and lower risk.

There is no clear answer to the question of whether active or passive management is the better choice. Active management has the potential to outperform a benchmark index, but it also has the potential to underperform. Passive management is generally considered to be a more conservative approach to investing, but it also has the potential to outperform a benchmark index.

J.P.Morgan



Target date strategies designed for market realities

J.P. Morgan Asset Management's target date performance continues to shine

- JPMorgan SmartRetirement Funds

- Updated three-year ratings now available for the JPMorgan SmartRetirement funds
- As of July 31, 2010, JPMorgan SmartRetirement funds received 4 and 5 stars from Morningstar

(Disclosures on rankings can be found at the end of presentation)

- “SmartRetirement – Strategies Designed for Market Realities”

- Covers J.P. Morgan Asset Management's target date solution's ability to:
 - Address growth *and* volatility
 - Capture long-term returns comparable to more aggressive strategies
 - Provide more consistent returns

- SmartRetirement Brainshark

- For the second quarter, the SmartRetirement reviews were moved to a Brainshark presentation, rather than a live Webcast

TARGET DATE FUNDS. Generally, the asset allocation of each target date fund will change on an annual basis with the asset allocation becoming more conservative as the fund nears the target retirement date. The target date is the approximate date when investors plan to start withdrawing their money. The principal value of the fund(s) in a plan's lineup is not guaranteed at any time, including at the time of target date and/or withdrawal.

Collateral may be used For Institutional Use Only





Administration

Building the Best Plans in America—Administration

Modification to Loan Policy Statement

- Participant loans issued on or after July 1, 2010, are no longer subject to the Federal Truth in Lending Act as implemented by Regulation Z
- Plans will discontinue providing such disclosures for loans issued on or after July 1, 2010
- The Modification to Loan Policy Statement will be attached to and become part of the plan's Loan Policy Statement
- If plans have distributed their Loan Policy Statement to participants, they may want to distribute this modification to inform participants that the truth in lending requirements will not apply to newly issued loans
- Effective July 1, 2010

Modification to Loan Policy Statement

Name of Plan: _____ (the "Plan")

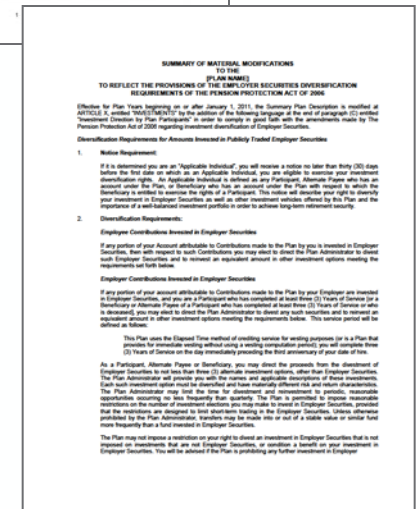
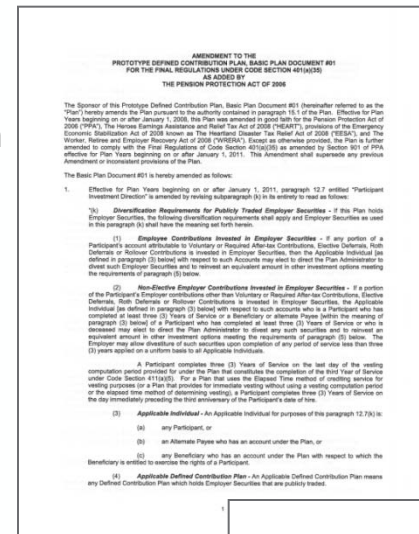
The Loan Policy Statement for the plan referenced above is modified effective July 1, 2010 to remove the section entitled "Truth in Lending Disclosure Statement" and the Plan will discontinue providing such disclosures for loans issued on or after July 1, 2010.

Signature of Plan Administrator Date

[This modification shall be attached to and become part of the Plan's Loan Policy Statement.]

Stock diversification amendment

- On May 19, 2010, final regulations were issued under IRS Code Section 401(a)(35) relating to the diversification requirements that apply to certain defined contribution plans holding publicly traded employer securities
- Included as part of the Pension Protection Act of 2006 (“PPA”)
- New good-faith model amendment for plans that utilize the J.P. Morgan Prototype document
- Effective for plan years beginning on or after January 1, 2011
- Amendment is a prototype sponsor amendment
 - J.P. Morgan has adopted this amendment on behalf of all adopting employers of the prototype.
 - Employers do not need to adopt this amendment, but do need to keep a copy with their plan document.
- If the plan includes employer securities, there is also a summary of material modifications, which should be distributed to participants







Communication

Building the Best Plans in America—Communication

Income replacement

Gap in connecting actions to plans

- Two-thirds of participants are counting on their 401(k) balances as the primary source of retirement income
- Four out of 10 participants don't know at what age they will retire
- Nearly one-third of participants are concerned about having a better quality of life in retirement than their parents
 - 14% increase from 2009
- Four out of 10 participants think their savings will last fewer than 20 years
 - Another 22% don't know how long their savings will last

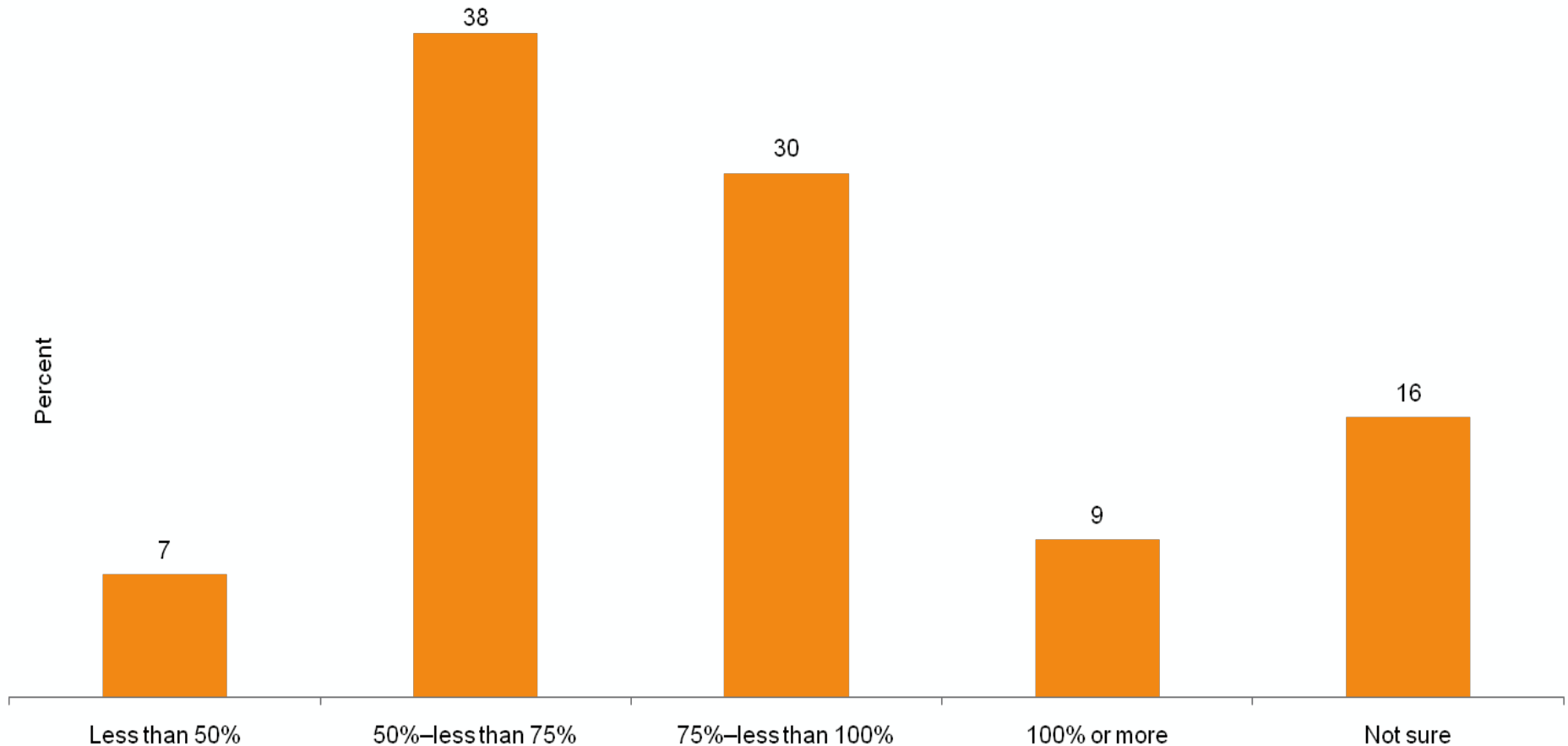
Source: J.P. Morgan Retirement Plan Services 2010 Participant Survey



Income replacement

45% of people think they'll need less than 75%, while 16% aren't sure at all

- When you retire, what percentage of your pre-retirement income **do you think you'll need to live comfortably** in retirement?



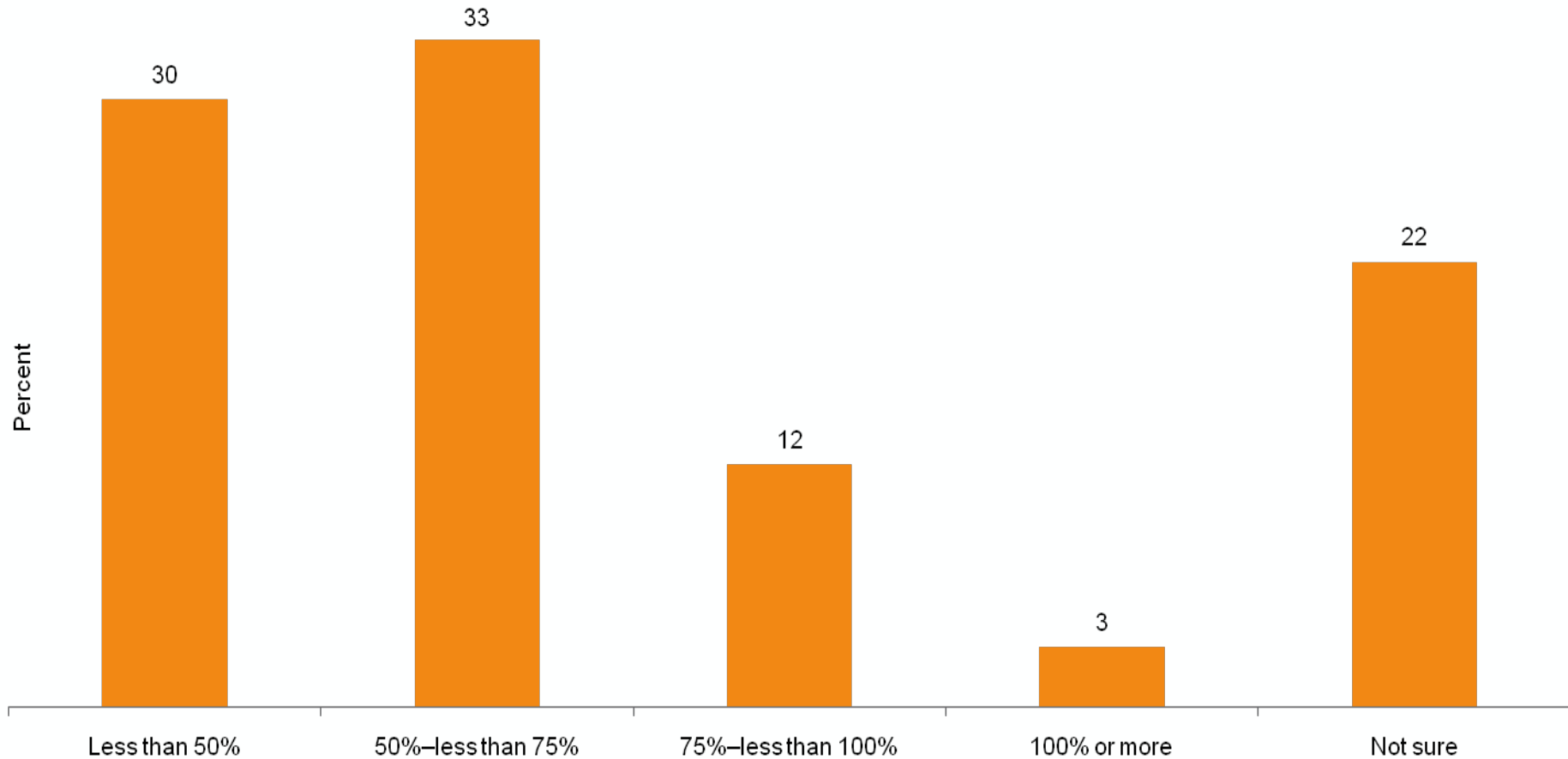
Source: J.P. Morgan Retirement Plan Services 2010 Participant Survey



Income replacement

More than 20% are not even sure how they are doing

- Making your best estimate, what percentage of your pre-retirement income **do you think you are currently on track to receive** in retirement?

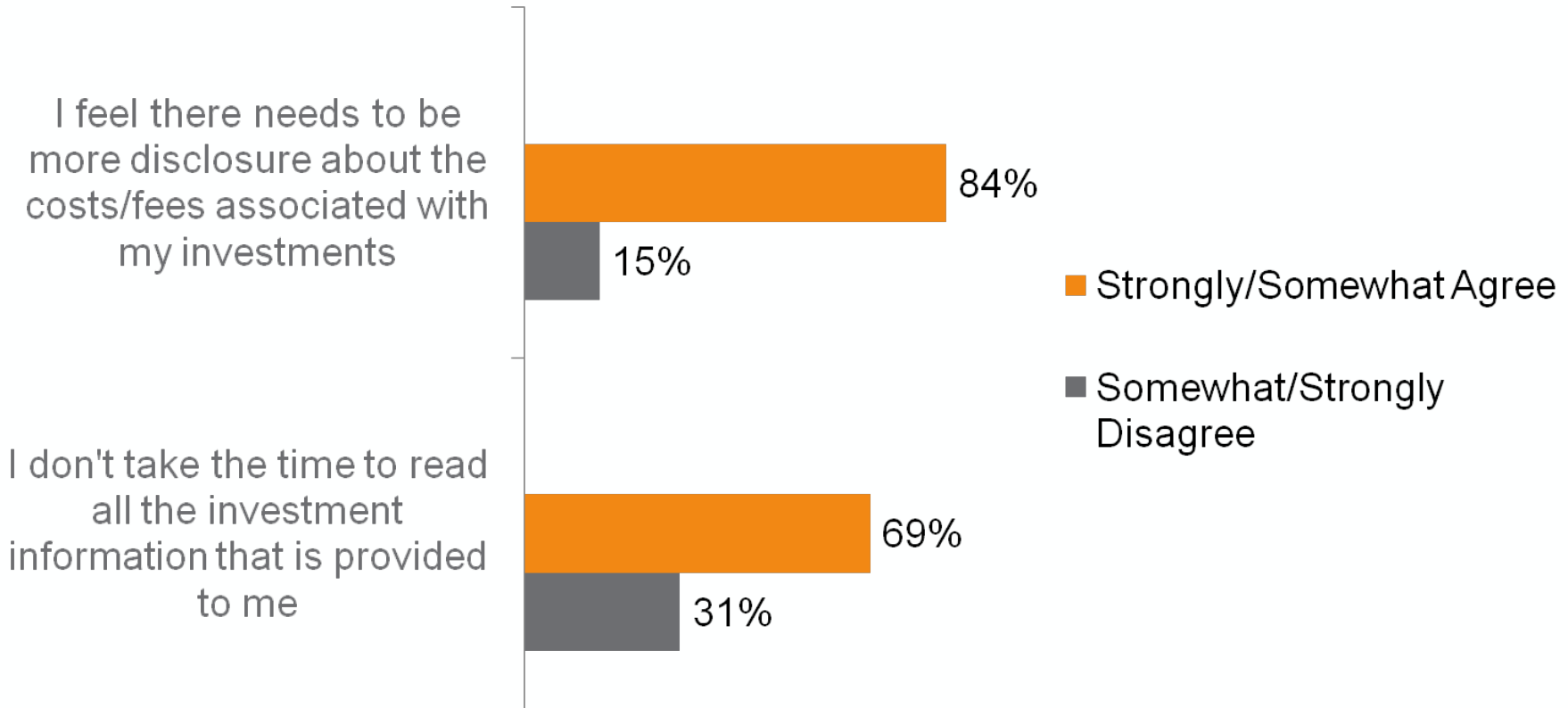


Source: J.P. Morgan Retirement Plan Services 2010 Participant Survey



Income replacement

If you write it, will they come? An inherent paradox



Source: J.P. Morgan Retirement Plan Services 2010 Participant Survey



Income replacement

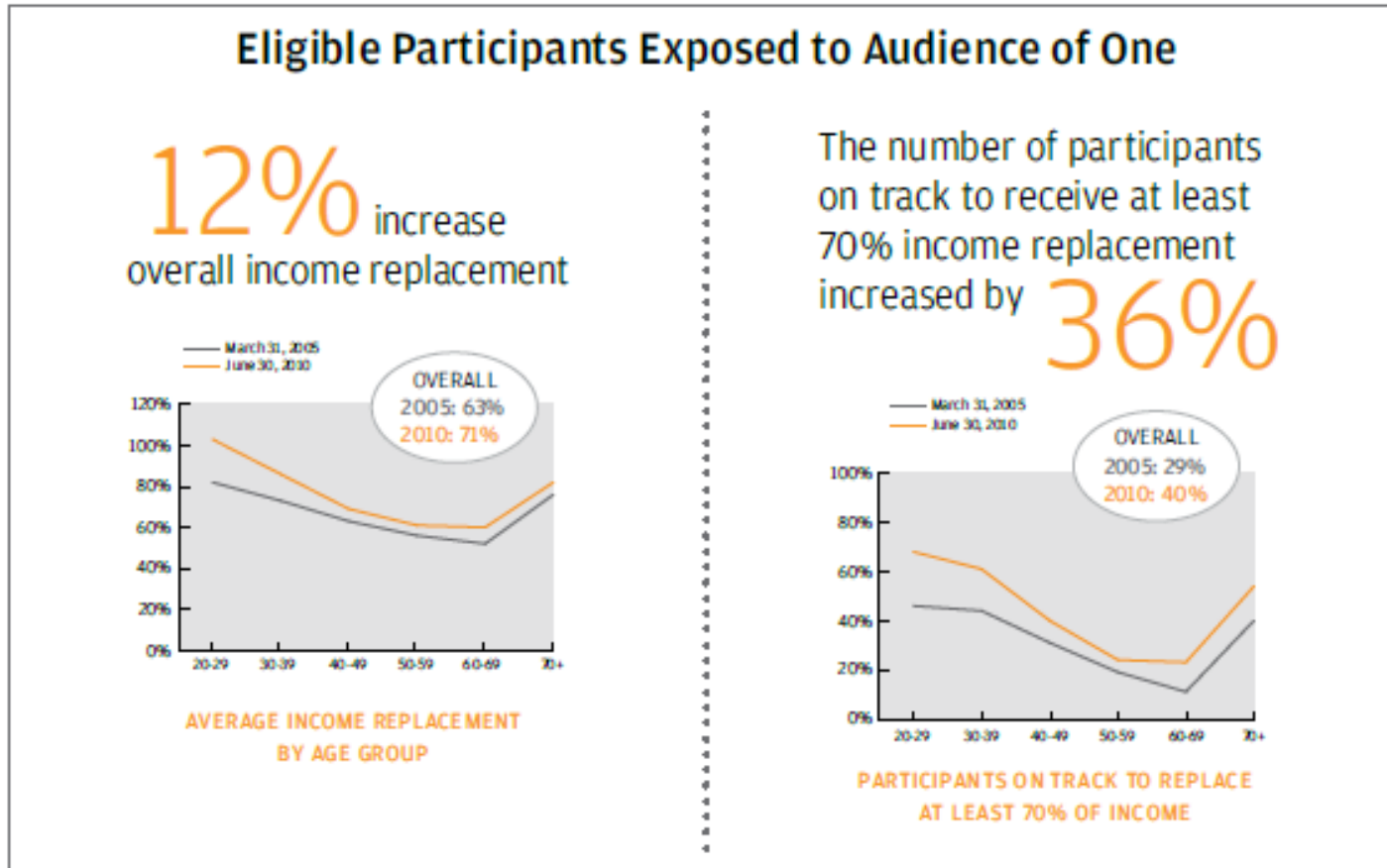
Participants who have an identified goal for retirement

- Are more likely to say “I feel confident in my ability to make the right financial decision”
- Are more likely to pay off their credit card debt each month
- Are more confident that they will be able to meet their financial goals in retirement

Source: J.P. Morgan Retirement Plan Services 2010 Participant Survey



Income replacement results



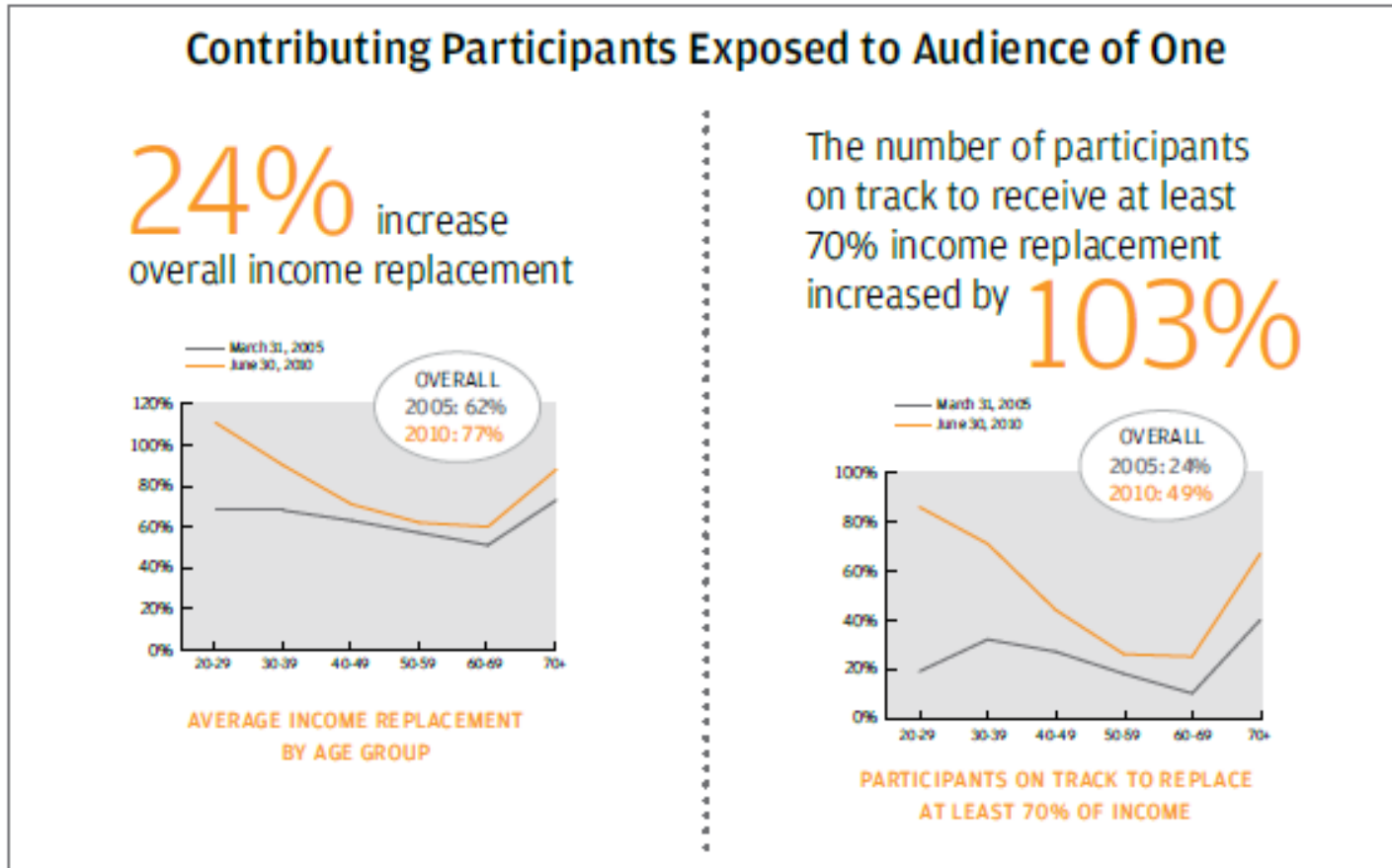
N = 408,305 participants

Source: J.P. Morgan Retirement Plan Services Proprietary Research

Assumptions: Income replacement results reflect the experience of participants earning between \$14,500 and \$10 million annually who were eligible to participate in their retirement plan both when the plan adopted Dream Machine and June 30, 2010. Retirement age is 65. If over 62, retirement age would be current age plus three years. Based on information provided for annual salary, state of residence, hire date, date of birth and gender. If not provided, gender defaults to female. Tax filing status defaults to single if state of residency is the same as tax filing state. Includes Social Security which is calculated based on normal Social Security retirement age, as per federal regulations. The assumed income growth rate is 5%. Income growth rate represents the average increase in salary expected over time, which is the approximate historical rate of growth (including inflation) for a typical person's salary. The projection considers the IRS annual compensation limit, indexed periodically. Contribution amount is based on current election in defined contribution plan. Annual retirement income estimate and initial risk category are calculated using the investments currently held in retirement plan account. Balances from brokerage account(s) or loan(s) will not be included in forecast. Wage replacement calculation includes balances from other plans that are turned on for Retirement Dream Machine.



Income replacement results



N = 443,656 participants

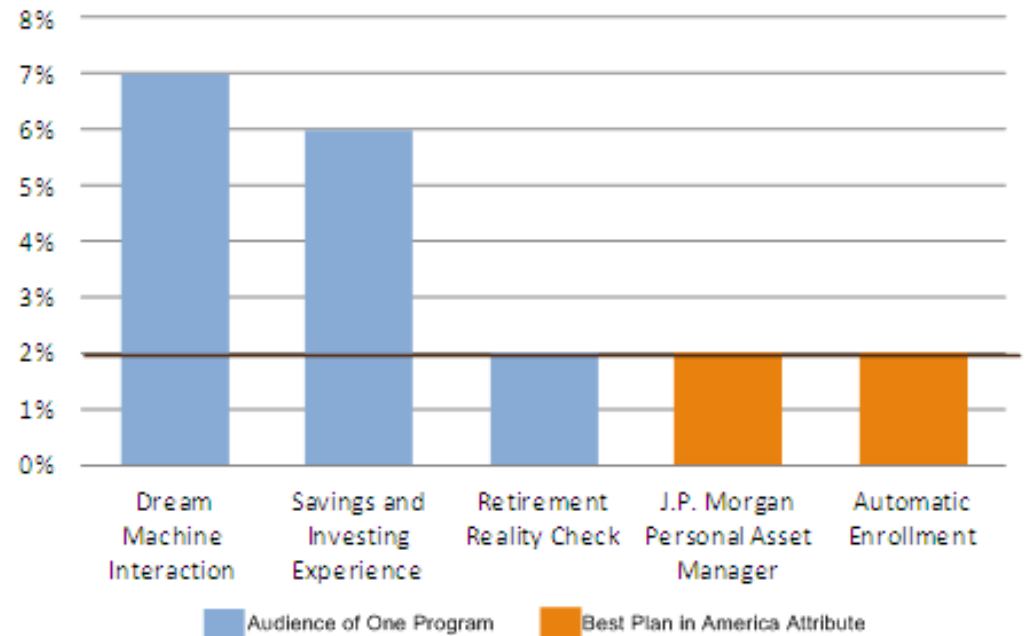
Source: J.P. Morgan Retirement Plan Services Proprietary Research

Assumptions: Income replacement results reflect the experience of participants earning between \$14,500 and \$10 million annually who were contributing to their retirement plan as of June 30, 2010. Retirement age is 65. If over 62, retirement age would be current age plus three years. Based on information provided for annual salary, state of residence, hire date, date of birth and gender. If not provided, gender defaults to female. Tax filing status defaults to single if state of residency is the same as tax filing state. Includes Social Security which is calculated based on normal Social Security retirement age, as per federal regulations. The assumed income growth rate is 5%. Income growth rate represents the average increase in salary expected over time, which is the approximate historical rate of growth (including inflation) for a typical person's salary. The projection considers the IRS annual compensation limit, indexed periodically. Contribution amount is based on current election in defined contribution plan. Annual retirement income estimate and initial risk category are calculated using the investments currently held in retirement plan account. Balances from brokerage account(s) or loan(s) will not be included in forecast. Wage replacement calculation includes balances from other plans that are turned on for Retirement Dream Machine.



Preliminary results: Audience of OneSM and BPIA study

- The longer an individual is exposed to the experience, the greater the impact
 - In fact, plans have experienced meaningful changes in income replacement in just four years
- Distinct programs have been correlated to increased income replacement ratios
- Benchmark: Automatic enrollment's average impact on income replacement has been 2%



Participant Model Results of a univariate analysis on 147 plans with approximately 408,000 eligible employees from March 31, 2005, to June 30, 2010. The analysis was conducted jointly by LionShare Marketing, Inc. and J.P. Morgan Research in September 2010 .

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. ©2005-2010 Financial Engines, Inc. All rights reserved. Used with permission. J. P. Morgan Retirement Plan Services provides plan recordkeeping and administrative services.



Audience of OneSM continues to receive industry recognition

Honoring excellence in participant communications and education

International Assoc. of Business Communicators' Kansas City Awards Competition

- **Bronze Quills** – “Best in Show” finalist award for special event communication and 18 additional awards for issues management and crisis communications, benefit communications, electronic and digital delivery, graphic design, audio visual programs and publications



International Assoc. of Business Communicators' Regional Awards Competition

- **Silver Quills** – a communications management and electronic/digital communication award for *The Way Forward* online communication program that helps participants know what they can do to live comfortably through retirement and five additional awards for employee/member communication, publication design, HR/benefits communication and multi-audience communication



International Assoc. of Business Communicators' Global Awards Competition

- **Gold Quill** – for *The Way Forward* online communication program

Pensions & Investments (P&I) Eddy Awards Competition

- **Eddys** – for plan conversion communication and *The Way Forward* online communication program



Profit Sharing Council of America (PSCA) Signature Awards Competition

- **Signatures** – includes seven awards: two gold (asset allocation and increasing plan participation and savings rate); three silver (increasing plan participation and savings rate, retirement readiness and conversion); and two bronze (plan design changes and conversion)



KC/IABC Bronze Quill Awards (May 2010); Southern Region IABC Awards (September 2010); IABC Gold Quill Awards (March 2010); P&I Eddy Awards (January 2010); and PSCA Signature Awards (September 2010)



Participant Web site enhancements

- Participants will experience new look-and-feel on the participant Web site, effective October 22, 2010
- The site provides improved navigation and ease of use for participants
- Some of the enhancements include:
 - More prominent display of key information and page elements
 - Changes to the transaction pages including progress/status bars and more viewable information with less scrolling
 - New stock quote search and display features, as well as News and Quotes information breakdowns

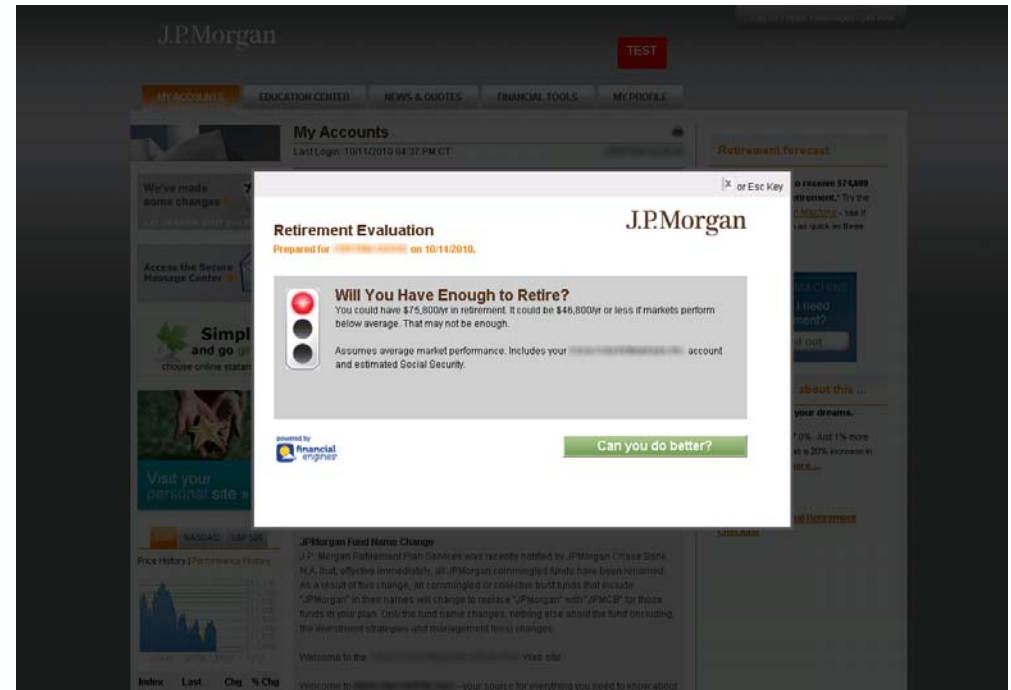
The screenshot displays the J.P. Morgan Retirement Plan Services website. At the top left is the J.P. Morgan logo, and at the top right are links for 'Log in / Home / Contact / Site Map' and a red 'TEST' button. The main content area is divided into several sections:

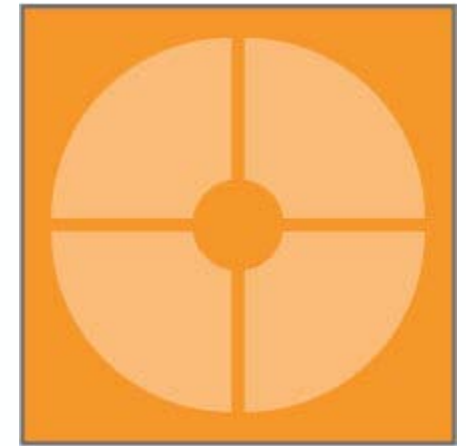
- PARTICIPANT LOGIN:** A form with fields for 'Username' and 'Password', a 'LOG ON' button, and a link for 'Forgot your Login?'. Below the form is a banner image of a person running on a city street with the text 'J.P. Morgan Retirement Plan Services'.
- NEWS & HIGHLIGHTS:**
 - SECURITY CENTER >** Find out how you can protect yourself while online.
 - ONE BANK, MANY SERVICES >** Under J.P. Morgan Chase, J.P. Morgan Retirement Plan Services and Chase work together to help you.
 - ARE YOU ON PACE TO RETIRE ON TRACK™? >**
 - UNDERSTANDING THE FINE PRINT >** Learn how to read a prospectus.
- FOR MORE INFORMATION:**
 - A step-by-step guide to rebalancing READY, SET, REBALANCE. (WEBCAST) >**
 - The meat and potatoes of budgeting FUNDING YOUR FUTURE (ARTICLE) >**
 - It doesn't add up BORROWING FROM YOUR 401(K) (PODCAST) >**
 - How to be more proactive in planning for your retirement FINDING THE WAY FORWARD (VIDEO) >**
 - Rebuild and revive your retirement account THE WAY FORWARD >**
- Market Data:** A section titled 'The Way Forward: Navigating through turbulent times >' includes a 'Price History | Performance History' chart and a table of market indices.

Index	Last	Chg	% Chg
DJIA	11,058.16	-35.92	-0.36
NASDAQ	2,429.41	-12.82	-0.53
S&P 500	1,370.37	-7.73	-0.66

J.P. Morgan Personal Asset Manager now offers online evaluations

- The standard communications offering for J.P. Morgan Personal Asset Manager will be expanded to include an online evaluation feature, effective October 23, 2010
- Provides an additional way to reach eligible participants, providing a Personal Evaluation when they access the participant Web site
- Provides participants with a personalized retirement forecast and allows them to receive more information about their retirement outlook and how advisory services can help with their retirement plan when they complete the evaluation
- Contact your communications strategist if you are interested in having this feature added to your communications plan





Fiduciary Foundation

Building the Best Plans in America—Fiduciary Foundation

Legislative and regulatory recap

- In-plan conversion of non-Roth amounts to Roth status
 - Allowed by the Small Business Jobs and Credit Act of 2010, effective September 27, 2010
 - Plans may permit participants to convert non-Roth balances to Roth status
 - Optional provision for a plan sponsor to add
 - Available only for amounts eligible for distribution and rollover
 - A plan can add a special in-service withdrawal feature conditioned on the participant rolling the amount back into the plan's Roth rollover source
 - This is a complex financial decision for participants
 - Results in taxable income, which can be spread ratably over 2011 and 2012, or fully paid in 2010
 - Participants who convert in-plan cannot undo the transaction (as they can if they roll over to a Roth IRA)
 - Distributions of converted amounts within five years may be subject to the 10% premature distribution penalty
 - Guidance needed from the Internal Revenue Service (IRS) on certain issues
 - Can participants elect voluntary tax withholding?
 - When does the five-year holding period start for participants who are contributing on a Roth basis already?
 - **Plan sponsors need to act quickly if this provision is going to be made available in 2010**



Legislative and regulatory recap

- Fee disclosure update
 - Comments on the interim final regulations dealing with service provider disclosures to plan sponsors ended on August 30, 2010
 - 45 public comments were received, including one from the congressional committees with jurisdiction over retirement-related matters
 - Regulations are still effective July 16, 2011
 - Regulations dealing with fee disclosure by plans to participants are scheduled to be issued in the next 30-45 days
 - May be in the form of interim final regulations
 - No significant changes from prior proposed regulations are expected

- The Department of Labor (DOL) held hearings September 14 and 15, 2010, on lifetime income options in defined contribution plans
 - 33 individuals and groups submitted written testimony; 45 individuals testified in person
 - The hearings explored the need and potential solutions for participants to receive a lifetime income from defined contribution plans
 - The DOL's earlier Request for Information on retirement income solutions had already generated 779 comment letters
 - Many comments acknowledged the need, but asked for the DOL to allow flexibility and not require mandates



Legislative and regulatory recap

- Automatic IRA legislation was introduced in the House of Representatives and the Senate in August 2010
 - Generally applies to employers who do not sponsor a retirement plan
 - May impact companies that sponsor a retirement plan if some employees are excluded from eligibility
 - Sets the default contribution rate at 3% of pay
 - Employees can raise or lower their contribution percentage, or can opt-out entirely from the program
 - Key differences between the House and the Senate bill include:
 - Both bills allow contributions to traditional or Roth IRAs
 - In the Senate bill, Roth is the default, whereas in the House bill, a traditional IRA is the default
 - A default investment applies if no investment election is made
 - In the Senate bill, a principal preservation fund is the default for the first \$5,000, with a target date or balanced fund thereafter
 - In the House bill, the default investment is either a principal preservation, target date or a balanced fund



Legislative and regulatory recap

Miscellaneous Issues

- Deadline nearing for favorable transfer of assets to a Puerto Rico trust
 - Dual-qualified plans with Puerto Rico participants in a U.S. trust can transfer assets to a Puerto Rico plan and trust by December 31, 2010, and avoid U.S. taxation for the Puerto Rico participants
 - This eliminates the double tax withholding on distributions made to Puerto Rico residents

- IRS issues two notices describing the pension funding relief under the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act
 - Notice 2010-55 for single-employer plans
 - Notice 2010-56 for multi-employer plans
 - Relief applies to the opportunity to use the 2+7 or 15-year funding of a plan's shortfall amortization base

- IRS stresses the need to use a plan's forfeiture account
 - IRS Retirement News for Employers, Spring 2010 edition
 - The tax code does not allow forfeitures to remain in a forfeiture suspense account over multiple years
 - Forfeitures should be used timely and per the plan document to reduce employer contributions or be reallocated to participants



Research and resources – our commitment to you

MacroMinute Weekly

Voice mail from
Global Markets Strategist
Stu Schweitzer



Portfolio 2010

A compendium of investment perspectives from J.P. Morgan Asset Management

Market/investment insight

INSIGHTS J.P. Morgan

Monthly Retirement Materials Newsletter

Legislative & Regulatory Updates

Participant Behavior Snapshot

The Way Forward

Market Pulse by Stu Schweitzer


J.P. Morgan in the News

Insights Archive

Feedback

Subscribe to Insights

Anything But Certain



RETIREMENT INSIGHTS Ready! Fire! Aim? 2009

Ready! Fire! Aim? 2009: An Updated Participant Behavior Snapshot

Key findings from our 2009 survey of participant behavior and 2009 target date design.

Executive Summary

Our 2009 participant Ready! Fire! Aim? (RFA) survey, which measured the target date design preferences of 10,000 participants, revealed that 60% of participants are now in target date plans. This is a significant increase from 45% in our 2008 survey. The survey also revealed that 75% of participants are now in target date plans with a target date of 2010 or later. This is a significant increase from 55% in our 2008 survey. The survey also revealed that 85% of participants are now in target date plans with a target date of 2010 or later. This is a significant increase from 65% in our 2008 survey.

MARKET INSIGHTS 2Q | 2010

As of March 31, 2010

Guide to the Markets

J.P. Morgan Asset Management

INSIGHTS From Recession Frying Pan to Inflation Fire?

As of March 31, 2010

Governments and central banks around the world have reined financial markets and reined the global economy from its deeper recession in 2009. But have participants traded an emerging depression for a return to inflation?

Executive Summary

Participants have traded an emerging depression for a return to inflation. This is a significant increase from 55% in our 2008 survey. The survey also revealed that 75% of participants are now in target date plans. This is a significant increase from 55% in our 2008 survey. The survey also revealed that 85% of participants are now in target date plans with a target date of 2010 or later. This is a significant increase from 65% in our 2008 survey.

Service/product updates

RETIREMENT INSIGHTS Ready! Fire! Aim? 2009

How some target date funds continue to make the mark providing retirement security for those who need it most.

Research

Market Pulse: Equity Views

Survey results for J.P. Morgan Asset Management's latest poll of institutional investors

Executive Summary

Investors appear to be maintaining their faith in equities and have begun to cautiously reduce equity portfolios. This is a significant increase from 55% in our 2008 survey. The survey also revealed that 75% of participants are now in target date plans. This is a significant increase from 55% in our 2008 survey. The survey also revealed that 85% of participants are now in target date plans with a target date of 2010 or later. This is a significant increase from 65% in our 2008 survey.

Journey

Retirement Insights and Solutions from J.P. Morgan

J.P. Morgan Asset Management

15 DC Fund Line-ups in Focus

Day in the Life of an Investment Strategist

11 Plan Sponsor Roundtable

Three and a half hours of DC fund selection

19 Dr. David Kelly, Retirement Insights

24 DC: The Next Chapter

Could focus on trends and opportunities

SOLUTIONS Outside (the Stable Value) Box

Innovative alternatives for traditional stable value funds

Executive Summary

Although Stable Value is the largest conservative option in the DC market, and is well used by participants, recent market conditions have highlighted inherent constraints faced by plan sponsors when using Stable Value. This is a significant increase from 55% in our 2008 survey. The survey also revealed that 75% of participants are now in target date plans. This is a significant increase from 55% in our 2008 survey. The survey also revealed that 85% of participants are now in target date plans with a target date of 2010 or later. This is a significant increase from 65% in our 2008 survey.

Thought leadership

What's Next for Small Caps

J.P. Morgan Asset Management

May 2010

Kimberly West, Managing Director, Client Portfolio Manager | J.P. Morgan Asset Management

212-448-9972, kimberly.west@jpmorgan.com

Webcasts

Legislative Update

May 20, 2010

Robert Holcomb, Vice President, Legislative and Industry Affairs
816-673-4480, robert.a.holcomb@jpmorgan.com

Simon Franklin, Vice President, Strategic Relationship Management
816-673-2228, simon.c.franklin@jpmorgan.com

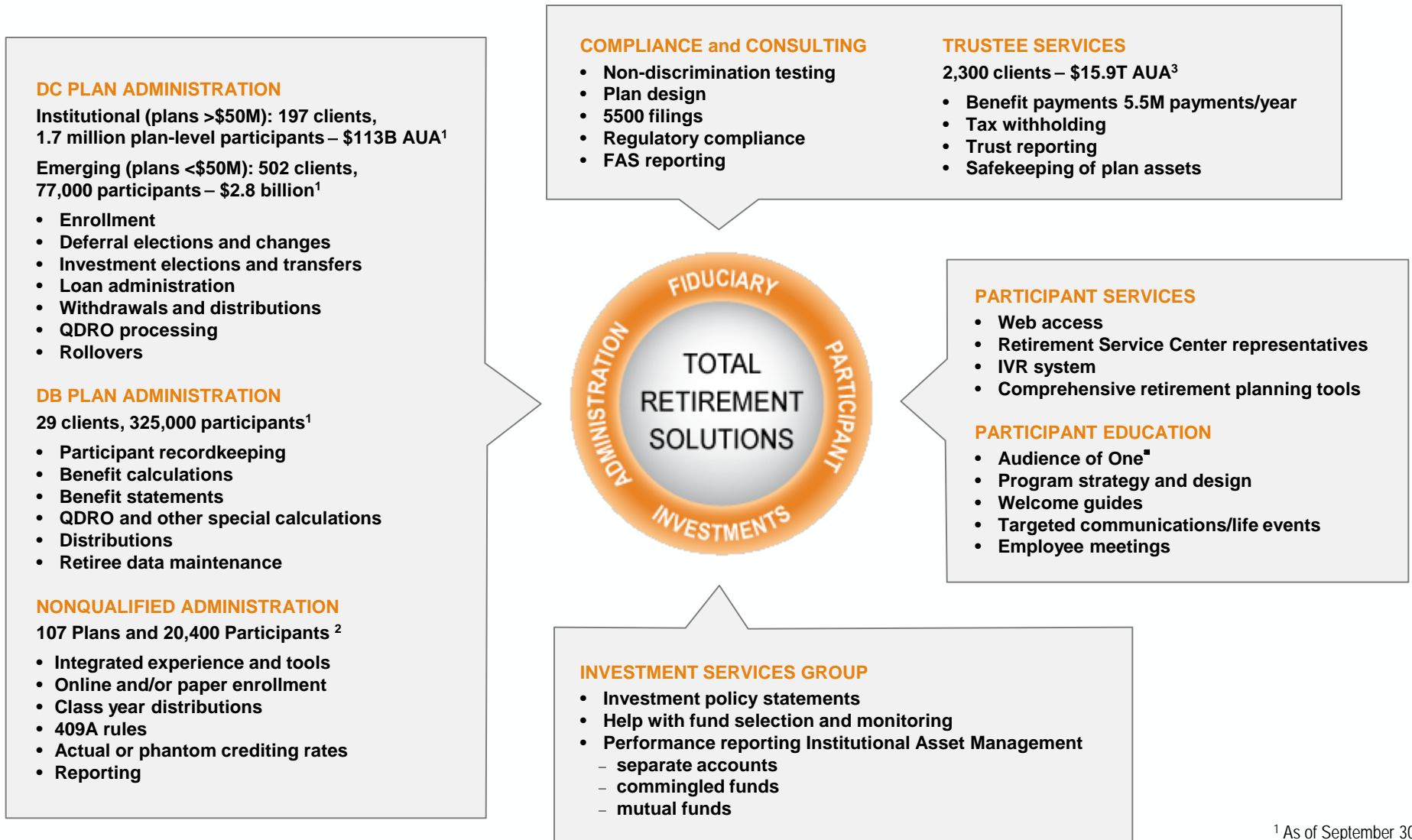
IRS Circular 230 Disclosure: J.P. Morgan Chase & Co. and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation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

Every Client. Each Individual. J.P. Morgan



J.P. Morgan—Who We Are

Total retirement plan outsourcing



¹ As of September 30, 2010

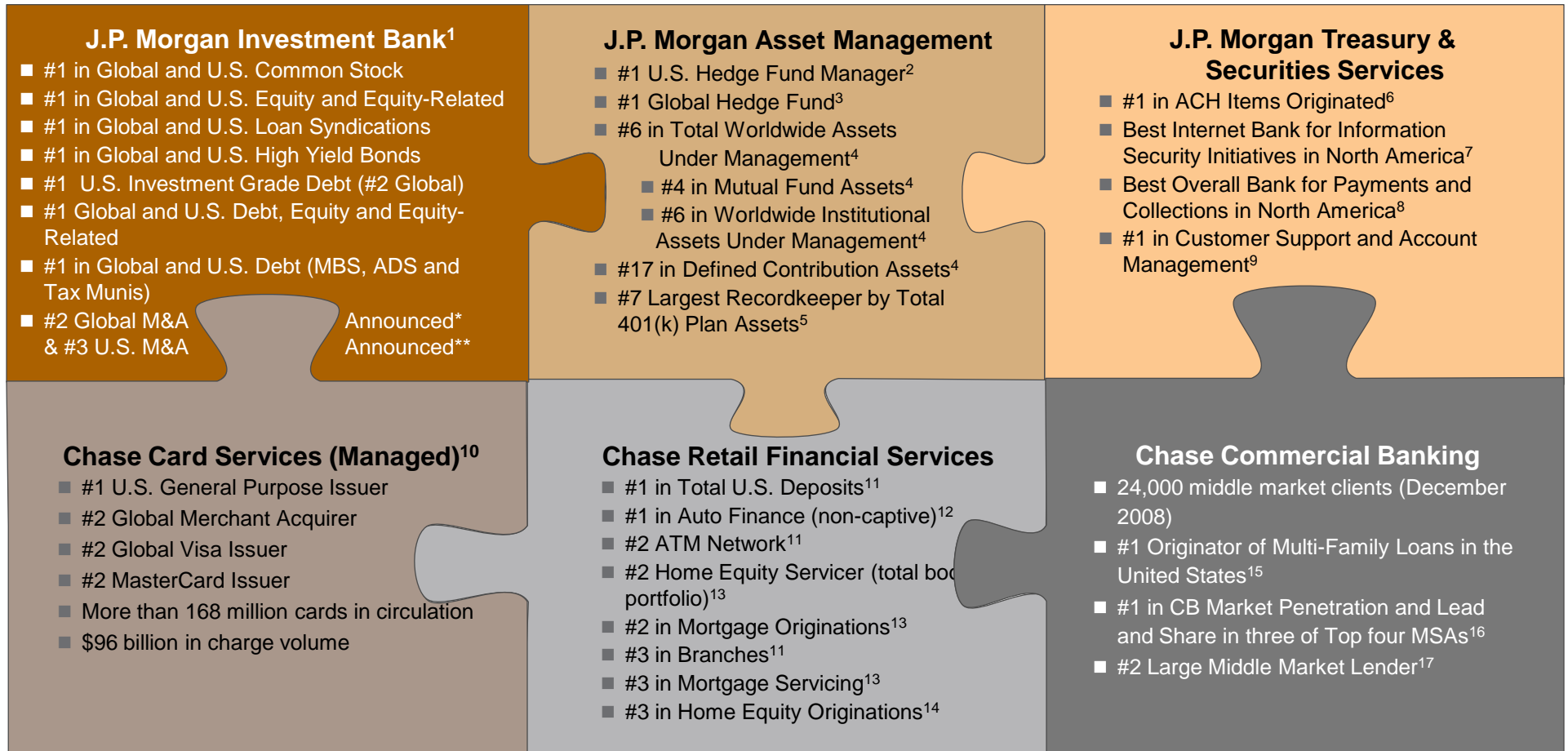
² As of January 31, 2010

³ As of June 30, 2009



JPMorgan Chase & Co. franchises are market leaders

Bringing the firm's resources, expertise, insight, products and services to our retirement plan clients



¹ Thompson Reuters, January 2009

*Ranked #1 by Dealogic, January 2009

** Ranked #2 by Dealogic, January 2009

² *Absolute Return*, March 2008

³ *Alpha*, May 2007

⁴ *Pensions and Investments*, May 2009

⁵ *Plan Sponsor*, June 2009

⁶ NACHA, 2004, 2005, 2006, 2007

⁷ *Global Finance*, 2007

⁸ *Global Finance*, 2007, 2008

⁹ Treasury Strategies, Inc., 2007

¹⁰ Chase Card Services, 4th Qtr 2008

¹¹ Wamu Announcement, September 2008

¹² Autocount, December 2008

¹³ MortgageDaily.com

¹⁴ Inside Mortgage Finance, 2nd Qtr 2008

¹⁵ SNL Financial, September 2008

¹⁶ TNS Market Study, 3rd Qtr 2008

¹⁷ Loan Pricing Corp, 2008





**Bechtel Trust and Thrift Plan
Statistical Summary and Benchmarking**

Statistical summary and benchmarking

Saving	Your Plan	Retirement Industry	J.P. Morgan
Overall participation rate	80.5%	70.0%⁽¹⁾	73.2%
Automatic enrollment			
% of Clients	No	47%⁽²⁾	58%
Participants who defer into Roth 401(k) source	12.9%	15.6%⁽³⁾	8.4%
Participants who defer into after-tax source	4.6%	1.0%⁽³⁾	4.1%

(1) U.S. Bureau of Labor and Statistics March 2009

(2) Deloitte Consulting 401(k) Benchmarking Survey 2009 Edition

(3) PSCA's 52nd Annual Survey of Profit Sharing and 401(k) Plans 2008 Experience

"Your Plan" refers to data as of September 30, 2010

"J.P. Morgan" refers to data as of September 30, 2010



Statistical summary and benchmarking

Saving Enough	Your Plan	Retirement Industry	J.P. Morgan
Average participant balance	\$216,732	\$57,150⁽¹⁾	\$74,265
Average participant pretax deferral	10.0%	6.0%⁽²⁾	7.4%
Average participant Roth deferral	7.4%	3.8%⁽²⁾	5.2%
Average participant after-tax deferral	5.7%	2.9%⁽²⁾	5.0%
Automatic increase			
% of clients	No	36%⁽²⁾	50.0%
% of participants with an outstanding loan(s)	9.7%	24.1%⁽²⁾	24.0%
Average outstanding loan amount	\$13,893	\$8,309⁽²⁾	\$5,828
Participants who have taken a hardship/in-service withdrawal (“Your Plan” represents from July 1, 2010, through September 30, 2010)	3.0%	N/A Data Not Available	3.3%
Participants who rollover their distribution vs. cash-out (“Your Plan” represents from July 1, 2010, through September 30, 2010)	34%	N/A Data Not Available	35%

(1) How Well Are Employees Saving and Investing in 401(k) Plans, 2009 Hewitt Universe Benchmarks

(2) PSCA’s 52nd Annual Survey of Profit Sharing and 401(k) Plans, 2008 Experience

“Your Plan” refers to data as of September 30, 2010

“J.P. Morgan” refers to data as of September 30, 2010



Statistical summary and benchmarking

Saving Behavior	Your Plan	Retirement Industry	J.P. Morgan
% of Participants invested in Target Date Funds	N/A	31.0%⁽¹⁾	26.0%
% of plan assets allocated to Asset Allocation	20.6%	20.5%⁽²⁾	16.6%
% of plan assets allocated to Stock Funds	45.5%	40.5%⁽²⁾	36.2%
% of plan assets allocated to Bond Funds	20.3%	8.0%⁽²⁾	10.8%
% of plan assets allocated to Cash/Stability	12.9%	19.5%⁽²⁾	15.5%
% of plan assets allocated to Company Stock	N/A	4.4%⁽²⁾	16.3%
% of plan assets allocated to Self Directed Brokerage	N/A	3.7%⁽²⁾	1.3%
% of plan assets allocated to Other	N/A	3.8%⁽²⁾	1.0%
% of plan assets allocated to Loans	0.6%	2.8%⁽²⁾	2.3%
# of funds offered to plan participants	12	18⁽²⁾	18
Average number of funds per participant	4.0	N/A Data Not Available	3.4

(1) EBRI issue brief number 335, October 2009

(2) PSCA's 52nd Annual Survey of Profit Sharing and 401(k) Plans ,2008 Experience

Allocations listed for Retirement Industry do not include percent allocated to loans for total average allocation of assets in plans, per the PSCA's 52nd Annual Survey of Profit Sharing and 401(k) Plans, 2008 Experience

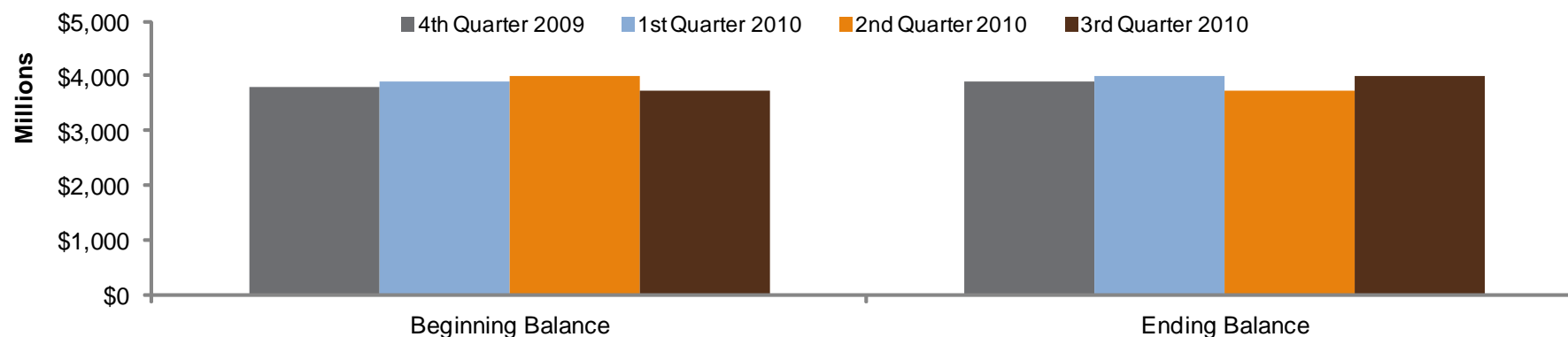
"Your Plan" refers to data as of September 30, 2010

"J.P. Morgan" refers to data as of September 30, 2010



Saving

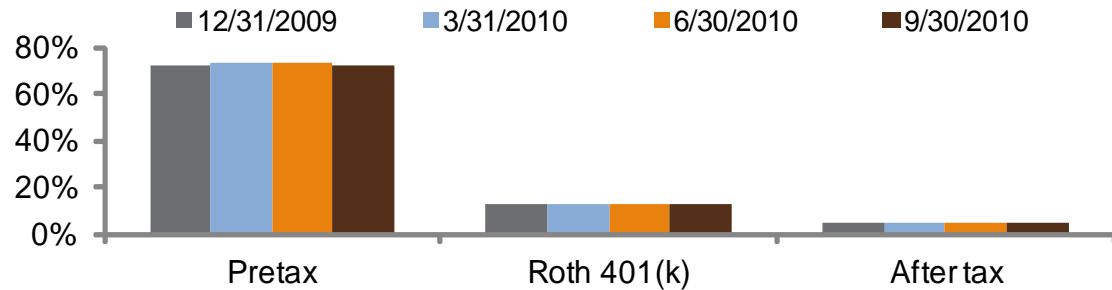
Cash flow



	4th Quarter 2009	1st Quarter 2010	2nd Quarter 2010	3rd Quarter 2010
Beginning Balance	\$ 3,787,420,089.81	\$ 3,877,260,776.81	\$ 3,999,048,209.03	\$ 3,712,532,166.04
Contributions	44,126,191.21	90,003,684.56	50,279,215.83	51,561,213.61
Total Disbursements	-61,068,151.55	-84,166,109.02	-73,453,953.30	-67,569,461.68
Loan Interest	322,216.67	313,465.64	315,961.99	307,912.81
Transfers				
Transfers In	1,369,603,026.00	784,853,139.51	1,176,563,713.30	349,085,726.74
Transfers Out	-1,369,603,026.00	-784,853,139.51	-1,176,563,713.30	-349,085,726.74
Participant Fees	-19,075.00	-18,650.00	-23,375.00	-1,045,722.33
Total Gains/Earnings/Losses	106,962,767.90	126,447,248.41	-263,022,817.28	301,704,520.53
Total Other Receipts	3,491,211.09	3,659,947.37	3,584,684.53	10,871,624.29
Total Other Disbursements	-3,974,473.53	-14,452,155.14	-4,195,759.70	-11,608,548.62
Ending Balance	\$ 3,877,260,776.81	\$ 3,999,048,209.03	\$ 3,712,532,166.04	\$ 3,996,753,705.62



Participation



Overall Participation Rate:
80.54%

Average participation rate as of September 30, 2010

By Location	# Eligible	Average Pretax %	Average Roth %	Average After tax %
No Location	3	0.00%	0.00%	0.00%
11	11,511	71.84%	12.97%	4.61%
12	64	67.19%	6.25%	1.56%
22	4	0.00%	0.00%	0.00%
31	1	0.00%	0.00%	0.00%
Total	11,583			

By Age	# Eligible	Average Pretax %	Average Roth %	Average After tax %
20 - 29 years	1,474	54.75%	25.37%	3.80%
30 - 39 years	2,061	64.92%	17.32%	3.01%
40 - 49 years	2,253	72.44%	11.32%	3.73%
50 - 59 years	3,355	76.57%	10.04%	5.28%
60 - 69 years	2,234	81.56%	7.30%	6.09%
Over 70 years	206	70.39%	5.34%	8.25%
Total	11,583			

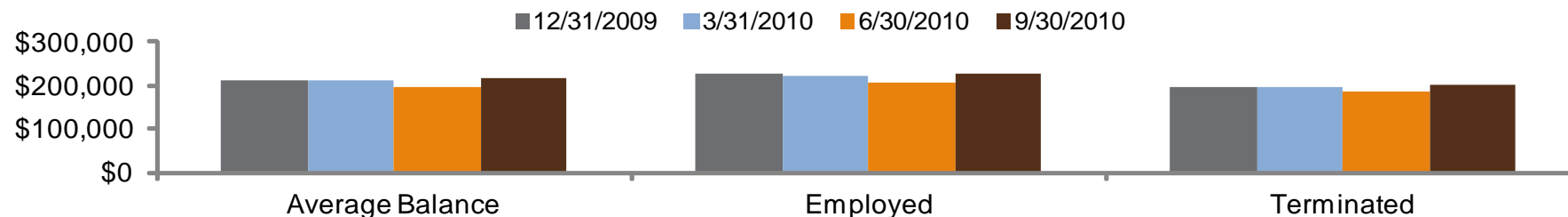
By Service	# Eligible	Average Pretax %	Average Roth %	Average After tax %
< 1 year	713	27.77%	7.43%	0.70%
1 - < 2 years	566	51.77%	13.43%	2.47%
2 - < 3 years	1,305	59.54%	17.47%	2.38%
3 - < 4 years	827	65.90%	21.64%	3.75%
4 - < 5 years	756	70.24%	23.54%	3.44%
5 - < 6 years	399	74.44%	13.53%	4.01%
6 - < 7 years	277	74.01%	13.72%	2.89%
7 - < 8 years	269	77.32%	14.50%	5.95%
8 - < 9 years	442	76.24%	12.22%	3.85%
9 - < 10 years	615	76.75%	13.82%	5.04%
10 - < 15 years	1,381	77.34%	11.22%	5.43%
15 - < 20 years	602	81.73%	9.47%	5.32%
20 - < 25 years	735	83.81%	7.89%	4.63%
25 - < 30 years	834	85.49%	10.91%	8.27%
30 - < 35 years	881	85.02%	9.31%	5.68%
Over 35 years	981	82.77%	7.14%	7.85%
Total	11,583			





Saving Enough

Participant balance



Data as of September 30, 2010

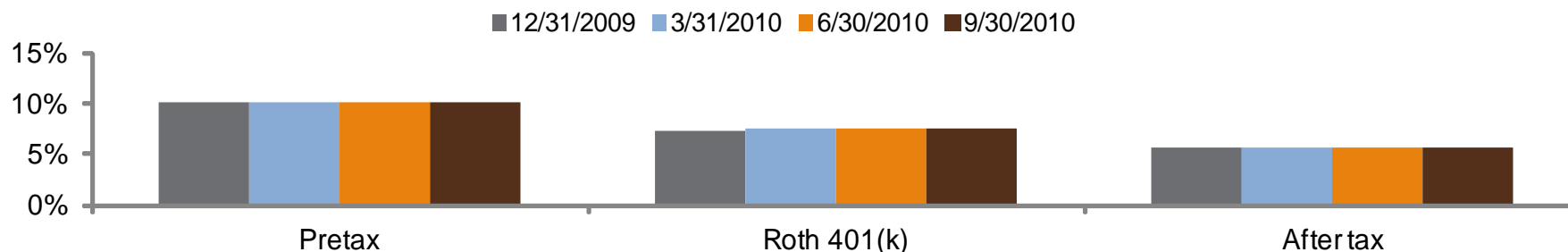
Status	# of participants	Average Account Balance
Employed	10,690	\$ 225,794
Not Employed	7,752	\$ 204,212

Salary Range	# of participants	Average Account Balance
No Compensation	4,999	\$ 222,580
Under 10,000	5	482,911
10,000 - 19,999	1	1,734,699
20,000 - 29,999	22	10,510
30,000 - 39,999	218	13,208
40,000 - 49,999	591	21,027
50,000 - 59,999	879	36,047
60,000 - 69,999	1,377	42,157
70,000 - 79,999	1,291	66,316
80,000 - 89,999	1,286	95,136
90,000 - 99,999	1,335	121,457
100,000 - 124,999	3,084	233,286
125,000 - 149,999	1,927	416,483
150,000 - 174,999	739	562,831
175,000 - 199,999	286	622,108
> 200,000	402	\$ 718,197

Years of Service	# of participants	Average Account Balance
Inv Dt of Hire	86	\$ 179,081
< 1 year	300	8,920
1 - < 2 years	951	13,795
2 - < 3 years	1,925	21,822
3 - < 4 years	1,410	34,464
4 - < 5 years	1,241	49,439
5 - < 6 years	824	64,252
6 - < 7 years	666	84,347
7 - < 8 years	600	95,311
8 - < 9 years	722	106,642
9 - < 10 years	874	121,017
10 - < 15 years	2,295	172,122
15 - < 20 years	1,323	280,936
20 - < 25 years	1,224	353,921
25 - < 30 years	1,436	432,968
30 - < 35 years	1,294	534,073
Over 35 years	1,271	\$ 748,892



Participant deferral



Average participant deferral as of September 30, 2010

By Location	# Participants	Average Pretax %	Average Roth %	Average After tax %
11	9,285	9.98%	7.43%	5.70%
12	44	11.30%	4.75%	1.00%
Total	9,329			

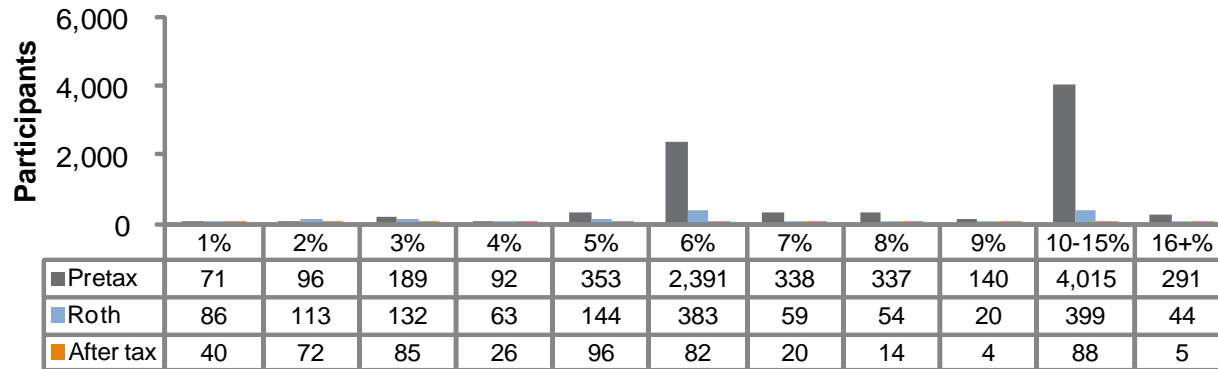
By Age	# Participants	Average Pretax %	Average Roth %	Average After tax %
20 - 29 years	1,075	7.85%	6.94%	4.50%
30 - 39 years	1,557	8.36%	6.75%	4.79%
40 - 49 years	1,768	9.44%	6.53%	5.55%
50 - 59 years	2,810	10.44%	8.21%	6.01%
60 - 69 years	1,958	11.77%	9.28%	6.32%
Over 70 years	161	12.39%	14.18%	5.47%
Total	9,329			

By Service	# Participants	Average Pretax %	Average Roth %	Average After tax %
< 1 year	239	10.22%	6.68%	7.20%
1 - < 2 years	342	8.76%	6.71%	2.93%
2 - < 3 years	933	8.49%	6.62%	4.65%
3 - < 4 years	666	8.56%	6.96%	5.58%
4 - < 5 years	632	8.77%	6.76%	4.88%
5 - < 6 years	328	9.03%	6.80%	5.75%
6 - < 7 years	230	9.52%	7.45%	4.13%
7 - < 8 years	231	9.52%	6.79%	4.56%
8 - < 9 years	374	9.53%	7.78%	5.29%
9 - < 10 years	527	9.74%	7.53%	5.65%
10 - < 15 years	1,174	9.78%	7.43%	5.84%
15 - < 20 years	537	10.69%	8.26%	7.28%
20 - < 25 years	656	10.94%	8.12%	6.62%
25 - < 30 years	772	11.01%	8.34%	5.35%
30 - < 35 years	811	11.29%	9.34%	5.68%
Over 35 years	877	11.46%	9.89%	6.45%
Total	9,329			



Participant deferral percent trending

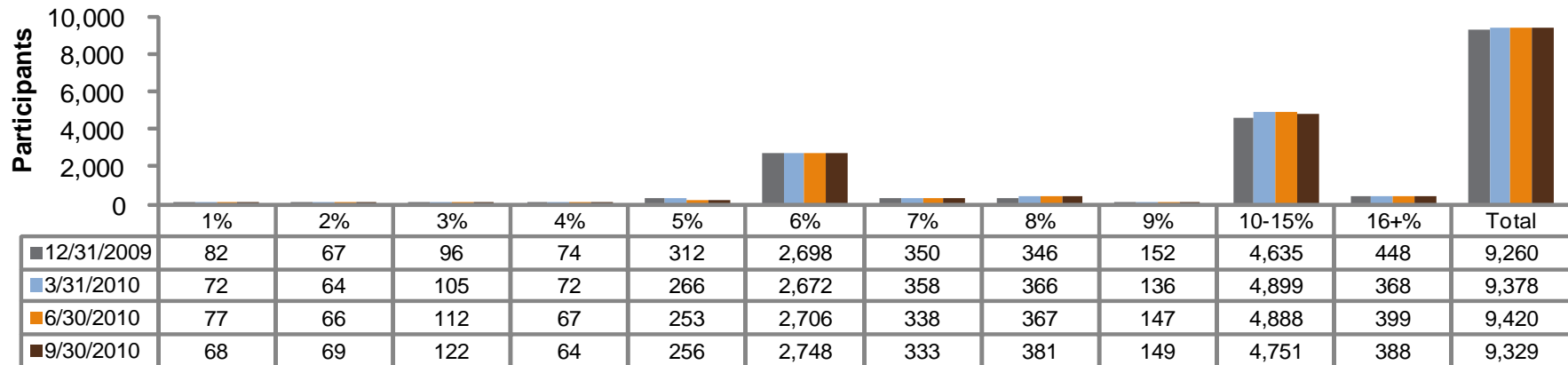
Data as of September 30, 2010



Number of participants not maximizing the company match:

579

Total deferrable sources



This summary represents the sum of standard contribution elections across all elective sources. As an example, a participant with 2% pretax election and 5% Roth election would be counted in the 7% group.



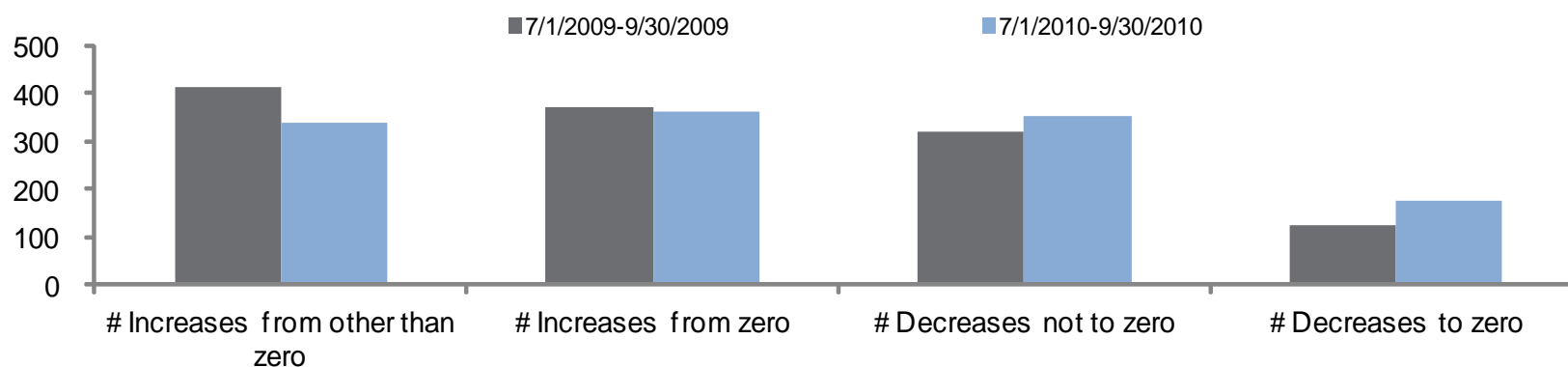
Contribution behavior

Total number of participants making changes:

July 1, 2009, to September 30, 2009 July 1, 2010, to September 30, 2010

993

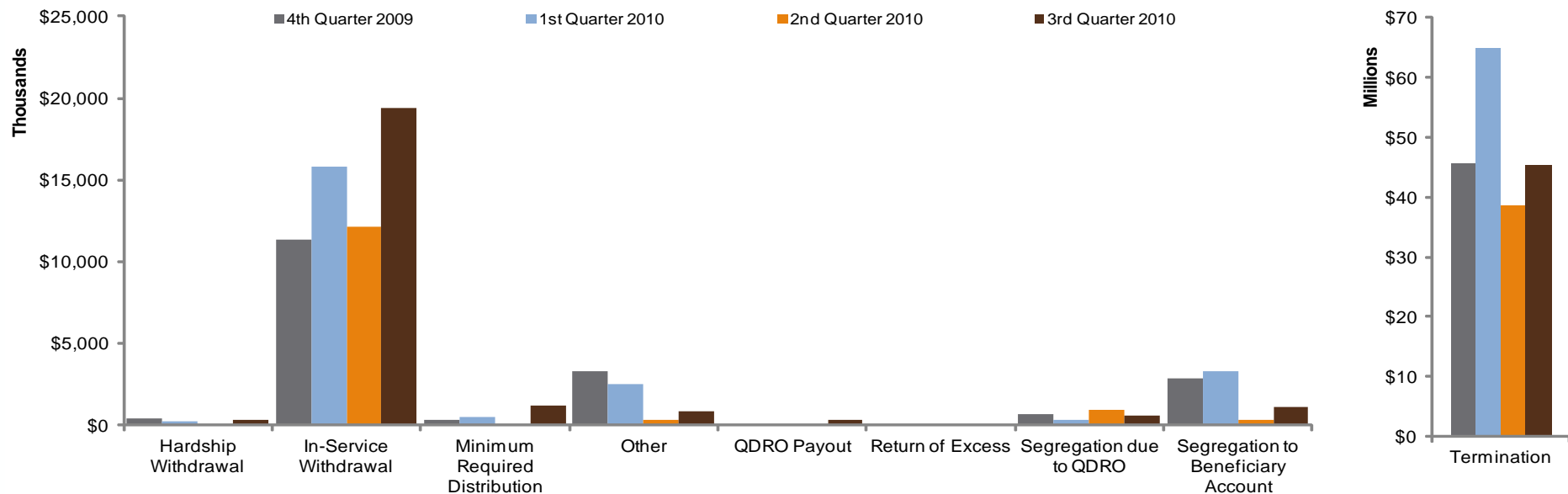
961



Source	# Increases from other than zero	# Increases from zero	# Decreases not to zero	# Decreases to zero	Total number of changes
July 1, 2009, to September 30, 2009					
After tax	19	38	12	7	76
Pretax	317	221	247	83	868
Roth	77	112	58	35	282
Total	413	371	317	125	1,226
July 1, 2010, to September 30, 2010					
After tax	12	22	13	19	66
Pretax	271	232	290	105	898
Roth	54	105	50	49	258
Total	337	359	353	173	1,222



Disbursements



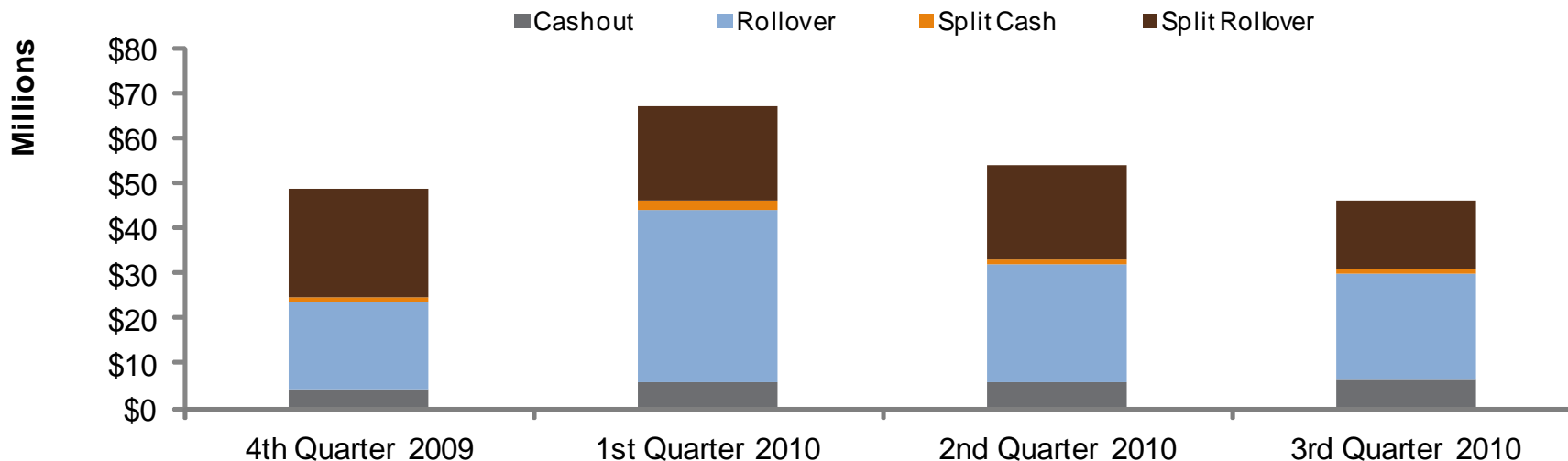
Distribution Type	4th Quarter 2009		1st Quarter 2010		2nd Quarter 2010		3rd Quarter 2010	
	Disbursement \$	# of Disbursements	Disbursement \$	# of Disbursements	Disbursement \$	# of Disbursements	Disbursement \$	# of Disbursements
Hardship Withdrawal	\$ 443,002.71	50	\$ 240,841.64	35	\$ 93,607.32	23	\$ 334,613.56	43
In-Service Withdrawal	11,373,721.18	441	15,853,820.13	471	12,163,352.05	310	19,433,143.43	514
Minimum Required Distribution	310,975.24	35	475,519.09	21	104,229.28	3	1,173,689.92	80
Other	3,300,957.76	12	2,488,697.48	16	367,314.88	6	878,991.32	11
QDRO Payout	21,055.12	1	31,165.14	1	12,152.40	1	340,836.97	2
Return of Excess	0.00	0	16,069.60	15	17,331.58	7	0.00	0
Segregation due to QDRO Account	640,645.77	8	323,070.27	5	980,886.02	8	551,055.94	6
Segregation to Beneficiary Account	2,829,016.83	14	3,295,197.66	28	358,220.85	10	1,116,126.06	13
Termination	45,647,209.97	488	65,054,047.35	778	38,702,718.98	373	45,459,842.74	754
Total	\$ 64,566,584.58	1,049	\$ 87,778,428.36	1,370	\$ 52,799,813.36	741	\$ 69,288,299.94	1,423

"Other" refers to payments to beneficiaries



Distributions eligible for rollover

Dollar Distribution

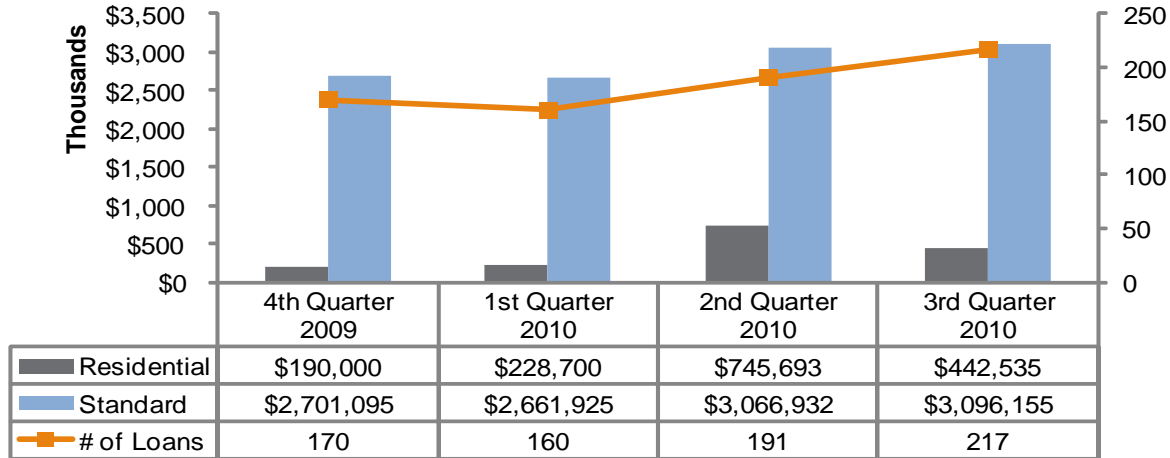


	Number of Distributions			
	Total Eligible Dollars	Cashout	Rollover	Split
4th Quarter 2009	\$ 48,684,340	229	164	77
1st Quarter 2010	66,991,230	331	306	96
2nd Quarter 2010	54,066,709	279	170	76
3rd Quarter 2010	\$ 46,232,495	490	184	67



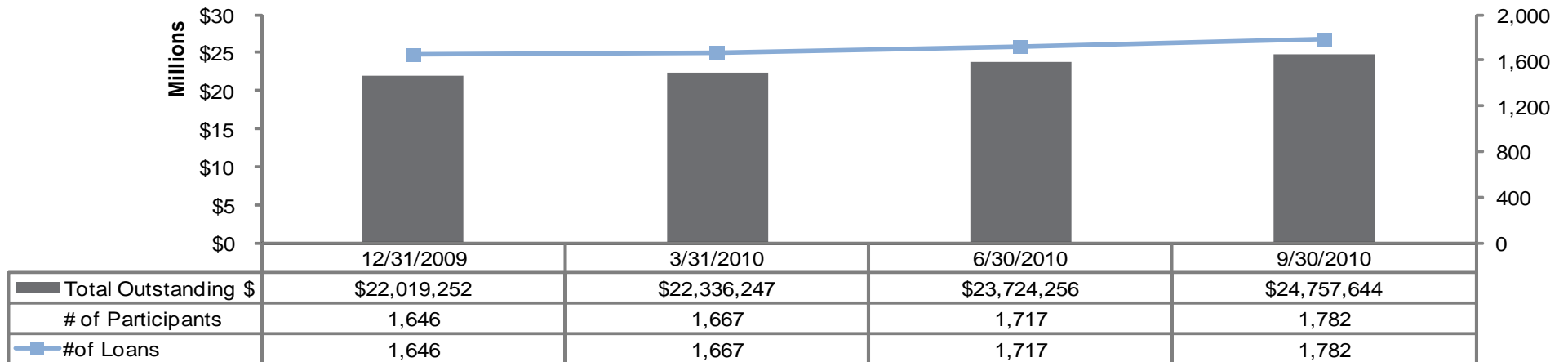
Am I letting my investments grow?

New Loans



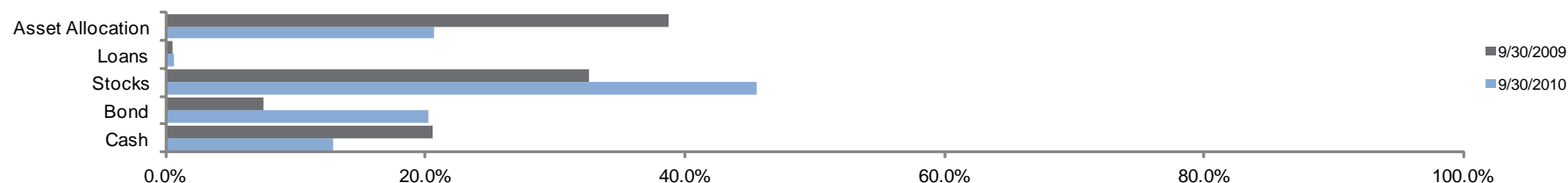
**Average
Outstanding Loan:
\$13,893.18**

Outstanding Active Loans



Saving Behavior

Asset allocation

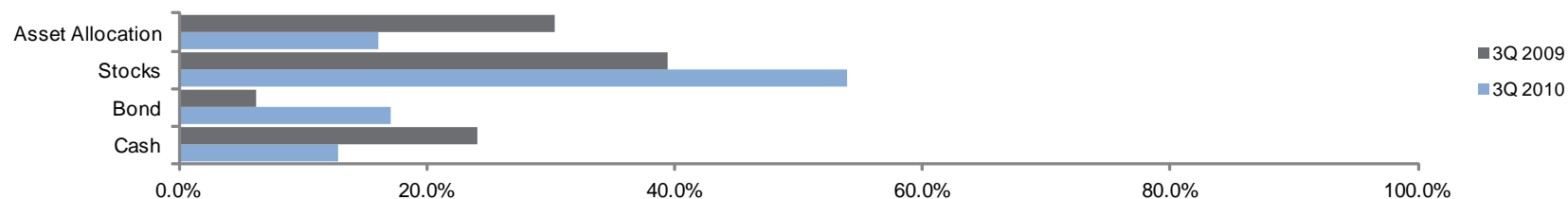


September 30, 2009	Dollars	Percent	Participants
Cash		20.6%	
Money Market Fund	\$ 459,445,961	12.13%	5,357
Stable Value Fund	320,077,734	8.45%	4,545
Bond		7.5%	
Bond Fund	285,623,876	7.54%	4,870
Stocks		32.6%	
International Equity Fund	237,940,388	6.28%	6,674
S&P 500 Index Fund	501,903,885	13.25%	8,688
US Large Cap Growth Fund	172,125,787	4.54%	6,630
US Large Cap Value Fund	134,217,182	3.54%	5,859
US Small Cap Fund	188,987,547	4.99%	6,978
Loans		0.6%	
Loans - Active and Defaulted	21,534,712	0.57%	1,616
Asset Allocation		38.7%	
Aggressive Asset Allocation Portfolio	134,857,037	3.56%	3,963
Conservative Asset Allocation Portfolio	144,184,120	3.81%	2,204
Moderate Asset Allocation Portfolio	1,186,531,489	31.33%	8,908
Total	\$ 3,787,429,718		

September 30, 2010	Dollars	Percent	Participants
Cash		12.9%	
Money Market Plus Fund	\$ 516,691,716	12.93%	5,179
Bond		20.3%	
Bond Fund	287,535,489	7.19%	4,993
US Bond Index Fund	438,816,838	10.98%	9,879
US TIPS Index Fund	84,922,043	2.12%	2,174
Stocks		45.5%	
International Equity Fund	165,684,499	4.15%	6,124
International Equity Index Fund	454,945,378	11.38%	10,092
S&P 500 Index Fund	817,331,604	20.45%	13,721
US Large Cap Core Fund	213,569,941	5.34%	8,811
US Small Cap Core Fund	166,922,597	4.18%	4,357
Loans		0.6%	
Defaulted Loan Fund	428,362	0.01%	17
Loans - Active and Defaulted	24,715,541	0.62%	1,782
Asset Allocation		20.6%	
Aggressive Asset Allocation Portfolio	87,138,759	2.18%	2,057
Conservative Asset Allocation Portfolio	122,496,376	3.06%	1,297
Moderate Asset Allocation Portfolio	615,554,561	15.40%	4,201
Total	\$ 3,996,753,706		



Contribution allocation



3rd Quarter 2009		Dollars	Percent
Cash			24.0%
Money Market Fund	\$	6,179,140	11.48%
Stable Value Fund		6,760,827	12.56%
Bond			6.2%
Bond Fund		3,361,227	6.24%
Stocks			39.4%
International Equity Fund		4,401,892	8.18%
S&P 500 Index Fund		7,878,661	14.63%
US Large Cap Growth Fund		3,289,221	6.11%
US Large Cap Value Fund		2,364,281	4.39%
US Small Cap Core Fund		3,296,990	6.12%
Asset Allocation			30.3%
Aggressive Asset Allocation Portfolio		4,514,535	8.39%
Conservative Asset Allocation Portfolio		1,826,287	3.39%
Moderate Asset Allocation Portfolio		9,963,834	18.51%
Total	\$	53,836,897	

3rd Quarter 2010		Dollars	Percent
Cash			12.9%
Money Market Plus Fund	\$	6,636,658	12.87%
Bond			17.1%
Bond Fund		2,874,647	5.58%
US Bond Index Fund		5,145,615	9.98%
US TIPS Index Fund		780,616	1.51%
Stocks			54.0%
International Equity Fund		2,760,419	5.35%
International Equity Index Fund		6,863,675	13.31%
S&P 500 Index Fund		11,636,107	22.57%
US Large Cap Core Fund		3,966,823	7.69%
US Small Cap Core Fund		2,592,364	5.03%
Asset Allocation			16.1%
Aggressive Asset Allocation Portfolio		2,594,902	5.03%
Conservative Asset Allocation Portfolio		1,185,282	2.30%
Moderate Asset Allocation Portfolio		4,524,107	8.77%
Total	\$	51,561,214	



Net interfund transfer activity

Data range from July 1, 2010, to September 30, 2010

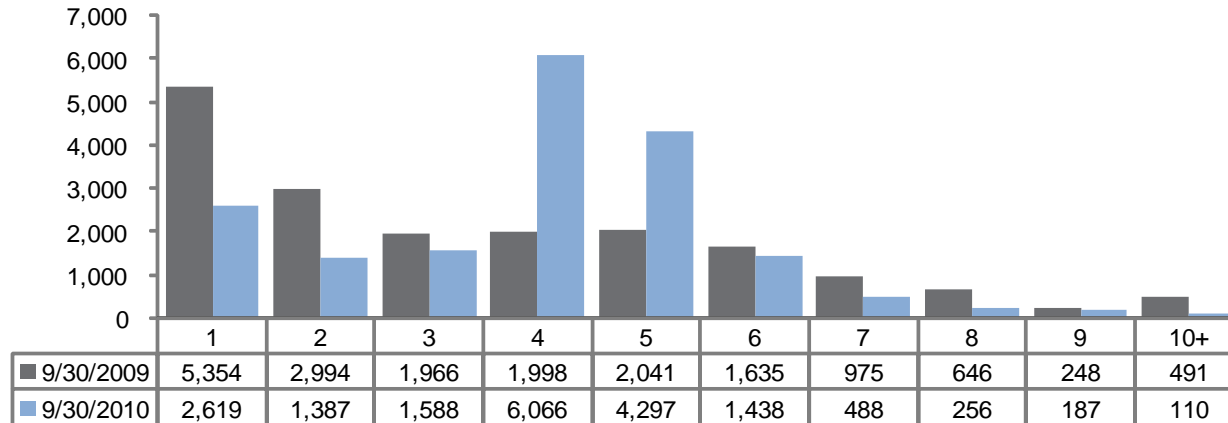
Fund	Transfer In	Transfer In Participant Count	Transfer Out	Transfer Out Participant Count	Net Transfers	Assets	Net Transfer as a % of Fund's Assets
US Bond Index Fund	\$ 43,954,347	3,924	\$ (24,380,789)	2,342	\$ 19,573,558	\$ 438,816,838	4.5%
US TIPS Index Fund	22,680,907	1,211	(5,384,323)	553	17,296,585	84,922,043	20.4%
Bond Fund	34,976,774	1,181	(18,090,333)	1,043	16,886,441	287,535,489	5.9%
International Equity Fund	26,657,763	1,982	(20,869,522)	1,739	5,788,241	165,684,499	3.5%
Defaulted Loan Fund	109,744	5	0	0	109,744	428,362	25.6%
Loan	0	0	(109,744)	5	(109,744)	24,757,644	-0.4%
Conservative Asset Allocation Portfolio	18,801,745	183	(20,074,074)	171	(1,272,329)	122,496,376	-1.0%
Aggressive Asset Allocation Portfolio	6,720,604	127	(8,546,982)	199	(1,826,378)	87,138,759	-2.1%
S&P 500 Index Fund	42,496,925	3,728	(47,158,249)	1,250	(4,661,323)	817,331,604	-0.6%
Money Market Plus Fund	71,754,236	776	(77,807,953)	2,280	(6,053,718)	516,691,716	-1.2%
International Equity Index Fund	20,939,201	1,730	(30,447,492)	3,388	(9,508,291)	454,945,378	-2.1%
Moderate Asset Allocation Portfolio	24,994,119	204	(35,187,005)	275	(10,192,886)	615,554,561	-1.7%
US Large Cap Core Fund	15,418,032	2,400	(27,485,063)	1,882	(12,067,031)	213,569,941	-5.7%
US Small Cap Core Fund	19,581,327	438	(33,544,198)	647	(13,962,871)	166,922,597	-8.4%
Total	\$ 349,085,727		\$ (349,085,727)		\$ 0	\$ 3,996,795,809	

From July 1, 2010, through September 30, 2010, 5,589 participants made a transfer.

From July 1, 2010, through September 30, 2010, 33 participants made more than five transfers.

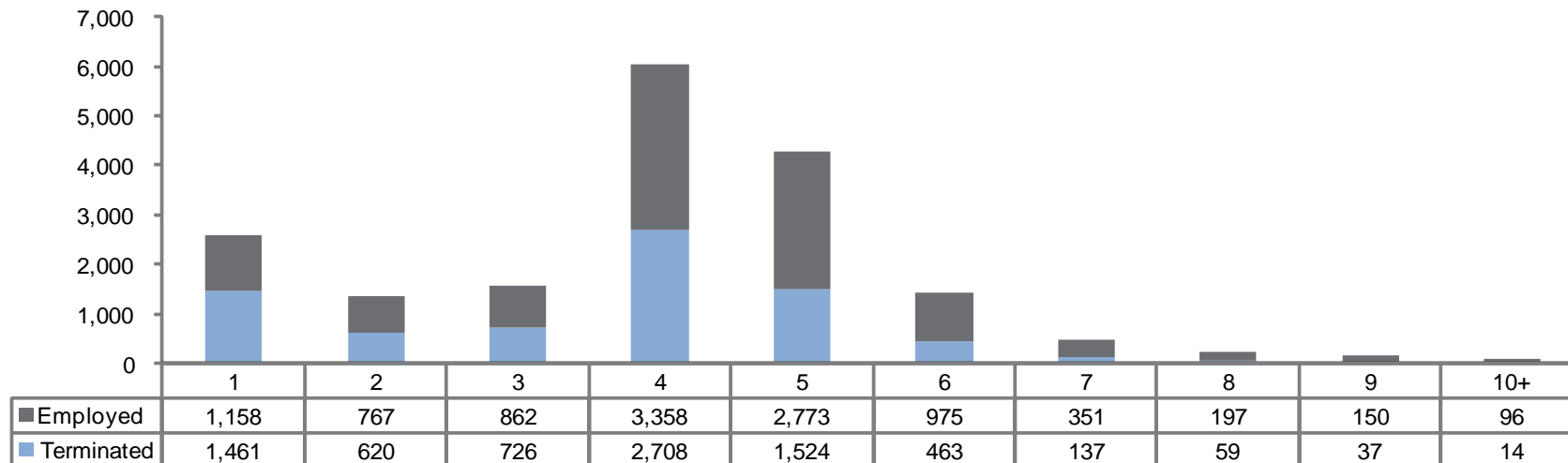


Number of investments per participant

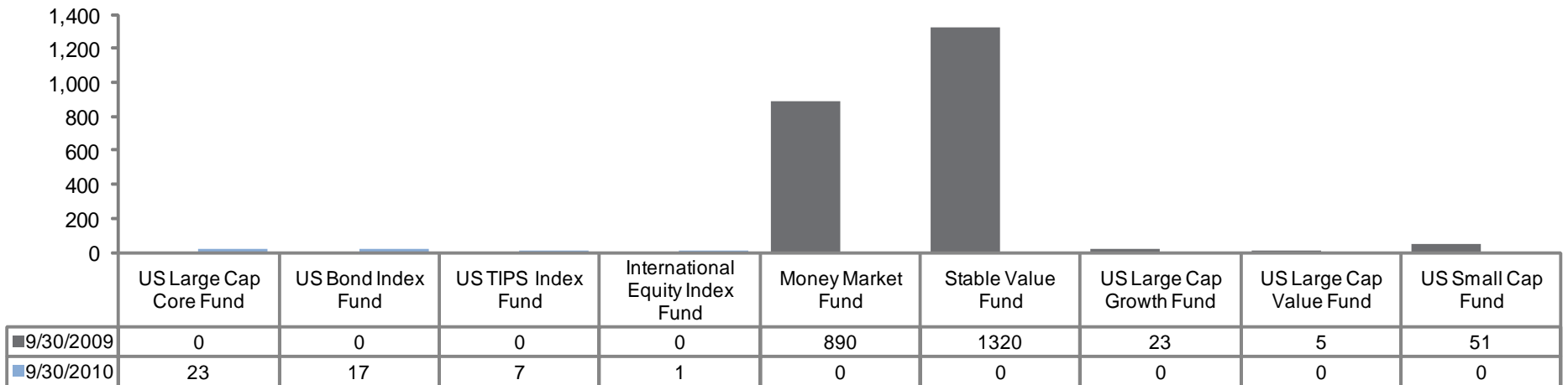
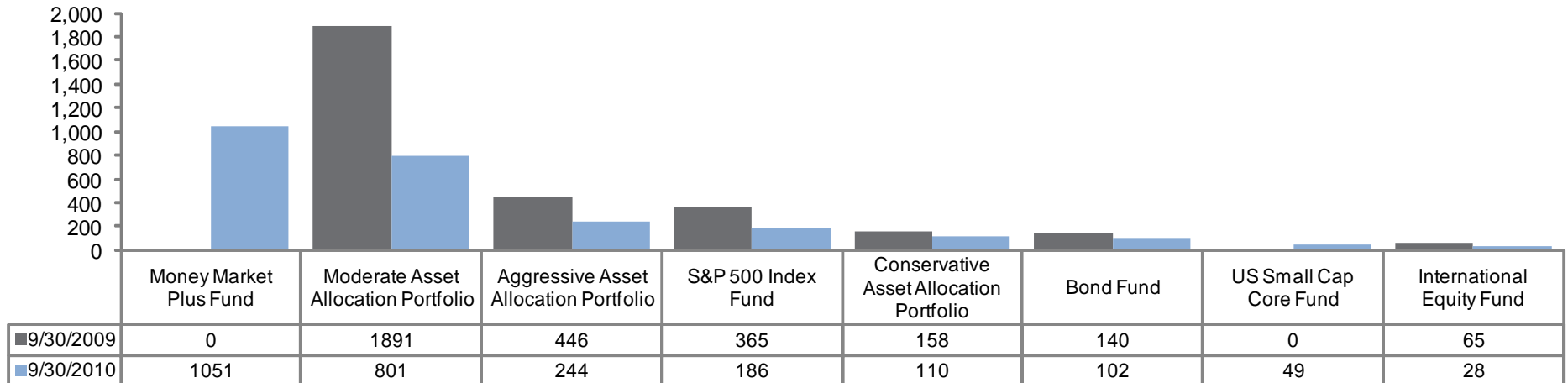


**Average Number of Funds:
3.95**

Employed vs Terminated as of September 30, 2010



Single investment participants

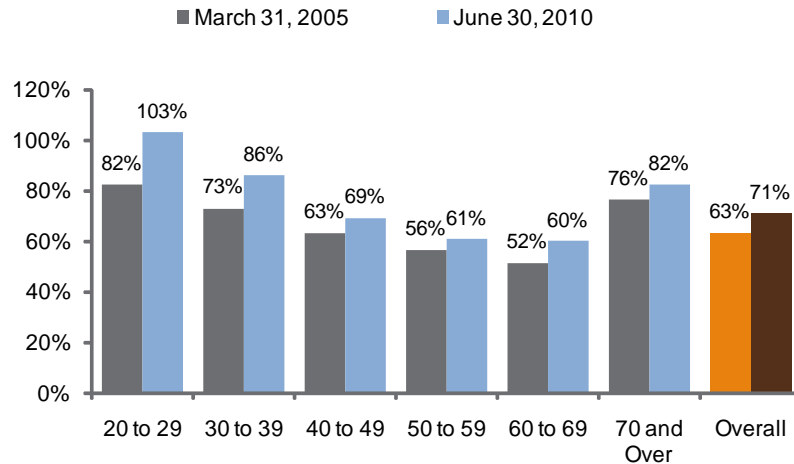


Estimated Income Replacement

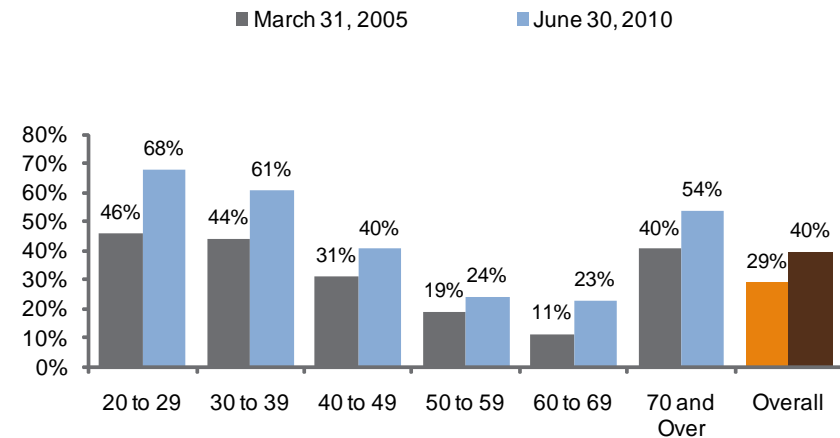
Income replacement history: all clients with at least one Audience of Onesm program

Data from March 2005 through June 2010

Average income replacement by age



Participants on track to receive 70% or more of income replacement



Percentage Change						
20 to 29	30 to 39	40 to 49	50 to 59	60 to 69	70 and over	Overall
25%	18%	10%	8%	16%	8%	12%

Percentage Change						
20 to 29	30 to 39	40 to 49	50 to 59	60 to 69	70 and over	Overall
48%	37%	31%	27%	100%	33%	36%

N = 408,305 participants

Assumptions: Income replacement results reflect the experience of participants earning between \$14,500 and \$10 million annually who were eligible to participate in their retirement plan both when the plan adopted Dream Machine and June 30, 2010. Retirement age is 65. If over 62, retirement age would be current age plus three years. Based on information provided for annual salary, state of residence, hire date, date of birth and gender. If not provided, gender defaults to female. Tax filing status defaults to single if state of residency is the same as tax filing state. Includes Social Security which is calculated based on normal Social Security retirement age, as per federal regulations. The assumed income growth rate is 5%. Income growth rate represents the average increase in salary expected over time, which is the approximate historical rate of growth (including inflation) for a typical person's salary. The projection considers the IRS annual compensation limit, indexed periodically. Contribution amount is based on current election in defined contribution plan. Annual retirement income estimate and initial risk category are calculated using the investments currently held in retirement plan account. Balances from brokerage account(s) or loan(s) will not be included in forecast. Wage replacement calculation includes balances from other plans that are turned on for Retirement Dream Machine.

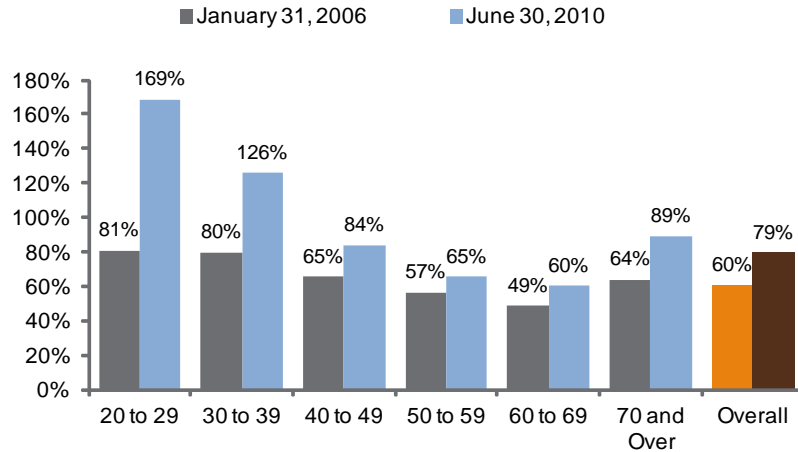
Source: J.P. Morgan Retirement Plan Services Proprietary Research



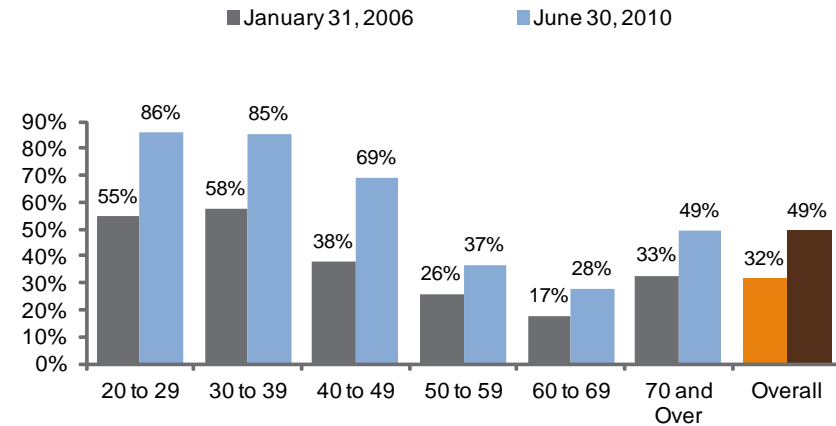
Income replacement history: Trust and Thrift Plan

Data from January 2006 through June 2010

Average income replacement by age



Participants on track to receive 70% or more of income replacement



Percentage Change						
20 to 29	30 to 39	40 to 49	50 to 59	60 to 69	70 and over	Overall
109%	58%	29%	16%	23%	39%	31%

Percentage Change						
20 to 29	30 to 39	40 to 49	50 to 59	60 to 69	70 and over	Overall
57%	48%	82%	41%	59%	50%	56%

N = 5,365 participants

Assumptions: Income replacement results reflect the experience of participants earning between \$14,500 and \$10 million annually who were eligible to participate in their retirement plan both when the plan adopted Dream Machine and June 30, 2010. Retirement age is 65. If over 62, retirement age would be current age plus three years. Based on information provided for annual salary, state of residence, hire date, date of birth and gender. If not provided, gender defaults to female. Tax filing status defaults to single if state of residency is the same as tax filing state. Includes Social Security which is calculated based on normal Social Security retirement age, as per federal regulations. The assumed income growth rate is 5%. Income growth rate represents the average increase in salary expected over time, which is the approximate historical rate of growth (including inflation) for a typical person's salary. The projection considers the IRS annual compensation limit, indexed periodically. Contribution amount is based on current election in defined contribution plan. Annual retirement income estimate and initial risk category are calculated using the investments currently held in retirement plan account. Balances from brokerage account(s) or loan(s) will not be included in forecast. Wage replacement calculation includes balances from other plans that are turned on for Retirement Dream Machine.

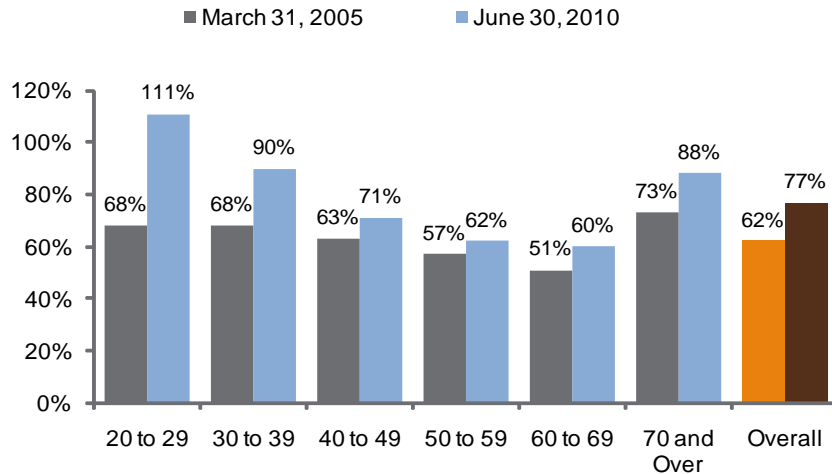
Source: J.P. Morgan Retirement Plan Services Proprietary Research



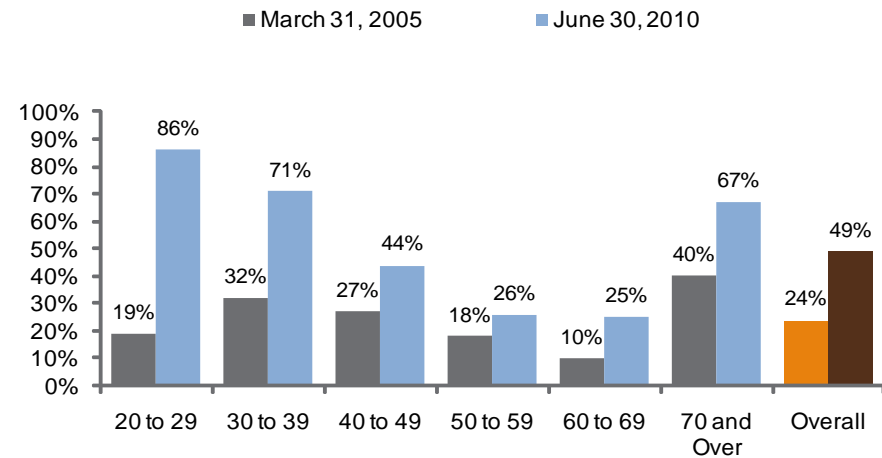
Income replacement history: contributing participants exposed to at least one Audience of Onesm program

Data from March 2005 through June 2010

Average income replacement by age



Participants on track to receive 70% or more of income replacement



Percentage Change						
20 to 29	30 to 39	40 to 49	50 to 59	60 to 69	70 and over	Overall
65%	33%	14%	8%	17%	21%	24%

Percentage Change						
20 to 29	30 to 39	40 to 49	50 to 59	60 to 69	70 and over	Overall
349%	121%	61%	43%	136%	70%	103%

N = 443,656 participants

Assumptions: Income replacement results reflect the experience of participants earning between \$14,500 and \$10 million annually who were contributing to their retirement plan as of June 30, 2010. Retirement age is 65. If over 62, retirement age would be current age plus three years. Based on information provided for annual salary, state of residence, hire date, date of birth and gender. If not provided, gender defaults to female. Tax filing status defaults to single if state of residency is the same as tax filing state. Includes Social Security which is calculated based on normal Social Security retirement age, as per federal regulations. The assumed income growth rate is 5%. Income growth rate represents the average increase in salary expected over time, which is the approximate historical rate of growth (including inflation) for a typical person's salary. The projection considers the IRS annual compensation limit, indexed periodically. Contribution amount is based on current election in defined contribution plan. Annual retirement income estimate and initial risk category are calculated using the investments currently held in retirement plan account. Balances from brokerage account(s) or loan(s) will not be included in forecast. Wage replacement calculation includes balances from other plans that are turned on for Retirement Dream Machine.

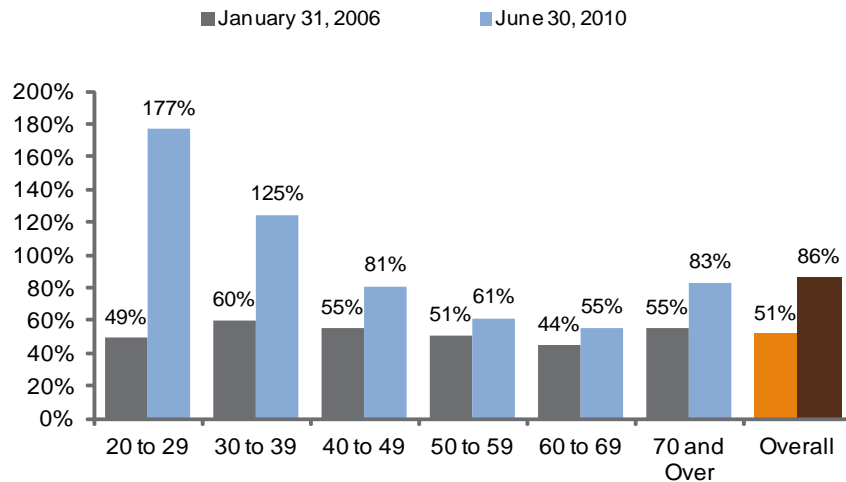
Source: J.P. Morgan Retirement Plan Services Proprietary Research



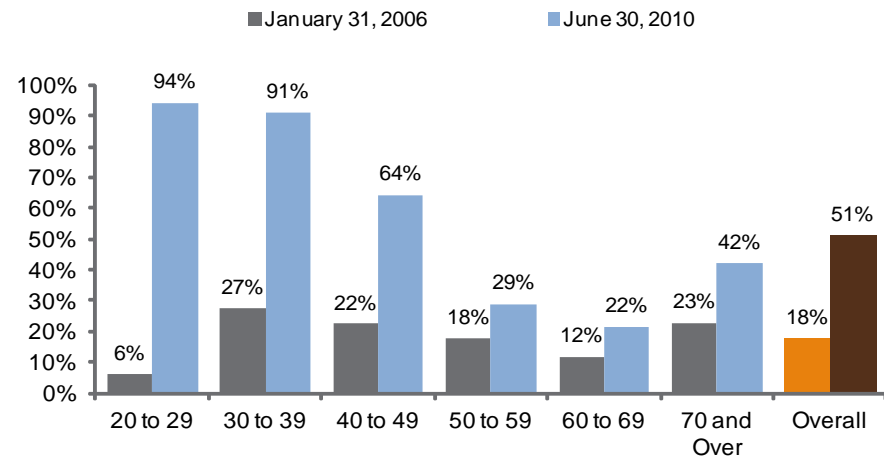
Income replacement history: Trust & Thrift Plan

Data from January 2006 through June 2010

Average income replacement by age



Participants on track to receive 70% or more of income replacement



Percentage Change

20 to 29	30 to 39	40 to 49	50 to 59	60 to 69	70 and over	Overall
260%	108%	48%	21%	25%	51%	67%

N = 8,410 participants

Percentage Change

20 to 29	30 to 39	40 to 49	50 to 59	60 to 69	70 and over	Overall
1443%	233%	187%	65%	83%	85%	187%

Assumptions: Income replacement results reflect the experience of participants earning between \$14,500 and \$10 million annually who were contributing to their retirement plan as of June 30, 2010. Retirement age is 65. If over 62, retirement age would be current age plus three years. Based on information provided for annual salary, state of residence, hire date, date of birth and gender. If not provided, gender defaults to female. Tax filing status defaults to single if state of residency is the same as tax filing state. Includes Social Security which is calculated based on normal Social Security retirement age, as per federal regulations. The assumed income growth rate is 5%. Income growth rate represents the average increase in salary expected over time, which is the approximate historical rate of growth (including inflation) for a typical person's salary. The projection considers the IRS annual compensation limit, indexed periodically. Contribution amount is based on current election in defined contribution plan. Annual retirement income estimate and initial risk category are calculated using the investments currently held in retirement plan account. Balances from brokerage account(s) or loan(s) will not be included in forecast. Wage replacement calculation includes balances from other plans that are turned on for Retirement Dream Machine.

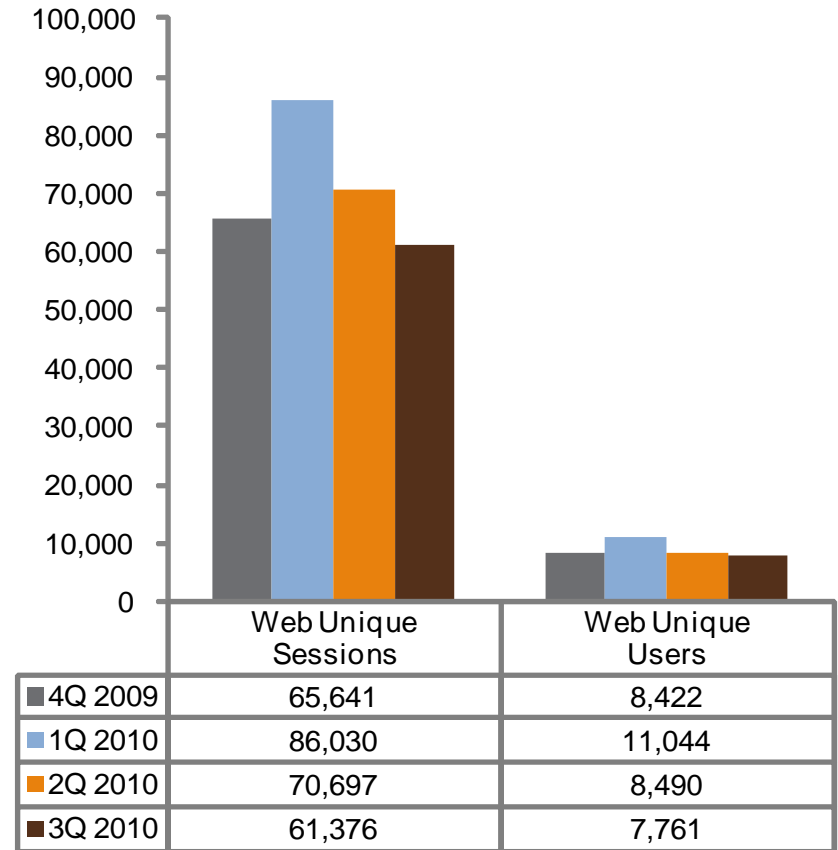
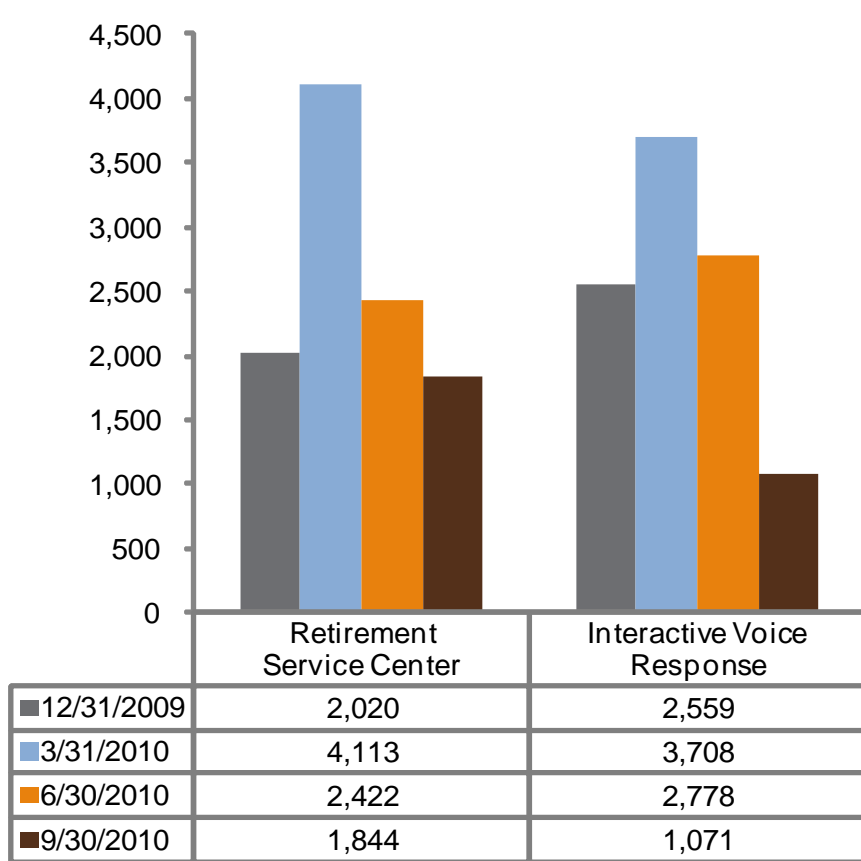
Source: J.P. Morgan Retirement Plan Services Proprietary Research





Participant Interaction with J.P. Morgan Retirement Plan Services

Participant interaction with J.P. Morgan Retirement Plan Services



Summary Observations and Next Steps

Summary observations and next steps

Participation:

- Overall participation rate is 81%. This is higher than the industry and other J.P. Morgan clients.
 - Roth participation is 13%, which is slightly lower than the industry, but higher than other J.P. Morgan clients
 - After-tax participation is almost 5%, which is higher than the industry and at par with other J.P. Morgan clients
 - Pre-tax and after-tax participation is greater within the older age bands, and Roth participation is greater within the younger age bands
- Average balance was \$216K as of September 30, 2010, which was more than double that of the industry or other J.P. Morgan clients.
- Average deferral rates are healthy at 10% for pretax, 7% for Roth, and almost 6% for after-tax; all higher than the industry or J.P. Morgan clients.
- 55% of participants deferring are deferring at a rate of 10% or more.
- 94% of participants deferring are maximizing the employer match; only 76% of participants are maximizing the match, counting eligible but not participating.
- 8% of participants eligible to defer made at least one deferral change in the third quarter 2010
 - 57% were increases and 43% were decreases
 - 30% were increases from zero and 14% were decreases to zero

Diversification:

- Of participants who are currently contributing to the plan, 51% are on track to receive at least 70% of income replacement (compared to only 18% in January 2006), which reflects the impact of plan design and communication efforts since converting to J.P. Morgan.
- Overall plan assets compared to September 30, 2009, went from 21% to 13% in cash, 8% to 20% in bonds, 33% to 46% in stocks, and 39% to 21% in asset allocation portfolios.
- Contribution elections compared to September 30, 2009, went from 21% to 13% in cash, 8% to 20% in bonds, 33% to 46% in stocks, and 39% to 21% in asset allocation portfolios.
- 14% of participants are invested in only one fund (compared to 29% in the same period last year); 40% of those participants are in the Money Market Plus Fund and 31% are in the Moderate Asset Allocation Portfolio

Transfers:

- 30% of participants with a balance had an investment transfer in 3Q10 (compared to 21% in 2009). This includes transfers made in J.P. Morgan Personal Asset Manager.
- Largest net inflows were in US Bond Index Fund, US TIPS Index Fund, and the Bond Fund.
- Largest net outflows were in US Small Cap Core Fund, US Large Cap Core Fund, and the Moderate Asset Allocation Portfolio.

Distributions:

- There was a slight spike in new loans taken in the third quarter of 2010, however, only 9% of participants have a loan, which is less than half the percent of both the industry and other J.P. Morgan clients.
- 10% of participants have a loan, which is much lower than the industry or other J.P. Morgan clients.
- 3% of participants took a hardship or in-service withdrawal, which is at par with other J.P. Morgan clients.
- Only 34% of participants taking a distribution elected a rollover. The average dollar amount of cash distributions was \$12K.
- There was a spike in termination distributions in the first and third quarters of 2010 (consistent with 2009).



**Becon Trust and Thrift Plan
Statistical Summary and Benchmarking**

Statistical summary and benchmarking

Saving	Your Plan	Retirement Industry	J.P. Morgan
Overall participation rate	7.6%	70.0%⁽¹⁾	73.2%
Automatic enrollment			
% of Clients	No	47%⁽²⁾	58%
Participants who defer into Roth 401(k) source	2.0%	15.6%⁽³⁾	8.4%
Participants who defer into after-tax source	N/A	1.0%⁽³⁾	4.1%

(1) U.S. Bureau of Labor and Statistics March 2009

(2) Deloitte Consulting 401(k) Benchmarking Survey 2009 Edition

(3) PSCA's 52nd Annual Survey of Profit Sharing and 401(k) Plans 2008 Experience

"Your Plan" refers to data as of September 30, 2010

"J.P. Morgan" refers to data as of September 30, 2010



Statistical summary and benchmarking

Saving Enough	Your Plan	Retirement Industry	J.P. Morgan
Average participant balance	\$6,601	\$57,150⁽¹⁾	\$74,265
Average participant pretax deferral	5.1%	6.0%⁽²⁾	7.4%
Average participant Roth deferral	4.4%	3.8%⁽²⁾	5.2%
Average participant after-tax deferral	N/A	2.9%⁽²⁾	5.0%
Automatic increase			
% of clients	No	36%⁽²⁾	50.0%
% of participants with an outstanding loan(s)	6.7%	24.1%⁽²⁾	24.0%
Average outstanding loan amount	\$3,116	\$8,309⁽²⁾	\$5,828
Participants who have taken a hardship/in-service withdrawal (“Your Plan” represents from July 1, 2010, through September 30, 2010)	1.5%	N/A Data Not Available	3.3%
Participants who rollover their distribution vs. cash-out (“Your Plan” represents from July 1, 2010, through September 30, 2010)	4%	N/A Data Not Available	35%

(1) How Well Are Employees Saving and Investing in 401(k) Plans, 2009 Hewitt Universe Benchmarks

(2) PSCA’s 52nd Annual Survey of Profit Sharing and 401(k) Plans, 2008 Experience

“Your Plan” refers to data as of September 30, 2010

“J.P. Morgan” refers to data as of September 30, 2010



Statistical summary and benchmarking

Saving Behavior	Your Plan	Retirement Industry	J.P. Morgan
% of Participants invested in Target Date Funds	N/A	31.0%⁽¹⁾	26.0%
% of plan assets allocated to Asset Allocation	3.9%	20.5%⁽²⁾	16.6%
% of plan assets allocated to Stock Funds	60.0%	40.5%⁽²⁾	36.2%
% of plan assets allocated to Bond Funds	17.2%	8.0%⁽²⁾	10.8%
% of plan assets allocated to Cash/Stability	15.7%	19.5%⁽²⁾	15.5%
% of plan assets allocated to Company Stock	N/A	4.4%⁽²⁾	16.3%
% of plan assets allocated to Self Directed Brokerage	N/A	3.7%⁽²⁾	1.3%
% of plan assets allocated to Other	N/A	3.8%⁽²⁾	1.0%
% of plan assets allocated to Loans	3.2%	2.8%⁽²⁾	2.3%
# of funds offered to plan participants	12	18⁽²⁾	18
Average number of funds per participant	3.5	N/A Data Not Available	3.4

(1) EBRI issue brief number 335, October 2009

(2) PSCA's 52nd Annual Survey of Profit Sharing and 401(k) Plans ,2008 Experience

Allocations listed for Retirement Industry do not include percent allocated to loans for total average allocation of assets in plans, per the PSCA's 52nd Annual Survey of Profit Sharing and 401(k) Plans, 2008 Experience

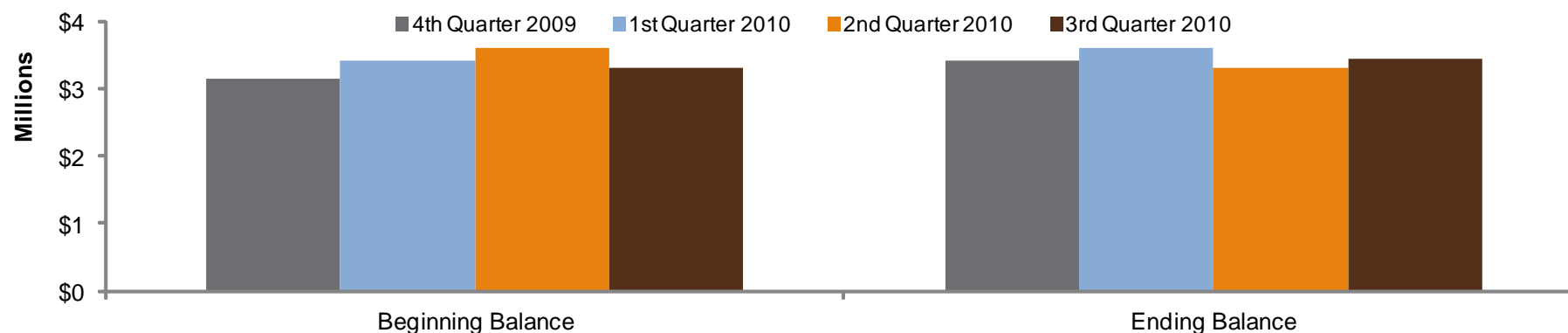
"Your Plan" refers to data as of September 30, 2010

"J.P. Morgan" refers to data as of September 30, 2010



Saving

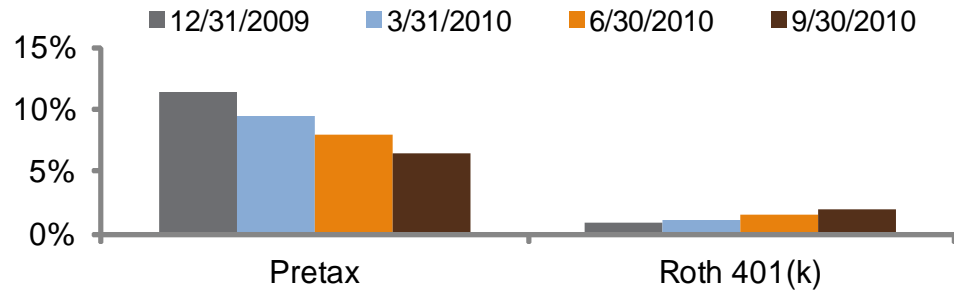
Cash flow



	4th Quarter 2009	1st Quarter 2010	2nd Quarter 2010	3rd Quarter 2010
Beginning Balance	\$ 3,130,816.91	\$ 3,406,746.04	\$ 3,601,369.24	\$ 3,310,266.05
Contributions	656,527.59	468,702.33	335,251.15	270,490.02
Total Disbursements	-320,826.31	-256,801.51	-286,862.60	-325,780.48
Loan Interest	520.62	887.93	997.39	1,004.03
Transfers				
Transfers In	1,984,054.26	840,188.09	1,265,608.97	261,420.18
Transfers Out	-1,984,054.26	-840,188.09	-1,265,608.97	-261,420.18
Participant Fees	-1,950.00	-1,275.00	-1,475.00	-3,743.73
Total Gains/Earnings/Losses	52,430.37	60,629.89	-222,649.82	278,692.24
Total Other Receipts	956.08	14,537.62	287.56	159,398.04
Total Other Disbursements	-111,729.42	-92,058.16	-116,651.51	-251,308.63
Ending Balance	\$ 3,406,746.04	\$ 3,601,369.24	\$ 3,310,266.05	\$ 3,439,017.90



Participation



Overall Participation Rate:
7.65%

Average participation rate as of September 30, 2010

By Location	# Eligible	Average Pretax %	Average Roth %
11	1	0.00%	0.00%
23	2,170	6.41%	1.98%
Total	2,171		

By Age	# Eligible	Average Pretax %	Average Roth %
Under 20 years	18	0.00%	0.00%
20 - 29 years	453	4.19%	1.32%
30 - 39 years	622	5.79%	2.57%
40 - 49 years	569	6.50%	1.76%
50 - 59 years	415	9.64%	2.17%
60 - 69 years	91	7.69%	2.20%
Over 70 years	1	0.00%	0.00%
Unknown Category	2	0.00%	0.00%
Total	2,171		

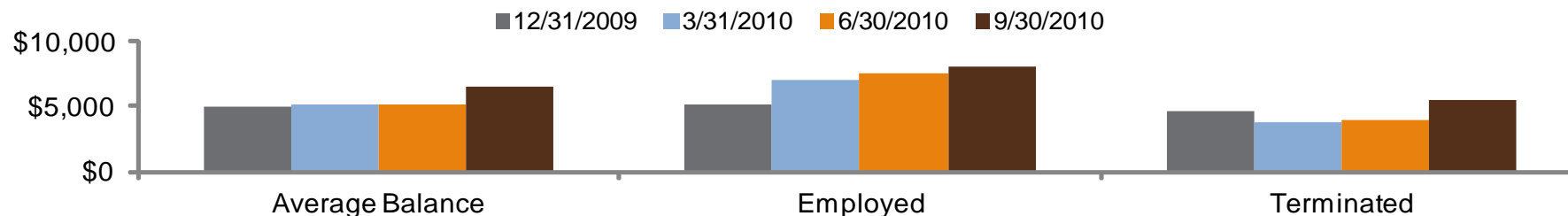
By Service	# Eligible	Average Pretax %	Average Roth %
< 1 year	610	1.80%	1.97%
1 - < 2 years	420	8.81%	1.67%
2 - < 3 years	477	6.50%	2.10%
3 - < 4 years	162	7.41%	1.85%
4 - < 5 years	89	7.87%	1.12%
5 - < 6 years	11	9.09%	9.09%
6 - < 7 years	3	66.67%	0.00%
7 - < 8 years	3	0.00%	0.00%
8 - < 9 years	51	5.88%	0.00%
9 - < 10 years	46	6.52%	2.17%
10 - < 15 years	207	9.18%	0.97%
15 - < 20 years	44	9.09%	4.55%
20 - < 25 years	47	19.15%	8.51%
25 - < 30 years	1	0.00%	0.00%
Total	2,171		





Saving Enough

Participant balance



Data as of September 30, 2010

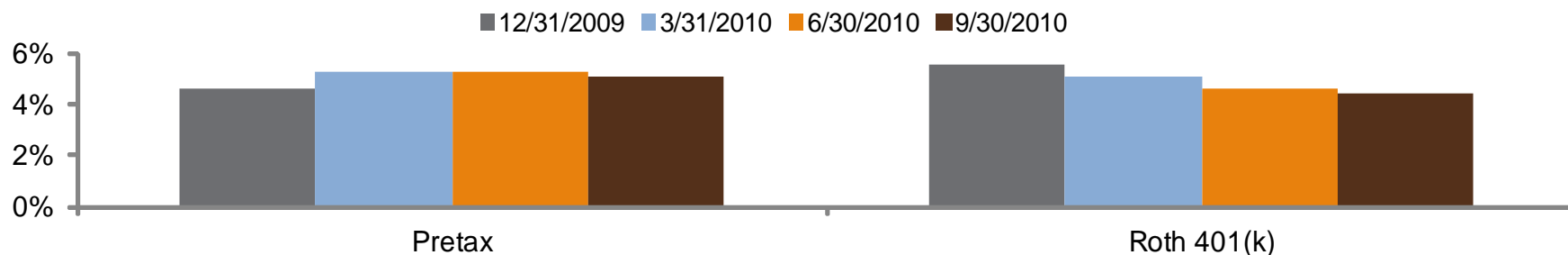
Status	# of participants	Average Account Balance
Employed	212	\$ 8,123
Not Employed	309	\$ 5,557

Salary Range	# of participants	Average Account Balance
NO COMPENSATION	166	\$ 5,664
20,000 - 29,999	1	5,809
30,000 - 39,999	27	3,364
40,000 - 49,999	111	4,124
50,000 - 59,999	138	5,656
60,000 - 69,999	72	13,685
70,000 - 79,999	6	\$ 29,782

Years of Service	# of participants	Average Account Balance
Inv Dt of Hire	4	\$ 12,386
< 1 year	107	1,569
1 - < 2 years	132	5,110
2 - < 3 years	90	7,412
3 - < 4 years	42	8,738
4 - < 5 years	25	5,651
5 - < 6 years	6	3,806
6 - < 7 years	4	8,492
7 - < 8 years	4	2,159
8 - < 9 years	12	8,016
9 - < 10 years	12	9,085
10 - < 15 years	56	11,001
15 - < 20 years	12	13,444
20 - < 25 years	15	\$ 21,571



Participant deferral



Average participant deferral as of September 30, 2010

By Location	# Participants	Average Pretax %	Average Roth %
23	166	5.06%	4.37%
Total	166		

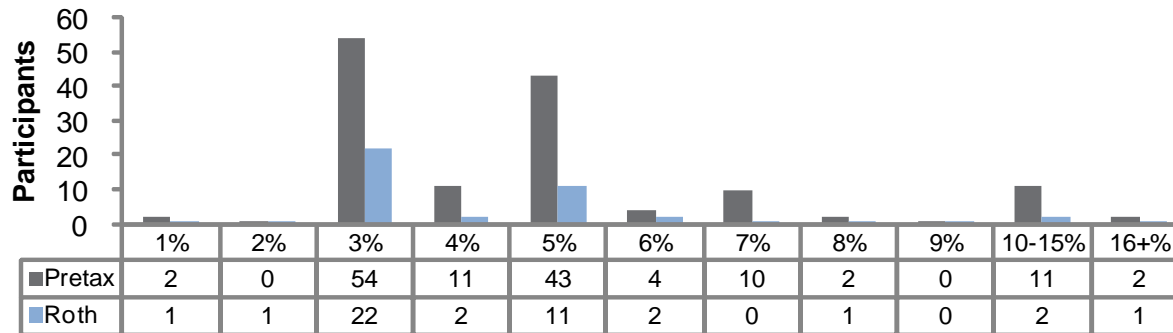
By Age	# Participants	Average Pretax %	Average Roth %
20 - 29 years	24	4.37%	4.67%
30 - 39 years	48	3.92%	5.13%
40 - 49 years	42	4.62%	3.60%
50 - 59 years	44	6.75%	3.78%
60 - 69 years	8	5.43%	4.00%
Total	166		

By Service	# Participants	Average Pretax %	Average Roth %
< 1 year	18	3.27%	4.08%
1 - < 2 years	42	4.30%	3.57%
2 - < 3 years	37	5.55%	4.20%
3 - < 4 years	14	6.58%	3.67%
4 - < 5 years	8	3.86%	16.00%
5 - < 6 years	2	3.00%	5.00%
6 - < 7 years	2	2.00%	0.00%
8 - < 9 years	3	5.00%	0.00%
9 - < 10 years	3	3.00%	10.00%
10 - < 15 years	20	6.53%	4.00%
15 - < 20 years	6	5.25%	3.50%
20 - < 25 years	11	6.00%	3.75%
Total	166		



Participant deferral percent trending

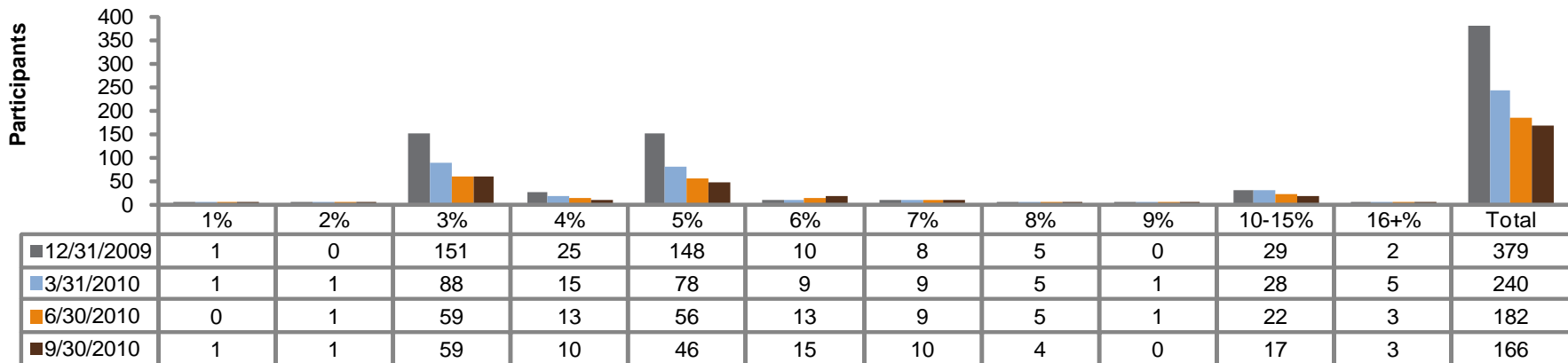
Data as of September 30, 2010



Number of participants not maximizing the company match:

61

Total deferrable sources



This summary represents the sum of standard contribution elections across all elective sources. As an example, a participant with 2% pretax election and 5% Roth election would be counted in the 7% group.



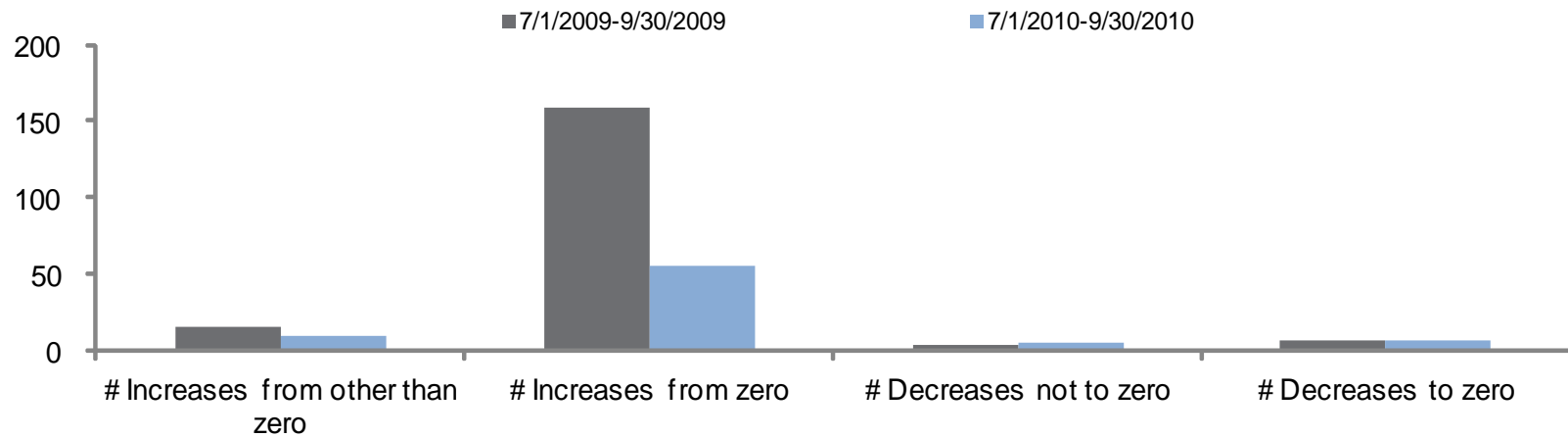
Contribution behavior

**July 1, 2009, to
September 30, 2009** **July 1, 2010, to
September 30, 2010**

Total number of participants making changes:

176

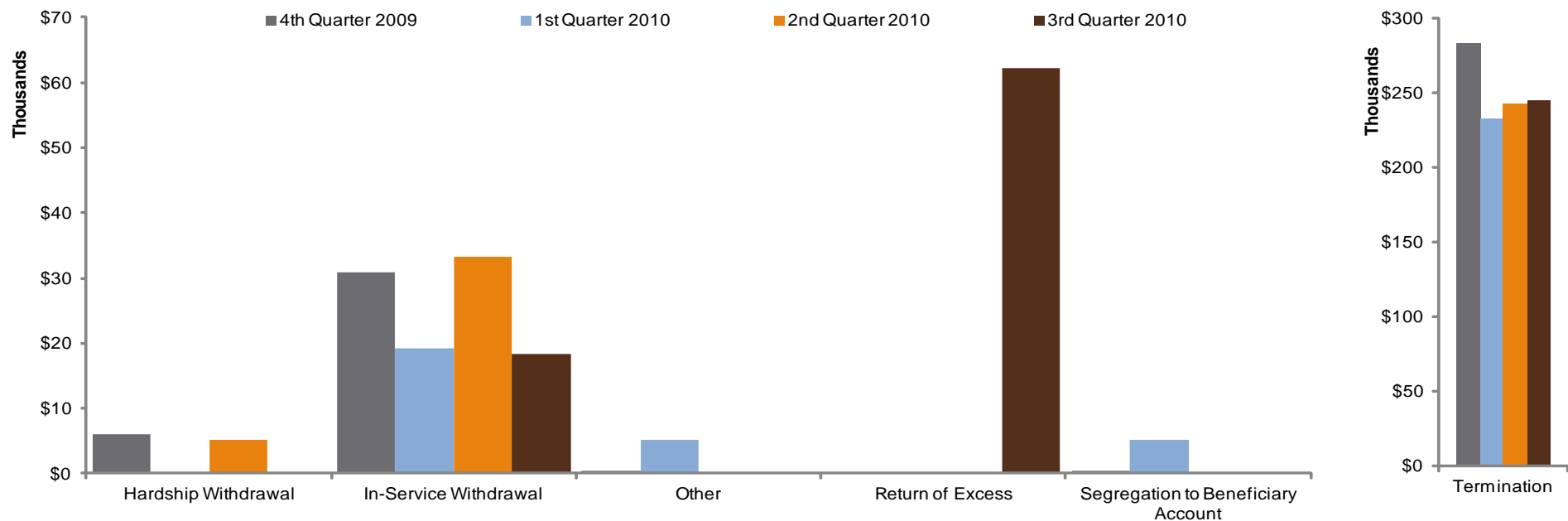
53



Source	# Increases from other than zero	# Increases from zero	# Decreases not to zero	# Decreases to zero	Total number of changes
July 1, 2009, to September 30, 2009					
Pretax	13	155	3	5	176
Roth	3	4		1	8
Total	16	159	3	6	184
July 1, 2010, to September 30, 2010					
Pretax	3	28	4	4	39
Roth	6	28	1	3	38
Total	9	56	5	7	77



Disbursements



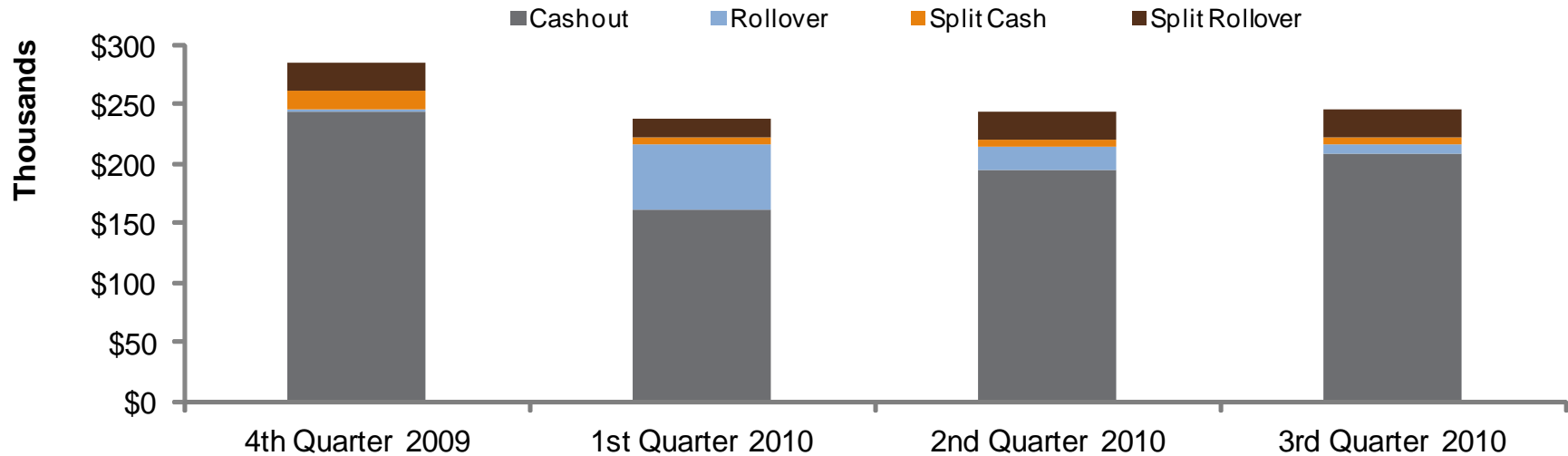
Distribution Type	4th Quarter 2009		1st Quarter 2010		2nd Quarter 2010		3rd Quarter 2010	
	Disbursement \$	# of Disbursements	Disbursement \$	# of Disbursements	Disbursement \$	# of Disbursements	Disbursement \$	# of Disbursements
Hardship Withdrawal	\$ 5,996.40	4	\$ 0.00	0	\$ 5,212.26	4	\$ 0.00	0
In-Service Withdrawal	30,858.21	12	19,192.96	11	33,141.90	13	18,391.40	8
Other	366.30	1	5,066.57	1	0.00	0	0.00	0
Return of Excess	0.00	0	0.00	0	0.00	0	62,123.41	20
Segregation to Beneficiary Account	366.30	1	5,064.76	1	0.00	0	0.00	0
Termination	283,605.40	263	232,541.98	91	243,157.03	92	245,265.67	155
Total	\$ 321,192.61	281	\$ 261,866.27	104	\$ 281,511.19	109	\$ 325,780.48	183

“Other” refers to payments to beneficiaries



Distributions eligible for rollover

Dollar Distribution

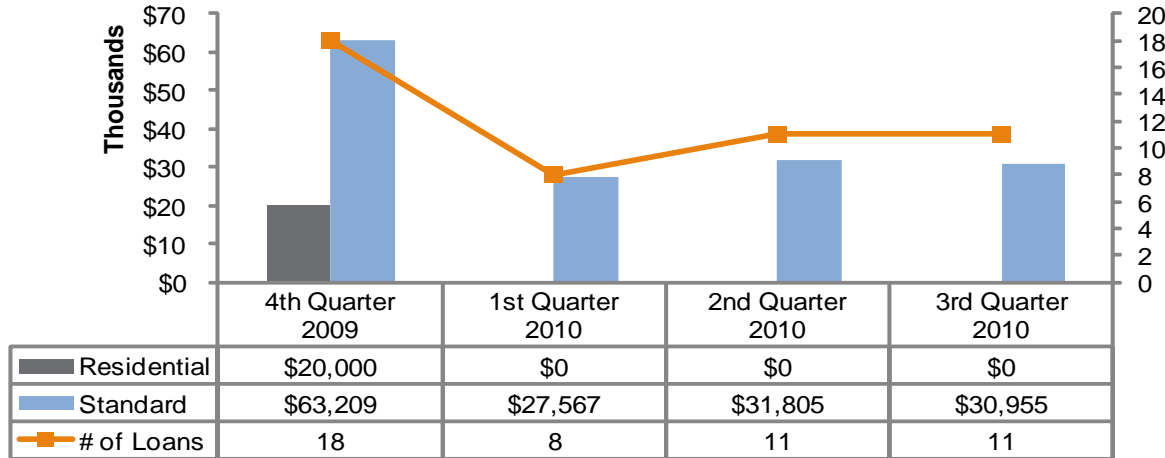


	Number of Distributions			
	Total Eligible Dollars	Cashout	Rollover	Split
4th Quarter 2009	\$ 283,972	256	2	1
1st Quarter 2010	237,410	82	8	1
2nd Quarter 2010	243,157	80	5	2
3rd Quarter 2010	\$ 245,266	146	5	1



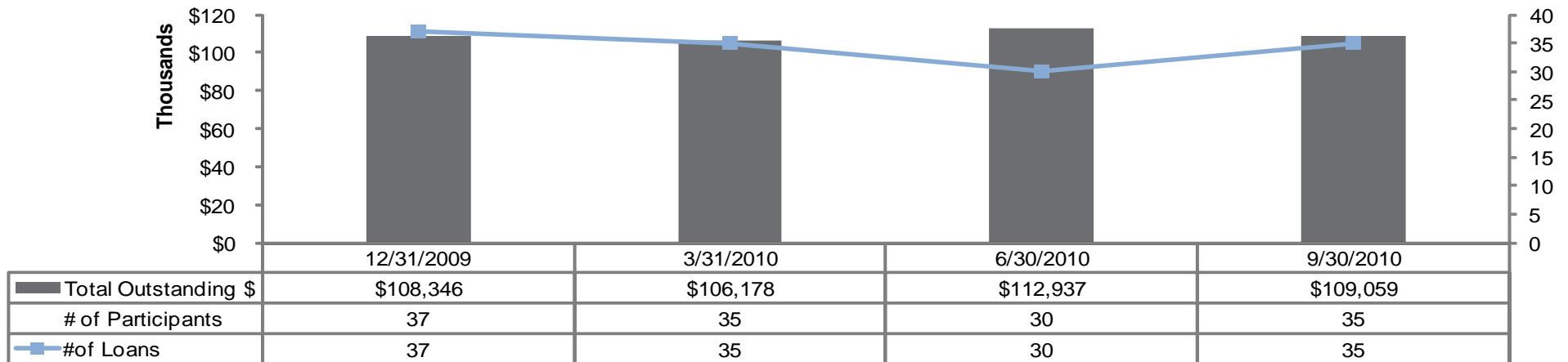
Am I letting my investments grow?

New Loans



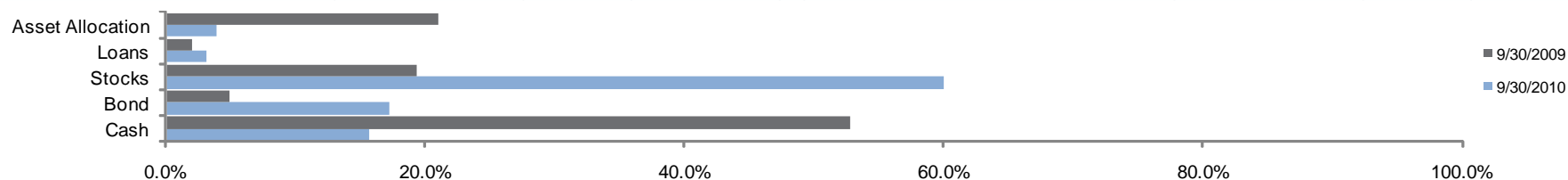
**Average
Outstanding Loan:
\$3,115.98**

Outstanding Active Loans



Saving Behavior

Asset allocation

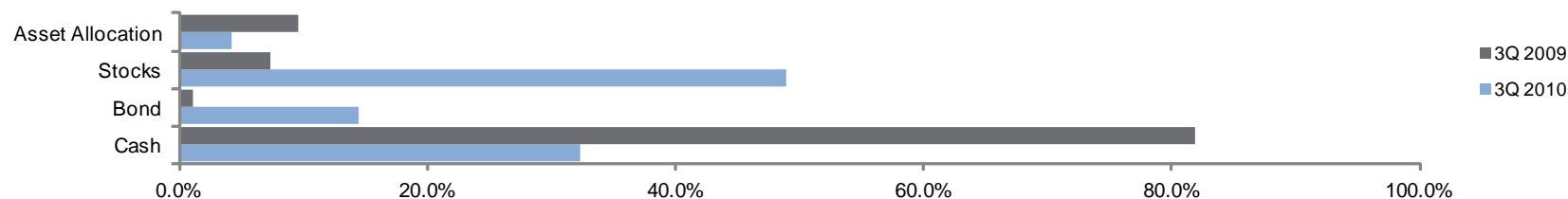


September 30, 2009	Dollars	Percent	Participants
Cash		52.7%	
Money Market Fund	\$ 1,367,827	43.69%	707
Stable Value Fund	283,187	9.05%	54
Bond		4.9%	
Bond Fund	153,754	4.91%	54
Stocks		19.3%	
International Equity Fund	102,744	3.28%	53
S&P 500 Index Fund	266,084	8.50%	81
US Large Cap Growth Fund	76,804	2.45%	45
US Large Cap Value Fund	65,915	2.11%	30
US Small Cap Fund	93,462	2.99%	49
Loans		2.0%	
Loans - Active and Defaulted	62,692	2.00%	28
Asset Allocation		21.0%	
Aggressive Asset Allocation Portfolio	261,498	8.35%	68
Conservative Asset Allocation Portfolio	97,599	3.12%	42
Moderate Asset Allocation Portfolio	299,253	9.56%	74
Total	\$ 3,130,818		

September 30, 2010	Dollars	Percent	Participants
Cash		15.7%	
Money Market Plus Fund	\$ 538,434	15.66%	242
Bond		17.2%	
Bond Fund	79,142	2.30%	42
US Bond Index Fund	505,151	14.69%	329
US TIPS Index Fund	8,306	0.24%	17
Stocks		60.0%	
International Equity Fund	71,953	2.09%	113
International Equity Index Fund	808,636	23.51%	339
S&P 500 Index Fund	908,368	26.41%	363
US Large Cap Core Fund	211,997	6.16%	272
US Small Cap Core Fund	63,768	1.85%	30
Loans		3.2%	
Loans - Active and Defaulted	109,056	3.17%	35
Asset Allocation		3.9%	
Aggressive Asset Allocation Portfolio	33,829	0.98%	24
Conservative Asset Allocation Portfolio	23,946	0.70%	15
Moderate Asset Allocation Portfolio	76,432	2.22%	27
Total	\$ 3,439,018		



Contribution allocation



3rd Quarter 2009		Dollars	Percent
Cash			81.9%
Money Market Fund		\$ 502,229	78.62%
Stable Value Fund		20,960	3.28%
Bond			1.1%
Bond Fund		6,925	1.08%
Stocks			7.4%
International Equity Fund		7,898	1.24%
S&P 500 Index Fund		18,419	2.88%
US Large Cap Growth Fund		8,295	1.30%
US Large Cap Value Fund		5,938	0.93%
US Small Cap Core Fund		6,453	1.01%
Asset Allocation			9.7%
Aggressive Asset Allocation Portfolio		30,414	4.76%
Conservative Asset Allocation Portfolio		11,505	1.80%
Moderate Asset Allocation Portfolio		19,781	3.10%
Total		\$ 638,817	

3rd Quarter 2010		Dollars	Percent
Cash			32.4%
Money Market Plus Fund		\$ 87,531	32.36%
Bond			14.5%
Bond Fund		3,550	1.31%
US Bond Index Fund		33,544	12.40%
US TIPS Index Fund		2,066	0.76%
Stocks			49.0%
International Equity Fund		3,998	1.48%
International Equity Index Fund		52,783	19.51%
S&P 500 Index Fund		56,838	21.01%
US Large Cap Core Fund		15,072	5.57%
US Small Cap Core Fund		3,795	1.40%
Asset Allocation			4.2%
Aggressive Asset Allocation Portfolio		2,320	0.86%
Conservative Asset Allocation Portfolio		4,974	1.84%
Moderate Asset Allocation Portfolio		4,019	1.49%
Total		\$ 270,490	



Net interfund transfer activity

Data range from July 1, 2010, to September 30, 2010

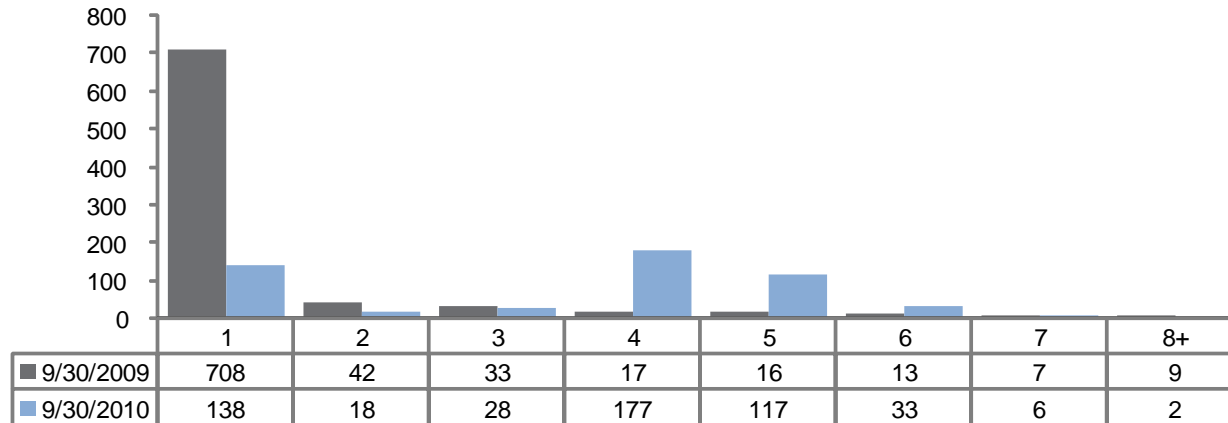
Fund	Transfer In	Transfer In Participant Count	Transfer Out	Transfer Out Participant Count	Net Transfers	Assets	Net Transfer as a % of Fund's Assets
US Bond Index Fund	\$ 119,480	346	\$ (10,303)	38	\$ 109,177	\$ 505,151	21.6%
US Large Cap Core Fund	74,301	317	(9,483)	34	64,818	211,997	30.6%
S&P 500 Index Fund	23,061	188	(2,019)	13	21,041	908,369	2.3%
International Equity Fund	19,230	168	(13,625)	58	5,604	71,953	7.8%
US TIPS Index Fund	3,639	13	(628)	4	3,011	8,306	36.3%
International Equity Index Fund	14,975	68	(16,245)	125	(1,270)	808,636	-0.2%
Moderate Asset Allocation Portfolio	108	1	(1,455)	1	(1,347)	76,432	-1.8%
Conservative Asset Allocation Portfolio	0	0	(1,930)	1	(1,930)	23,946	-8.1%
US Small Cap Core Fund	1,191	6	(5,264)	8	(4,073)	63,768	-6.4%
Bond Fund	4,037	14	(15,200)	15	(11,163)	79,142	-14.1%
Money Market Plus Fund	1,398	5	(185,267)	357	(183,869)	538,434	-34.1%
Total	\$ 261,420		\$ (261,420)		\$ 0	\$ 3,296,134	

From July 1, 2010, through September 30, 2010, 337 participants made a transfer.

From July 1, 2010, through September 30, 2010, zero participants made more than five transfers.

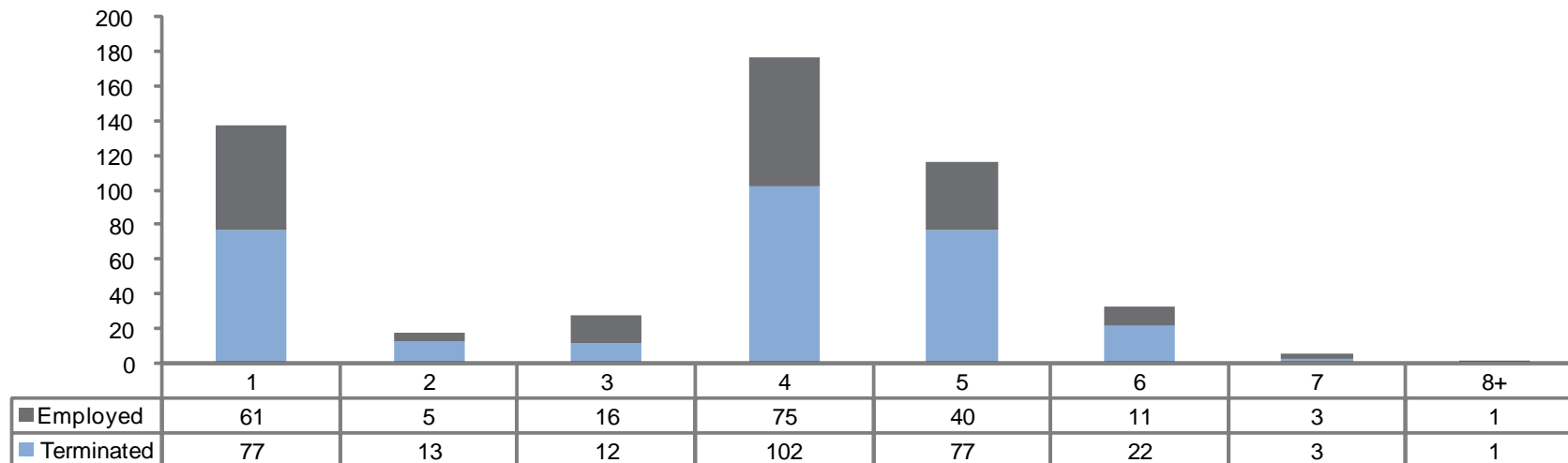


Number of investments per participant

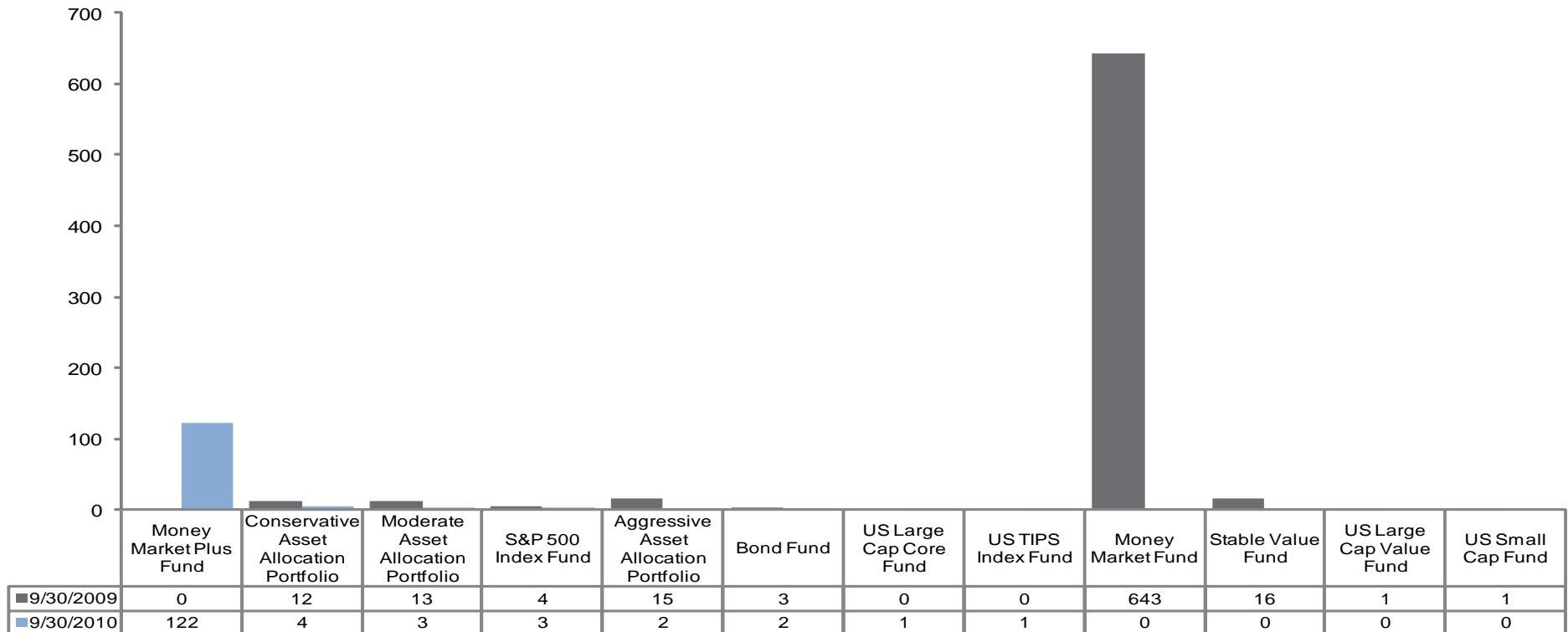


**Average Number of Funds:
3.49**

Employed vs Terminated as of September 30, 2010

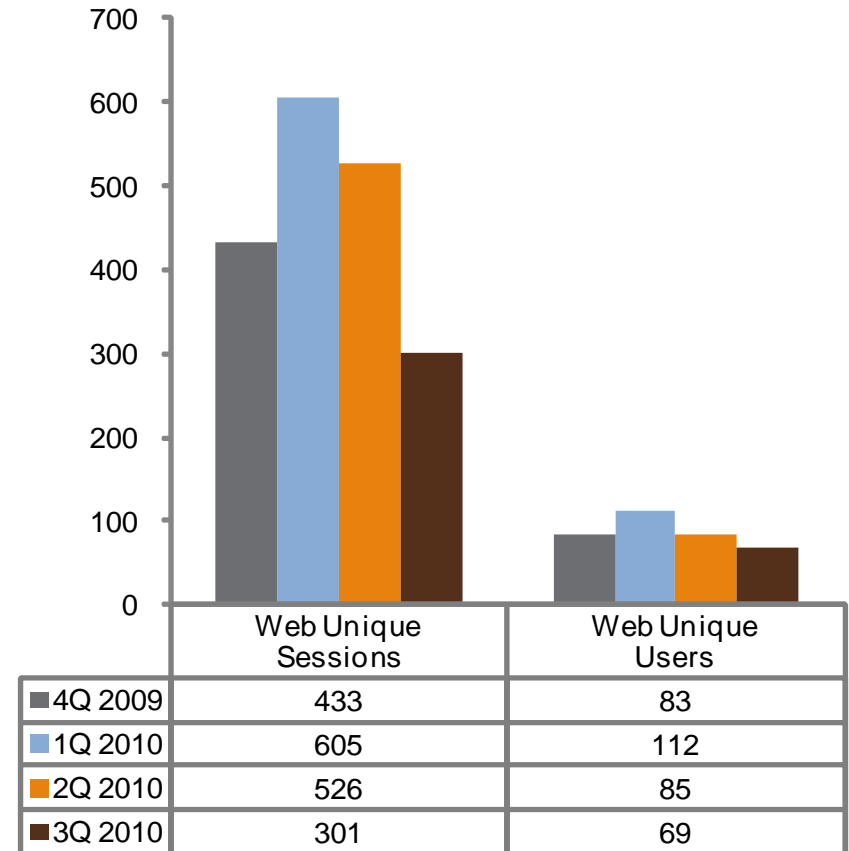
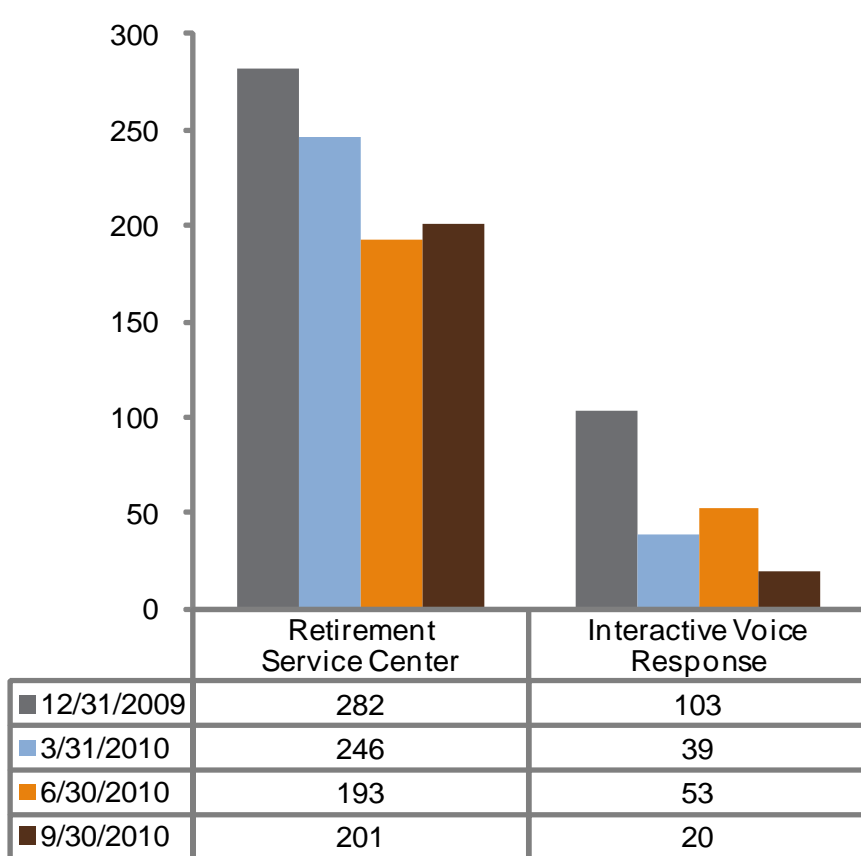


Single investment participants



Participant Interaction with J.P. Morgan Retirement Plan Services

Participant interaction with J.P. Morgan Retirement Plan Services



Summary Observations and Next Steps

Summary observations and next steps

Participation:

- Overall participation was 7.6%; compared to 13% in the same period last year .
 - Eligible population went from 3,899 as of 3Q09 to 2,171 as of 3Q10
 - Roth participation increased slightly to 2%, from less than 1% last year
 - Average deferral is 5% for pre-tax and 4% for Roth
 - Most participants are deferring at either 3% or 5%
 - 63% of participants deferring are maximizing the match; but only 5% of total eligible population is maximizing the match
- Average balance of \$6,601 was almost double the average balance in the same period last year (partly due to decreased number of participants).
- 2%, or 53 participants, made at least one deferral change in 3Q10 (compared to 176 participants in the same period last year).
 - 84% were increases and 16% were decreases
 - 73% were increases from zero

Diversification:

- Overall plan assets compared to September 30, 2009, went from 53% to 16% in cash, 5% to 17% in bonds, 19% to 60% in stocks, and 21% to 4% in asset allocation portfolios.
- Contribution elections compared to September 30, 2009, went from 82% to 32% in cash, 1% to 15% in bonds, 7% to 49% in stocks, and 10% to 4% in asset allocation portfolios.
- 26%, or 138 participants are invested in only one fund (compared to 708 participants in the same period last year); 88% of these participants are in the Money Market Plus Fund.

Transfers:

- 65% of participants with a balance made an investment transfer (this includes transfers made in the J.P. Morgan Personal Asset Manager).
- Largest net inflows were in US Bond Index, US Large Cap Core Fund, and S&P 500 Index Fund.
- Largest net outflows were in the Money Market Plus Fund and Bond Fund.

Distributions:

- 7% of participants have an outstanding loan; the average outstanding loan amount is \$3,116.
- 1.5% of participants took a hardship or in-service withdrawal.
- 96% of participants taking a distribution elected to receive cash, versus rolling over to another plan or IRA.
- The number of termination distributions spiked in 4Q09 and again in 3Q10.



Appendix

Bechtel Trust and Thrift Plan

General Information

Plan Name	Bechtel Trust and Thrift Plan
Effective Date	Original Bechtel Trust Plan effective 1/1/1956; original Bechtel Thrift plan effective 1/1/65
Restatement Date	1/1/2008
Amendment No. and/or Date	n/a
Adopting Employers	Bechtel Corporation
Employer ID Number	94-2681914
Document Type	Individually designed
EGTRRA Remedial Amendment Period	Cycle A - January 31, 2010
Plan Year	Calendar year

Eligibility Provisions

Eligible Employees	All Bechtel Employees except those excluded below; including Global Supply Group, Inc.
Excluded Employees	Hourly employees unless employed by Global Supply, Inc., leased employees, collectively bargained employees unless bargained into this Plan; Employees employed in a foreign country (unless a U.S. International Employee); Employee who is a Foreign National Employee and eligible to participate in a retirement plan of an affiliated company; Employee of an Employer who has entered into a contract with the U.S. Department of Energy; Employees of EPCjobs, Inc., Employees of Becon Construction Company, and an Employee who is not classified as a common-law employee.
Age Requirement	n/a
Service Requirement	Immediate for employee contributions; one Year of Service for Match and Trust Contributions
Definition of Year of Service	Elapsed time from date of hire
Entry Dates	As soon as administratively feasible



Bechtel Trust and Thrift Plan

Compensation

Definition of Compensation for Contribution Purposes	Thrift Compensation means Participant's regular or base salary or wages, including overtime, vacation, holiday, sick leave, shift differential, extended work schedule or other similar allowances, paid time off and paid leave of absence, and payments made for time off for personal reasons, including religious observance, jury, witness and military duties, severance that is timely paid
Exclusions from compensation	Bonuses, performance awards, sales commissions and site allowances; severance that is not timely paid

Employee Contributions

Pretax Limits	Yes/15% for HCEs; 40% for NHCEs
- Auto enrollment/%	No
- Auto increase	n/a
- Unwind distributions?	n/a
Roth 401(k)	Yes
After-tax Limits	Yes/15% for HCEs; 40% for NHCEs
- Combined limit	15% for HCEs; 40% for NHCEs
Catch-Up - Allowed	Yes
Rollovers - Allowed	Yes
- Types	Qualified 401(a), 403(a), 403(b), 457(b), IRA
- After-tax money allowed	Yes, deposited to "After-Tax" Account



Bechtel Trust and Thrift Plan

Employer Contributions

Match - Formula	25% of 6% stated, plus discretionary percentage; currently total match is 100% on 6% Thrift Compensation deferred
True-Up Match	No
Catch-Ups Matched	No
Eligibility Requirements	No hours or last day employment requirement
Profit Sharing - Formula	Discretionary "Trust" Contribution
Eligibility Requirements	No hours or last day employment requirement
Other - Formula	n/a
Eligibility Requirements	n/a
Misc. Info	n/a

Investment Options

Default Fund	Not specified in document; Stable Value Fund (Per SPI)
Any Transfer Restrictions	Stable Value cannot transfer directly into Money Market; International Fund requires a 7-day hold period
Company Stock	No
- Dividend Pass Through	n/a
- Proxy Voting	n/a
- Diversification	n/a
Brokerage	No
- Restrictions	n/a



Bechtel Trust and Thrift Plan

Vesting

Definition of Year of Service	n/a
Match Schedule	100%
Profit Sharing Schedule	100%
Other Schedule	n/a
Vest 100% at Death	n/a
Vest 100% at Disability	n/a
Forfeiture Disposition	n/a - all Accounts 100% vested (any match forfeited due to testing failures may be used for plan expenses and/or to reduce employer contributions)

Loans

Separate Loan Policy/RPS has copy	Loan language not specific in document; answers provided are from administrative procedures.
Spousal Consent	No
Maximum Amount	Statutory
Minimum Amount	\$1,000
# Allowed	One
Interest Rate	Prime rate in Wall Street Journal plus 1%
Repayment term - General	5 years
Repayment term - Residential	15 years
Prepayment	In full at any time
Default Provisions	90 days



Bechtel Trust and Thrift Plan

In-Service Withdrawals

Sources - < 59 1/2	Rollover, After-Tax and Roth Accounts
Sources - >= 59 1/2	All sources
Quantity Restriction	Not specified in document
Spousal Consent	No

Hardship Withdrawal

Allowed	Yes
Sources	Participant's funds; Trust and Match accounts not available.
Reasons	Safe Harbor
Include Funeral and Property Damage Expenses?	Yes
Satisfaction of Hardship	Safe Harbor
Allow Gross-up for taxes	Yes
Minimum Amount	No minimum
Quantity Restriction	No limit
Deferral Suspension Period	6 months
Spousal Consent	No



Bechtel Trust and Thrift Plan

Distributions for Termination, Retirement and Disability

Force-out Threshold Amount	\$1,000
Include Rollover Balance?	Yes
Amendment received for \$1,000 force-out or automatic rollover	Yes
Normal Retirement Age	65
Early Retirement Age	n/a
Age Can Defer Distributions To	70-1/2
Definition of Disability	Not defined in plan; goes to termination
Normal Form	Lump sum
Optional Form	Partial distributions (one per quarter)



Bechtel Trust and Thrift Plan

Death Distributions

Spousal Beneficiary

- | | |
|-----------------|--|
| - Timing | Spousal beneficiary may defer payments until the calendar year in which the Participant would have attained age 70-1/2 |
| - Normal Form | Lump sum |
| - Optional Form | n/a |

Non-Spousal Beneficiary

- | | |
|-----------------|---|
| - Timing | Non-spousal beneficiary may be paid no later than December 31 of the calendar year containing the fifth anniversary of the Participant's death. |
| - Normal Form | Lump sum |
| - Optional Form | n/a |

Non-spousal rollover adopted?

Yes

Beneficiary if not designated

Surviving spouse; children; parents; siblings; estate.

Minimum Required Distributions

RBD for employee past age 70 1/2

Unless a 5% owner, April 1 of the calendar year following the later of age 70-1/2 or termination of employment.



Fiduciary standards of conduct

Who is a Fiduciary?

▪ Anyone who...

- Has discretionary authority over the assets of a plan
- Has discretionary authority or control over the administration of a plan
- Offers investment advice to the plan for a fee

▪ The functions performed determine fiduciary status (facts and circumstances), not the position title

▪ Certain roles are typically fiduciary in nature

- Plan Sponsor
- Plan Trustee
- Plan Administrator
- Administrative and Investment Committees
- Investment Manager

▪ Ministerial functions (which may be delegated by a fiduciary) typically do not create fiduciary status. Ministerial functions may be fulfilled by:

- Directed Trustee
- Recordkeeper
- Attorney
- Accountant
- Actuary
- Third party vendor



Fiduciary standards of conduct

What are the responsibilities of a Fiduciary?

To follow the standards of conduct set forth under ERISA.

- **Exclusive Benefit Rule** – run the plan solely for the benefit of the participants.
 - **Prudent Person Rule** – exercise the care and skill that a prudent person would show in making decisions. This rule has been interpreted as creating a “Prudent Expert” with the requirement to hire or delegate to a subject matter expert if necessary.
 - **Diversification Rule** – select investments to minimize risk of large losses. This rule is mitigated to some extent if the plan allows participants to direct the investment of their accounts and the plan complies with section 404(c).
 - **Compliance with the Plan Document and ERISA** – administer plan in accordance with plan documents, statutes and governing regulations.
- To oversee the performance of any party to whom responsibilities have been delegated.
 - To provide timely and relevant information to enable appointees to perform their roles properly.
 - To report or remedy a known break of responsibility by another fiduciary.

Why is it important?

Now more than ever, fiduciary behavior (action or inaction) is under intense scrutiny, and the courts are seeing more legal claims filed against fiduciaries. Fiduciary breaches could result in:

- Personal liability for any losses to the plan resulting from a breach
- The plan’s disqualification
- Other appropriate relief determined by the court, such as:
 - Removal of the fiduciary
 - Civil penalties by the Department of Labor
 - Criminal penalties in extreme cases



Fiduciary standards of conduct

How can a fiduciary limit the risk?

- Fiduciary risk is often more about following stated processes and procedures than about the actions taken – so establish proper procedures
- Know what the Department of Labor would look for upon audit:
 - Written policies and procedures
 - Documentation that such are being followed and continually monitored
- Comply with ERISA section 404(c) to the extent possible
- Have fiduciary liability insurance or appropriate indemnification from the plan sponsor

This “toolkit” was designed to help you fulfill your fiduciary responsibilities. The following pages include more detailed information on the issues presented in this section. This material is intended only as a guide and is not intended to provide legal advice. Facts and circumstances vary. You should always consult legal counsel with specific questions or issues.



Fiduciary standards of conduct-appendix

Who is a Fiduciary?

A fiduciary is a person (defined as an individual, partnership, corporation, joint venture, trust, estate, unincorporated organization, association or employee organization) that:

A. Exercises any discretionary authority or discretionary control over the management of the plan or plan assets. This is a facts and circumstances determination, and the scope of the duties may limit or affect liability. This includes:

- Plan Sponsor
- Plan Administrator
- Plan Trustee or Custodian
- Investment and Administrative Committees
- Investment Manager

Committees may delegate some fiduciary liability by selecting another party to perform certain duties, but they retain fiduciary liability for that appointment and for monitoring the performance of that party.

B. Has discretionary responsibility or authority over the operation of the plan, including:

- Plan Administrator
- Anyone to whom the plan administrator delegates discretionary authority

C. Renders investment advice for a fee (or even has the authority or responsibility to do so).

D. Others - determined by function rather than title

- Anyone who exercises discretionary control, even if not authorized to do so
- Any individual or group that has the authority to appoint other fiduciaries

Who might not be a Fiduciary?

A. Certain ministerial/administrative functions are not fiduciary in nature if carried out under certain established procedures dictated by another person, and the individual performing the function has no discretionary authority. The Department of Labor (DOL) lists the following as ministerial (not fiduciary) functions:

- Determination of eligibility in accordance with plan rules
- Calculation of participant compensation and service to determine benefits
- Preparation of employee communications materials
- Maintenance of service and employment records
- Preparation of governmental reports

Calculation of benefits, as long as there is no discretion

- Orientation/enrollment of new employees
- Advising participants of their rights and options under the plan
- Collection of contributions
- Preparation of participant benefit statements
- Processing of claims

B. Facts and circumstances must be analyzed to determine whether a person or entity is acting in a fiduciary capacity. The following are not considered fiduciaries by the mere fact that they render services to the plan, but could be considered to have some fiduciary liability if they have (or take) any discretionary authority over the management of the plan:

- Professional service provider
- Recordkeeper
- Attorney
- Accountant
- Third party vendor
- Broker or Broker-dealer
- Directed Trustee
- Actuary
- Officers of the Company
- Board of Directors
- Insurance Company or Agent
- Participants who direct their account

Note again, that the facts and circumstances test may be applied and it may be determined that some fiduciary liability may apply for any of these roles. For example, if the Board of Directors is responsible for selecting and monitoring the Investment Managers, the Board's role is fiduciary in nature. If they delegate this to a committee, they may still have a fiduciary obligation as Directors to provide the appropriate information to the committee to make prudent decisions on behalf of the plan. The fiduciary liability of the Directed Trustee has come under closer scrutiny and interpretation in recent months. Recent litigation attempts to pull some of the above groups under the fiduciary umbrella if "they should have known" of certain events. Pending decisions with respect to a given set of facts, the extent of fiduciary liability remains a gray area in many respects.

Fiduciary Duties and Responsibilities

A. ERISA §402(a)(1) requires that every employee benefit plan be established and maintained in accordance with a written plan document. The document must be kept in compliance with

ERISA.

B. The plan document must define the procedures for amending the plan as well as determining who has authority to amend the plan.

C. The plan document must name at least one fiduciary who has the broadest responsibility for the operation of the plan. The document should also provide the named fiduciary with the authority to appoint other fiduciaries, name an investment manager or employer service providers.

D. The plan document must specify the procedure for making payments from the plan, including forms of payment and timing of distributions.

There is a funding policy requirement under ERISA §401(b)(1), to ensure that those in charge of managing the plan assets do so within the objectives of the plan and the liquidity needs for benefit payment obligations. Included in this requirement and the standard of prudence are the duties (specific or implied) to:

- Establish an investment policy statement as a general guide for the selection and monitoring of investment managers and the funds chosen for the plan.
- Apply the investment policy to each manager selected, setting forth the expectations for management of the assets assigned to them.
- Furnish the investment policy to the trustee.
- Assure compliance with the investment statement – a factor that is considered in determining whether there has been a breach of fiduciary duty.



Fiduciary standards of conduct-appendix

Set forth a procedure for monitoring the investment funds, whether or not participants direct their investments. While fiduciaries may not be responsible for the participants' investment choices (if the conditions of Section 404(c) of ERISA are followed), they are responsible for assuring that the fund and manager are performing in accordance with the standards set forth in the policy.

E. ERISA §412 requires that every fiduciary and every person who handles plan funds must be bonded. "Handling" relates to receipt, safekeeping and disbursement of funds, rather than investing. The amount of the bond must be fixed at the beginning of each plan year and not be less than 10% of the assets being handled (minimum \$1,000). The bond must protect the plan against loss by reason or acts of fraud or dishonesty.

F. A plan must provide for a claims procedure whereby a participant or beneficiary may request the review of any denial of a benefit claim, within a reasonable time period. This procedure must also be described in the summary plan description (SPD). The rules set forth some minimum time frames for consideration of claims and notification of the denial of any claims.

G. ERISA §107 requires the retention of records for a period of no less than six years. The information must contain enough detail to verify reports that were filed or determine benefits that may be due. Within certain parameters, this information may be maintained electronically.

H. There must be written procedures in place for determining whether a domestic relations order is qualified (QDRO), in accordance with ERISA §206(d)(3)(G).

Fiduciary Standards of Conduct

A fiduciary must adhere to certain standards of conduct set forth under ERISA.

A. The Exclusive Benefit Rule (also known as the Rule of Loyalty).

The fiduciary must discharge his/her duties solely to

Provide benefits to the plan participants and their beneficiaries, and

Ensure that the expenses charged to the plan are reasonable.

B. The Prudent Person Rule. The fiduciary must exercise his/her duties with the same skill, care, prudence and diligence that would be exercised by a reasonable person who is familiar with such matters. The DOL and Courts have interpreted this as the Prudent Expert Rule, requiring sponsors to retain expert assistance in matters they are not familiar with. Included under this "prudence" concept are:

The prudent selection of service providers via an objective process which looks at qualifications, quality of service, past performance and reasonableness of fees.

Having a process in place for ongoing monitoring and review of activities and performance of service providers.

Establishing a process to regularly evaluate fees paid by the plan.

The ability to rely on information of a third party, but only after exercising prudence in the selection of that provider.

Recovering any overpayment of benefits from the plan.

Complying with mandatory disclosure requirements, and expanding disclosure when not required, if it is in the best interest of participants and beneficiaries. Applying prudent administration of any participant loan program.

Following a consistent valuation process for assets in the plan, including employer securities and hard-to-value assets.

Prudence is as much (if not more) about the process for making decisions as it is about the actual decision. It is, therefore, important to document the procedures, the periodic monitoring set forth in the procedures and the basis for any decisions that are made through following the procedures.

C. The Diversification Rule. Generally requires the fiduciary to diversify the investment of plan assets in order to minimize the risk of large losses. This rule applies solely to the fiduciary(ies) responsible for investment or management of any of the plan's assets. There are certain exceptions for employer securities and if the plan allows participants to direct their own investments.

D. Compliance with Governing Plan Documents. ERISA §404(a)(1)(D) requires the fiduciary to comply with the

documents that govern the plan, to the extent not inconsistent with the provisions of ERISA. This is not limited to the formal plan document, but also includes the SPD, trust agreement, board resolutions, investment policy statements and any plan policies or procedures. All of these must be kept in compliance with ERISA and with the operational rules of the plan.

Fiduciary Liability

A. ERISA §409 holds a fiduciary personally liable for a breach of responsibility that he/she directly commits, either by act or omission.

Any loss to the plan for imprudent investing, failure to diversify investments, or any mismanagement of the plan, must be restored by the fiduciary.

The fiduciary must give up any profits resulting from a breach of fiduciary duty. An actual loss to the plan does not need to occur for there to be a fiduciary breach.

B. A successor fiduciary, under ERISA §409(b) shall not be liable for a breach if it occurred prior to the successor becoming a fiduciary. However, if the successor does not take prudent steps to remedy the breach, once discovered, it may be liable for the continuing breach.

C. Under ERISA §405, a fiduciary may be held liable for a breach by a co-fiduciary under three scenarios:

the fiduciary knowingly participates or conceals the breach;

the fiduciary, by not following its duties under ERISA, enables another fiduciary to commit a breach; or

the fiduciary has knowledge of the breach and does not take any steps to remedy it.



Fiduciary standards of conduct-appendix

Participant-Directed Accounts

ERISA §404(c) provides relief for a fiduciary with respect to participant-directed accounts in individual account plans, as long as certain requirements are followed. 404(c) relief is largely transactional in nature - where a plan fails to satisfy the requirements, the relief is not available with respect to that particular transaction or investment option.

To satisfy ERISA Section 404(c):

A. The participant or beneficiary must have sufficient control over his/her investments. To comply, a plan must provide certain mandatory disclosures:

notice that the plan is intended to be a 404(c) plan, and that 404(c) relieves plan fiduciaries of liability; description of the investment options; identity of designated investment managers of the funds; restrictions on investment or transfer options; explanation of fees and expenses relative to each investment; information about any proxy voting rights (after selection of a fund that passes through such rights); and the most current prospectus for each investment option (after selection of that option by a participant).

B. The fiduciary must provide at least three diversified investment options that offer materially different risks and returns.

C. The participant or beneficiary must have the opportunity to change investment elections or transfer between funds as often as appropriate (based on the volatility for each fund but no less frequently than quarterly). Written confirmation of investment instructions must be available.

D. In addition, the plan fiduciary must provide each participant or beneficiary who so requests (although the plan can choose to provide this information automatically), with the latest available version of the following information:

a narrative description of the annual operating expenses of each investment alternative (investment management and administrative fees, which reduce the participant's rate of return); copies of any prospectuses, financial statements, and reports relating to investment alternatives under the

plan, to the extent such information is available to the plan;

a list of assets comprising the portfolio of the investment alternative that constitutes plan assets, and the value of each such asset; for investment contracts issued by a bank or insurance company, the name of the contract issuer, the term of the contract, and the rate of return; information about the value of shares or units in investment alternatives available under the plan, and the past and current performance of such alternatives; and information about the value of shares or units held in the participant's or beneficiary's individual account.

E. If a plan fiduciary or employer exercises undue or improper influence over a participant or beneficiary, then the participant does not have effective control, and 404(c) relief is not available.

F. A fiduciary may refuse to follow a participant's investment instructions if doing so would result in a prohibited transaction, jeopardize the plan's tax qualification status, be outside the provisions of the plan document, cause the assets to be maintained outside of US jurisdiction, generate unrelated business taxable income or result in a loss exceeding the value of the account.

G. Brokerage Accounts – There is much discussion around whether a brokerage option in a plan has any relief under 404(c). Such option almost always meets the participant control and diversification requirements. There is a question around the disclosure requirements and whether the plan administrator (or recordkeeper) or the brokerage firm is responsible for the proper disclosures.

The plan administrator does not escape fiduciary responsibility over the brokerage account assets – they are still responsible for making sure that activity in the brokerage arrangement does not violate the plan document or ERISA. It must also be clear that the brokerage option is available to all employees on a nondiscriminatory basis. Reasonable minimum account requirements are generally considered to be nondiscriminatory.

H. Limited 404(c) relief is available for an investment option in employer securities, under certain conditions -
The stock must be publicly traded on a national

exchange or a recognized market.

Securities must be traded frequently and in sufficient volume to assure participant's directions may be acted upon promptly.

Participants and beneficiaries must receive the same information as other stockholders.

Voting rights must be passed through to participants and beneficiaries.

A fiduciary that is responsible for the confidentiality of the investments must be appointed, and that fiduciary must be authorized to appoint an independent fiduciary in situations that involve the potential for the employer to exercise undue influence over a participant's exercise of his/her shareholder rights.

I. There is no "safe harbor" default investment fund for 404(c) relief. Relief is available only upon participant direction. If participants confirm in writing they know the assets will go into a default fund, unless they elect otherwise, such confirmation would constitute participant direction. If a default fund is chosen by a plan fiduciary, exposure to liability may be minimized if the standards of diversification and prudence are followed in the selection and monitoring of the fund.

See 404(c) checklist under the "Plan Level Monitoring" tab.

Practical Applications

A. Make sure your employee contributions (and loan payments) are deposited timely.

The DOL has increased its scrutiny of this. The feeling is there should be a deposit of contributions to the trust following each payroll.



Fiduciary standards of conduct-appendix

Remember, the deadline is “within a reasonable time after the assets can be segregated from the employer’s general assets” – if you can determine payroll taxes, then contributions have been determined and can generally be transmitted. THE 15TH BUSINESS DAY OF THE MONTH FOLLOWING THE PAYROLL WITHHOLDING IS NOT A SAFE HARBOR DEADLINE. (This is an outside deadline, but the DOL will look to see when contributions have historically been deposited.) Corporate auditors are also taking a closer look at this – there is some sentiment they will begin to qualify audits unless sponsors remit contributions timely. Form 5500 requires disclosure of late deposits. This is also a prohibited transaction (see discussion below) and may require correction under the DOL program.

B. Make sure fees charged to the plan are reasonable (Exclusive Benefit Rule)
 “Reasonable” expenses paid out of plan assets (or charged to participants) for the administration of the plan, include, but are not limited to –

- Service provider fees
- Trustee fees
- Audit fees
- Fees incurred for the required amendments to the plan document.
- Determination letter expenses for obtaining and maintaining IRS qualification of the plan.
- Independent appraisal of employer stock or hard-to-value assets
- Coverage and nondiscrimination testing fees.
- QDRO and certain distribution fees may be charged against the affected participant.
- Former participants may be charged reasonable fees for maintaining their accounts, even if the employer pays the fees for active participants. (But terminated participants cannot subsidize or be charged fees to cover active participants.)

“Settlor” expenses may not be paid from the plan assets. The settlor is considered the creator of the trust for the plan assets,

and generally has the authority to direct how the trust is run and what the assets are to be used for. The DOL has determined that certain actions by the settlor may not be charged against plan assets. Typically, fees associated with plan design, benefit studies and similar employer benefit decisions may not be charged to the plan. Once such decisions are made and paid for by the plan sponsor, administrative fees to implement the decision with respect to the plan may be reimbursable by the trust, if reasonable.

(Fees paid by the plan sponsor (and not the plan) do not fall under this reasonableness standard.)

C. Ensure that the plan operates in accordance with the plan document and applicable regulations (Compliance)
 Plans may not engage in “Prohibited Transactions” (see details in next section).

All aspects of plan administration must adhere to the provisions of the plan document.

Understand the terms of the plan and how it operates; as well as when it must be updated.

A fiduciary has the duty to oversee the performance of any fiduciary or service provider to whom responsibilities have been delegated.

D. (Diversification Rule)
 Do you have an investment policy statement?
 Can you show that the investment funds and managers were selected using an independent/objective process?

Do you routinely monitor (and document) the performance of the funds and the managers?

Do you follow and document the requirements to comply with ERISA 404(c)?

E. Document, Document, Document (Prudent Expert Rule)
 “Procedural Prudence” – Indication is that the process may be as important under audit as the actual decision.

Make sure that you have written procedures, such as an investment policy statement.

Document that you are following your written procedures.
 Be aware of activities of co-fiduciaries – even if fiduciary responsibility has been delegated to another, the plan’s named fiduciary is liable for the selection of such other person.

Prohibited Transactions
 ERISA and the Internal Revenue Code prohibit certain transactions between the plan and individuals or entities that have a specific relationship to the plan known as “Parties-in-interest” (under ERISA) and as “Disqualified Persons” (under the

Internal Revenue Code).

- A. Party-in-interest
 Any fiduciary of the plan, including any administrator, officer, trustee or custodian; counsel, or employee of the employee benefit plan;
 A person providing services to the plan;
 An employer whose employees are covered by the plan;
 An employee organization whose members are covered by the plan;
 A fifty-percent (50%) owner (direct or indirect) of the employer whose employees are covered by plan, an entity owned 50% by any individual listed above; an employee, officer, director, or 10% owner of the entities above or of the employee benefit plan;
 A relative of any of the above parties (includes spouse, ancestor, lineal descendant, or spouse of lineal descendant; excludes siblings);
 A joint venture participant or partner owning at least 10% interest in the entities above.

B. Disqualified person
 Generally the same as a party-in-interest, except it does not include employees of the plan sponsor.

- C. What Transactions are prohibited?
 Sale, exchange or lease of any property between the plan and such individuals or entities.
 Lending money/extending credit between the plan and a party-in-interest.
 Furnishing of goods, services or facilities to a party-in-interest.
 Transfer of plan assets to, or use of plan assets by or for the benefit of a party-in-interest.
 Acquisition or holding of other than qualified employer securities or qualified real property on behalf of the plan in excess of ERISA Section 407 limits.



Fiduciary standards of conduct-appendix

Fiduciaries may not deal with plan assets for their own benefit, engage in potential conflicts of interest or receive kickbacks.

D. Certain exceptions exist generally -

Loans to participants/beneficiaries within specific guidelines.

Statutory and administrative exemptions for certain loans to an ESOP.

Interest-free loan to the plan for ordinary operating expenses for a 3-day period.

Loans secured by residential mortgages and entered into by a qualified real estate manager.

Certain transactions in funds managed by a qualified professional asset manager (QPAM).

Payment of certain expenses out of plan assets (discussed above).

In addition, there may also be a Prohibited Transaction

Exemptions (PTE) that has been granted by the DOL which applies to a given transaction. There are two types of PTEs.

One is a class exemption that has broad or general application to a transaction affecting many plans or parties in interest.

There is also an individual prohibited transaction exemption. This is an administrative exemption that applies only to the specific party in interest named or otherwise defined in the exemption. This generally applies to a single plan or circumstance, and may not be relied on by others.

What happens if there is a breach of fiduciary duty?

A breach of fiduciary duty may result in the plan's disqualification. The fiduciary must make the plan whole for any losses incurred. (An actual loss to the plan does not need to occur for there to be a fiduciary breach.)

The disqualified person may be subject to a 15% IRS penalty tax on any prohibited transaction.

If the transaction is not corrected in a timely manner, an additional 100% IRS tax may be imposed.

The fiduciary must give up profits resulting from a breach of fiduciary duty.

The DOL may impose an additional civil penalty of 20% on any recoverable amount.

In extreme cases, fiduciaries have been sentenced to prison or other criminal penalties.

Bad intent is not necessary to incur fiduciary liability. As the

courts have pointed out: "An empty head and a pure heart is no defense."

Can a fiduciary breach be corrected?

The DOL has established the Voluntary Fiduciary Correction (VFC) Program to encourage employers to self-correct certain fiduciary violations of ERISA. There are fifteen specific financial transactions with prescribed remedies for correction.

Applicants to the program must correct any prohibited transaction, restore any losses to the plan that occurred as a result of the transaction and make affected participants and beneficiaries whole.

If the applicant makes the necessary correction, the DOL will issue a "no action" letter indicating that there will be no further enforcement action or civil penalty imposed by the DOL.

The Delinquent Filer Voluntary Corrections (DFVC) Program was created to allow plan administrators who were late in filing the required Form 5500 reports, to voluntarily bring their plans into compliance with ERISA by filing the missing reports and paying a reduced penalty.

With both programs, the IRS has waived certain corresponding fees and excise taxes.

What could happen if there is a violation of the terms of the plan document, or the document itself is not in compliance with current regulations?

Potential loss of plan qualification

Loss of Employer's deduction

Recognition of income by employees

Recognition of income by the Trust

If coverage fails and is not corrected timely, HCEs are taxed on their entire vested account balance.

Can a plan document or operational document violation be corrected?

The IRS has established programs under the Employee Plans Compliance Resolution System (EPCRS) to encourage plan sponsors to identify and correct plan operational errors and avoid plan disqualification. There are three types of programs. The use of these programs is subject to specific requirements and criteria, so may not be available to all plans:

Self-Correction (SCP) – allows many plan sponsors to correct operational errors within a two-year period without a formal filing with the IRS or payment of a correction fee.

Voluntary Correction with IRS Approval (VSP) – plan sponsors can correct a defect before audit, pay a fee based on the number of participants and receive IRS approval of the correction. (This program includes some opportunity to amend plans that were not timely amended for legislative changes.)

Correction under Audit (CAP) – sponsors may avoid plan disqualification for errors found in an IRS audit. There is a sanction imposed by the IRS, which could be significant. This fee is often subject to negotiation with the IRS.

EPCRS provides specific corrections under SCP and VCP for certain errors, including (but not limited to):

Vesting errors

Exclusion of eligible employees

Hardship distribution errors

Inclusion of ineligible employees

Failure to obtain spousal consent required for a distribution

If you feel that any of these issues may have occurred with respect to your plan, please contact your ERISA counsel to discuss your correction options.



404(c) Checklist

All the following questions must be answered “Yes” for the plan to be considered an ERISA Section 404(c) plan. Compliance with ERISA Section 404(c) does not relieve plan fiduciaries of responsibility for selecting the investment vehicles to be offered under the plan and monitoring them on an ongoing basis to ensure that they continue to be prudent investment alternatives.

J.P. Morgan Retirement Plan Services has completed the following 404(c) Checklist based on information contained in our files. Our completion of the checklist does not relieve plan fiduciaries of the responsibility to independently complete this checklist and to seek legal advice where appropriate.

1. Under the terms of the plan, does the participant have a reasonable opportunity to give investment instructions to a plan fiduciary who is identified to participants by name or position?
Yes No
2. Is this plan fiduciary obligated to comply with participants’ investment instructions?
(Note: A fiduciary may refuse to follow instructions which would (a) result in a prohibited transaction, (b) generate taxable income for the plan, (c) not be in accordance with the plan document, (d) jeopardize the plan’s tax qualified status, (e) likely result in a loss in excess of a participant’s account balance, or (f) cause the indicia of ownership of plan assets to be outside U.S. jurisdiction.)
Yes No
3. Does the participant have an opportunity to obtain written confirmation of his or her instructions?
Yes No



404(c) Checklist

4. Has the participant been provided the following information prior to investment (unless noted otherwise)?

Yes No

a. An explanation that the plan is intended to constitute a 404(c) plan

*Enrollment material and Web site**

b. An explanation that plan fiduciaries may be relieved of liability for losses which are the direct and necessary result of investment instructions given by participants

*Enrollment material and Web site**

c. A general description of each investment alternative available under the plan, including the investment objectives, risk and return characteristics, and information relating to the type and diversification of assets comprising the portfolio of each investment alternative

*Enrollment material and Web site**

d. The identification of any designated investment manager (a fiduciary, other than a trustee or named fiduciary, with the power to manage, acquire, or dispose of any plan assets)

*Enrollment material and Web site**

e. An explanation of the circumstances under which investment instructions may be given, including any specified limitations on such instructions or transfers under the terms of the plan; and any restrictions on the exercise of voting, tender and similar rights.

*If provided by the plan sponsor, enrollment material and Web site**

f. For investment alternatives subject to the Securities Act of 1933, a copy of the most recent prospectus. This can be provided immediately before or after the initial investment (Note: If a Profile -- a special summary of a mutual fund's prospectus -- is more recent than the prospectus, it may be provided in lieu of the mutual fund's prospectus.)

A prospectus is mailed to a participant after his or her initial investment in a fund

g. After investment, participants must be provided with any materials provided to the plan describing the exercise of voting or tender rights, to the extent such rights are passed through to participants. Reference must be made to any plan provisions relating to the exercise of voting, tender or similar rights. [404(c) relief is not available to the extent that plan fiduciaries exercise these rights.]

Enrollment material and Web site; special mailings for proxy materials, if applicable; brokerage account investment information is supplied by your brokerage provider*

* The materials can be provided on the Web site; however, this delivery alone wouldn't satisfy 404(c) requirement.



404(c) Checklist

h. A description of transaction fees and expenses which are charged to the participants' accounts in connection with purchases or sales of investments (e.g., commissions, sales loads, redemption or exchange fees).

Enrollment material and Web site; the fee schedule for your brokerage provider*

i. A description of the information that participants may request at any time (listed below) and the name, address, and phone number of the plan fiduciary, or person(s) designated by the plan fiduciary, responsible for providing this information.

*Enrollment material and Web site**

5. Is the following information provided upon participant request? (Information about any fund created specifically for a plan may be provided by methods other than those listed below.)

Yes No

a. A description of the annual operating expenses of each investment alternative (e.g., investment manager fees, administrative fees, transaction costs) which reduce the rate of return to the participant. The aggregate amount of these expenses must be expressed as a percentage of the average net asset value of the investment option. If this information is included in the prospectus, providing the prospectus is sufficient.

Prospectus, annual report and/or investment fund fact sheets are available through the Web site and by calling a J.P. Morgan representative; for investments in brokerage, information is available by calling your brokerage provider

b. Copies of prospectuses, financial statements, reports, and other information furnished to the plan relating to an investment alternative.

Prospectus, annual report and/or investment fund fact sheets are available through the Web site and by calling a J.P. Morgan representative; for investments in brokerage, information is available by calling your brokerage provider

c. A listing of assets comprising the portfolio of each investment alternative, and the value of the assets. In the case of a fixed-rate investment contract issued by a bank, savings and loan association, or insurance company (a GIC or a BIC), the name of the issuer of the contract, the term of the contract, and the rate of return.

Prospectus, annual report and/or investment fund fact sheets are available through the Web site and by calling a J.P. Morgan representative; for investments in brokerage, information is available by calling your brokerage provider



404(c) Checklist

- d. The value of shares or units and past and current investment performance for each investment alternative, determined net of expenses.

Available on the Web site, participant statements, the AVR and by calling a J.P. Morgan representative; for investments in brokerage, information is available by calling your brokerage provider

- e. The value of the shares or units held in the participant's account.

Available on the Web site, participant statements, the AVR and by calling a J.P. Morgan representative; for investments in brokerage, information is available by calling your brokerage provider

6. Does the plan permit participants to change their investments with a frequency which is appropriate in light of the market volatility of each investment? (Certain investment requirements and transfer restrictions may affect the availability of 404(c) protection.)

Yes No

7. Are the investment alternatives sufficient to provide participants a reasonable opportunity to materially affect the potential return and degree of risk of their investments?

Yes No

8. Can participants diversify their investments to minimize the risk of large losses, taking into account the nature of the plan and the size of participant accounts?

Yes No



404(c) Checklist

9. Can participants choose from at least three investment alternatives (“core investments”) that:
- are diversified,
 - have materially different risk and return characteristics in the aggregate,
 - enable the participant to achieve aggregate risk and return characteristics at any point within the range normally appropriate for the participant,
 - and each of which, when combined with the other alternatives, tends to minimize, through diversification, the overall risk of the portfolio?
- Yes No
10. Do at least three of the core investment alternatives permit participants to give instructions at least once within any three-month period?
- Yes No
11. If any investment permits changes more frequently than once every three months, does at least one core investment permit the same frequency of change?
- Yes No
12. Can the participant transfer from this investment into one which is income-producing, low-risk and liquid?
- Yes No
13. Does the plan charge only reasonable expenses for carrying out investment instructions?
- Yes No
14. Has the plan established procedures for periodically informing each participant of the expenses incurred with respect to his individual account?
- Yes No

Quarterly statements and Web site



404(c) Checklist

15. A participant must exercise independent control with respect to the investment of assets in his account. A participant's control is not independent unless each of the following is true:

- the participant is not subjected to improper influence by a plan fiduciary or the plan sponsor with respect to the transaction;
- the plan fiduciary has not concealed from the participant material non-public facts regarding the investment, unless disclosure would violate the securities or banking laws (*It may be rare for a fiduciary to have non-public information with respect to plan investments, except for employer securities.*);
- the plan fiduciary has not accepted instructions knowing the participant to be legally incompetent. (*It is the fiduciaries' responsibility to notify J.P. Morgan Retirement Plan Services if any participant has been legally declared incompetent so that our systems can be coded to prevent the participant from making investment decisions.*);
- if a participant directs a transaction involving a sale or exchange between a plan and a plan fiduciary, or affiliate of a plan fiduciary, the participant pays or receives no more than adequate consideration in the transaction.

16. Prior to the Pension Protection Act of 2006 (PPA), without written (electronic or paper) investment direction from a participant, 404(c) protection was not available to the plan's fiduciaries with respect to that participant. Thus, a default fund used for participants who did not make specific investment elections or when investments were mapped as funds were eliminated or changed within the investment lineup, did not receive 404(c) protection. However, under PPA, fiduciary protection is available for the use of a "qualified default investment alternative" (QDIA). If specific requirements are satisfied, fiduciaries are not liable for losses resulting from a participant's investment in a QDIA.

A plan does not need to otherwise comply with 404(c) to obtain this protection. In addition, PPA provides that 404(c) relief applies to mapped investments for a "qualified change in investment options." This generally requires similar risk and return characteristics for the existing and replacement fund(s) and advance notice to participants of the change.



404(c) Checklist

Employer Securities

There are additional requirements for plans which offer investments in employer securities. The following questions must also be answered “Yes” for the fiduciaries to have Section 404(c) protection with respect to investments in employer securities:

1. Are the following statements true?

- The employer securities are “qualifying employer securities” within the meaning of ERISA §407(d)(5).
- The securities are stock or an equity interest in a publicly traded partnership.
- The securities are publicly traded on a national exchange or generally recognized market.
- The securities are traded frequently and in sufficient volume to assure that the participant’s directions to buy or sell the securities may be acted upon promptly and efficiently.
- Shareholder information is provided to participants who have accounts holding such securities.
- Voting and other rights are passed through to the participants with accounts holding the securities (voting, tender, and similar rights for the employer stock fund must be passed through).
- Where the plan fiduciary determines that a situation involves a potential for undue employer influence upon participants with regard to the exercise of shareholder rights, an independent fiduciary, who is not affiliated with any sponsor of the plan, must be appointed to carry out activities relating to such situation.

2. Prior to investment, are participants provided:

- information regarding investments in employer securities, including a description of the written procedures providing for the confidentiality of information relating to the purchase, holding and sale of employer securities, and the exercising of voting, tender and similar rights by participants
- the name, address and phone number of the plan fiduciary responsible for monitoring compliance with these procedures?



404(c) Checklist

Fiduciaries are generally responsible (and liable) for investment decisions made with respect to qualified retirement plans. How does this responsibility apply in a defined contribution plan that allows participants to direct the investment of their account balances among various options?

ERISA Section 404(c) provides relief and insulates fiduciaries from liability for carrying out investment decisions made by participants, provided the participants are able to exercise the proper amount of control over their accounts. The Appendix provides more detail on the subject, but the following general statements apply.

ERISA Section 404(c) applies to individual account plans, specifically:

- Profit sharing plans
- Money purchase pension plans
- 401(k) plans

§404(c) relief may be available even if:

- Only certain participants, in a non-discriminatory manner, may exercise investment control;
- Participants may exercise investment control over only a portion of his or her account balance;
- Alternate payees may exercise investment control over assets allocated to them under a QDRO.



Morningstar Rankings:

- Overall ratings shown are for Institutional share class. Additional share class ratings available at www.jpmorganfunds.com.
- Regarding the JPMorgan SmartRetirement Funds – Overall rating Institutional; Target Date 2000-2010 Category; 159 funds. Three-year rating 4 stars; 159 funds. Five-year period not yet rated; 10-year period not yet rated. Target Date 2011-2015 Category; 97 funds. Three-year rating 4 stars; 97 funds. Target Date 2016-2020 Category; 144 funds. Three-year rating 5 stars; 144 funds. Target Date 2021-2025 Category; 85 funds. Three-year rating 4 stars; 85 funds. Target Date 2026-2030 Category; 144 funds. Three-year rating 5 stars; 144 funds. Target Date 2031-2035 Category; 85 funds. Three-year rating 5 stars; 85 funds. Target Date 2036-2040 Category; 128 funds. Three-year rating 5 stars; 128 funds. Target Date 2041-2045 Category; 78 funds. Three-year rating 5 stars; 78 funds. Target Date 2050+ Category; 74 funds. Three-year rating 5 stars; 74 funds. Retirement Income Category; 94 funds. Three-year rating 4 stars; 94 funds. Five-year period not yet rated; 10-year period not yet rated.
- 2010, Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its providers; (2) may not be copied or distributed; (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damage or losses arising from any use of this information. Past performance is not a guarantee of future results. For each fund with a three-year history, Morningstar calculates a Morningstar Rating™ metric each month by subtracting the return on a 90-day U.S. Treasury Bill from the fund's load-adjusted return for the same period, and then adjusting this excess return for risk. The top 10% of funds in each broad asset class receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. Past performance is no guarantee of future results. Different share classes may have different ratings.



Disclosures

For more complete information about any of the mutual funds or investment products available within the retirement plan, please call 800-345-2345. Investors should carefully consider the investment objectives, risks, charges and expenses of the fund. 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.

J.P. Morgan funds are distributed by JPMorgan Distribution Services, Inc., which is an affiliate of J.P. Morgan Retirement Plan Services LLC and JPMorgan Chase & Co. Affiliates of JPMorgan Chase & Co. receive fees for providing various services to J.P. Morgan funds, including fees for investment management, shareholder servicing, administration, distribution, custody, fund accounting, securities lending and other services.

Recordkeeping and administrative services for the plan are provided by J.P. Morgan Retirement Plan Services LLC (JPMRPS); securities transactions for the plan may be introduced by J.P. Morgan Institutional Investments Inc. (JPMII). Member FINRA/SIPC. JPMRPS and JPMII are affiliates of JPMorgan Chase & Co.

This material has been prepared for informational and educational purposes only. It is not intended to provide, and should not be relied upon for, investment, accounting, legal or tax advice.

Publications referenced in this material are presented for general educational purposes only. J.P. Morgan and its affiliates did not receive any compensation or consideration for referencing these titles. The opinions and information presented in these titles do not necessarily reflect the opinions of JPMorgan Chase & Co. and its affiliates.

The charts, graphs and screen prints in this presentation are for illustrative purposes only.

J.P. Morgan Retirement Plan Services LLC and its affiliates and agents may receive compensation with respect to plan investments, including, but not limited to, sub-transfer agent, recordkeeping, shareholder servicing, 12b-1 or other revenue-sharing fees.

J.P. Morgan 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., Security Capital Research and Management Incorporated and J.P. Morgan Alternative Asset management, Inc.

• Not FDIC/NCUSIF Insured	• Not a Deposit Product	• May Lose Value	• No Bank/Credit / Affiliate Guarantee
--	--	-----------------------------	---



Disclosures

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

The lifestyle portfolios are a predetermined asset allocation among the core investment options available under the plan. The portfolio is not itself, nor is it intended to be, a security. You should review the prospectus for each mutual fund included in this asset allocation for information regarding the funds, including fees and other charges.

The Money Market Plus Fund is not federally guaranteed and may lose value. A portion of this fund contains stable value investments, which have interest rate, inflation, and credit risks that are associated with the underlying assets owned by the fund. The strength of the wrap contract is dependent on the financial strength of the financial institutions issuing the contracts.

The International Equity Index Fund is a common or collective trust fund established and maintained by BlackRock Institutional Trust Company, N.A under a declaration of trust. The fund is not required to file a prospectus or registration statement with the SEC, and accordingly, neither is available. The fund is available only to certain qualified retirement plans and governmental plans and is not offered to the general public. Units of the fund are not bank deposits and are not insured or guaranteed by any bank, government entity, the FDIC or any other type of deposit insurance. You should carefully consider the investment objectives, risk, charges, and expenses of the fund before investing.

The S&P 500 Index Fund is a common or collective trust fund established and maintained by State Street Bank and Trust Company and BlackRock under a declaration of trust. The fund is not required to file a prospectus or registration statement with the SEC, and accordingly, neither is available. The fund is available only to certain qualified retirement plans and governmental plans and is not offered to the general public. Units of the fund are not bank deposits and are not insured or guaranteed by any bank, government entity, the FDIC or any other type of deposit insurance. You should carefully consider the investment objectives, risk, charges, and expenses of the fund before investing.

The US Bond Index Fund is a common or collective trust fund established and maintained by BlackRock Institutional Trust Company, N.A under a declaration of trust. The fund is not required to file a prospectus or registration statement with the SEC, and accordingly, neither is available. The fund is available only to certain qualified retirement plans and governmental plans and is not offered to the general public. Units of the fund are not bank deposits and are not insured or guaranteed by any bank, government entity, the FDIC or any other type of deposit insurance. You should carefully consider the investment objectives, risk, charges, and expenses of the fund before investing.

The US TIPS Index is a common or collective trust fund established and maintained by BlackRock Institutional Trust Company, N.A under a declaration of trust. The fund is not required to file a prospectus or registration statement with the SEC, and accordingly, neither is available. The fund is available only to certain qualified retirement plans and governmental plans and is not offered to the general public. Units of the fund are not bank deposits and are not insured or guaranteed by any bank, government entity, the FDIC or any other type of deposit insurance. You should carefully consider the investment objectives, risk, charges, and expenses of the fund before investing.



Disclosures

The Bond Fund is not a registered investment product but a separate account created specifically for the Plan. Separate accounts are not required to file a prospectus or registration statement with the SEC and accordingly neither is available. The fund is managed by Barrow, Hanley, Mewhinney & Strauss, Inc. and Pacific Investment Management Company. Barrow, Hanley, Mewhinney & Strauss, Inc. and Pacific Investment Management Company are not affiliated with J.P. Morgan Retirement Plan Services LLC.

The International Equity Fund is not a registered investment product but a separate account created specifically for the Plan. Separate accounts are not required to file a prospectus or registration statement with the SEC and accordingly neither is available. The fund is managed by GE Asset Management (growth manager) and Mondrian Investment Partners Ltd. (value manager). GE Asset Management (growth manager) and Mondrian Investment Partners Ltd. (value manager) is not affiliated with J.P. Morgan Retirement Plan Services LLC.

The Money Market Plus Fund is not a registered investment product but a separate account created specifically for the Plan. Separate accounts are not required to file a prospectus or registration statement with the SEC and accordingly neither is available. The fund is managed by BlackRock Institutional Trust Company, N.A and Dwight Asset Management Company. BlackRock Institutional Trust Company, N.A and Dwight Asset Management Company is not affiliated with J.P. Morgan Retirement Plan Services LLC.

The US Large Cap Core Fund is not a registered investment product but a separate account created specifically for the Plan. Separate accounts are not required to file a prospectus or registration statement with the SEC and accordingly neither is available. The fund is managed by Waddell & Reed Asset Management Group (growth manager); Pzena Investment Management and Robeco Investment Management (value managers). Waddell & Reed Asset Management Group (growth manager); Pzena Investment Management and Robeco Investment Management (value managers) are not affiliated with J.P. Morgan Retirement Plan Services LLC.

The US Small Cap Fund is not a registered investment product but a separate account created specifically for the Plan. Separate accounts are not required to file a prospectus or registration statement with the SEC and accordingly neither is available. The fund is managed by Columbus Circle Investors (growth manager) and Integrity Asset Management (value manager). Columbus Circle Investors (growth manager) and Integrity Asset Management (value manager) are not affiliated with J.P. Morgan Retirement Plan Services LLC.

The asset allocation portfolios are a predetermined asset allocation among the core investment options available under the plan. The portfolio is not itself, nor is it intended to be, a security. You should review the fund fact sheet for each investment option included in this asset allocation for information, including fees and other charges.

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.



Disclosures

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, nor 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. ©2005-2010 Financial Engines, Inc. All rights reserved. Used with permission. J. P. Morgan Retirement Plan Services provides plan recordkeeping and administrative services.

As of September 1, 2009, J.P. Morgan Chase & Co, through one or more subsidiaries, holds approximately a 42% ownership interest in American Century Companies, Inc. American Century Companies, Inc is the parent of American Century Investment Management, Inc, the investment advisor to the American Century Funds.

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.

