

J.P.Morgan

J.P. Morgan Structured Products B.V.
(*incorporated with limited liability in The Netherlands*)
as Issuer

JPMorgan Chase Bank, N.A.
(*a national banking association organised under the laws of the United States of America*)
as Guarantor in respect of

U.S.\$245,000 Certificates linked to the J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD), due November 2011 (the "Certificates" or the "Securities") to be consolidated and to form a single series with U.S.\$68,033,000 Certificates linked to the J.P. Morgan Macro Hedge Opportunistic Long / Short Strategy (USD) due November 2011 (the "Old Certificates")

(Temporary ISIN: NL009510643)

**Structured Products Programme for the issuance of
Notes, Warrants and Certificates**

Investing in the Securities puts your capital at risk. You may lose some or all of your investment.
--

This document (this "**Prospectus**"), which will be published on the website of the Luxembourg Stock Exchange, constitutes a Prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (as amended by Directive 2010/73/EU, the "**Prospectus Directive**") and has been prepared in accordance with Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the "**Financial Supervision Act**") and the regulations thereunder (together, "**Dutch Securities Laws**") and relates to the above-referenced Securities issued by J.P. Morgan Structured Products B.V. (the "**Issuer**" or "**JPMSP**") under its Structured Products Programme for the issuance of Notes, Warrants and Certificates (the "**Programme**") and absolutely and unconditionally guaranteed by JPMorgan Chase Bank, N.A. (the "**Guarantor**") under the JPMorgan Chase Bank N.A. Guarantee (as defined in the 2011 Base Prospectus (defined below)).

Application has been made to The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) ("**AFM**") in its capacity as competent authority under the Dutch Securities Laws to approve this Prospectus and application has been made for the Securities to be listed on the Official List and to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, which is regulated by Directive 2004/39/EC on Markets in Financial Instruments ("**MiFID**").

The AFM has been requested to provide the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the competent authority of Luxembourg for the purposes of the Prospectus Directive with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive. Further requests may be made in the future.

The Securities are unsecured and unsubordinated general obligations of the Issuer and not of any affiliate of the Issuer.

The JPMorgan Chase Bank, N.A. Guarantee is an unsecured and unsubordinated general obligation of JPMorgan Chase Bank, N.A. and not of any of its affiliates.

The JPMorgan Chase Bank, N.A. Guarantee: (i) is not a savings account or a deposit of JPMorgan Chase Bank, N.A. or any bank or non-bank subsidiary of JPMorgan Chase Bank, N.A.; and (ii) will rank *pari passu* with all other unsecured and unsubordinated indebtedness of JPMorgan Chase Bank, N.A. except obligations, including U.S. domestic deposits of JPMorgan Chase Bank, N.A., that are subject to any priorities or preferences by law.

None of the Securities or the JPMorgan Chase Bank, N.A. Guarantee is a deposit insured by the U.S. Federal Deposit Insurance Corporation (the "FDIC"), the U.S. Deposit Insurance Fund or any other governmental agency or instrumentality.

SEE THE SECTION ENTITLED "RISK FACTORS" BELOW FOR CERTAIN INFORMATION THAT SHOULD BE CONSIDERED BY INVESTORS IN THE SECURITIES. SEE ALSO "KEY INVESTOR INFORMATION" WITHIN THE SUMMARY FOR AN OVERVIEW OF ESSENTIAL CHARACTERISTICS OF THE SECURITIES.

Dealer

J.P. Morgan

TABLE OF CONTENTS

	Page
SUMMARY OF THE PROSPECTUS	4
RISK FACTORS	10
PERFORMANCE SCENARIOS.....	21
IMPORTANT NOTICES	22
CONFLICTS OF INTEREST.....	25
DOCUMENTS INCORPORATED BY REFERENCE	27
SELECTED FINANCIAL INFORMATION	30
PART A - CONTRACTUAL TERMS.....	31
PART B – OTHER INFORMATION	38
PART C – OTHER APPLICABLE TERMS.....	41
 SCHEDULE - PART 1 - DISCLAIMERS.....	 51
SCHEDULE - PART 2 - INDEX RULES.....	44
GENERAL INFORMATION.....	57

SUMMARY

This summary must be read as an introduction to this Prospectus and any decision to invest in the Securities should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons (as defined below) in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.

Key Investor Information

This section "Key Investor Information" forms part of the Summary and provides you with key investor information about this product. It is not marketing material. The information is being provided to help you understand the nature and risks of the Securities. You are advised to read it before deciding whether to invest.

1. Title of Securities

J.P. Morgan Structured Products B.V. U.S.\$245,000 Certificates linked to the J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD), due November 2011 (the "Certificates" or the "Securities") to be consolidated and to form a single series with U.S.\$68,033,000 J.P. Morgan Macro Hedge Opportunistic Long / Short Strategy (USD) due November 2011 (the "Old Certificates").

- (i) ISIN: NL0009509892
- (ii) *Temporary ISIN: NL0009510643
- (iii) Common Code: 055698791
- (iv) *Temporary Common Code: 058992046

*The Temporary ISIN and the Temporary Common Code will apply until such time as interests in the Temporary Bearer Security are exchanged for interests in the Permanent Bearer Global Security and the Clearing Systems recognise the Securities as fungible with the Old Certificates (defined in "Contractual Terms").

2. Name of Issuer of the Securities

The Issuer is J.P. Morgan Structured Products B.V.

J.P. Morgan Structured Products B.V. was incorporated as a limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of The Netherlands in Amsterdam, The Netherlands, on 6 November 2006 to exist for an unlimited duration. J.P. Morgan Structured Products B.V.'s business principally consists of the issuance of securitised derivatives comprising notes, warrants and certificates, including equity-linked, reverse convertible and market participation notes and the subsequent hedging of those risk positions.

3. Name of any Guarantor of the Securities

The Guarantor is JPMorgan Chase Bank, N.A.

JPMorgan Chase Bank, N.A. was initially organised as a New York banking corporation on 26 November 1968, and converted into a national banking association on 13 November 2004. JPMorgan Chase Bank, N.A. is one of the principal bank subsidiaries of JPMorgan Chase & Co. JPMorgan Chase Bank, N.A.'s activities are organised and integrated with the businesses of JPMorgan Chase & Co.

4. Status of Securities and of any guarantee

- (i) The Securities are unsecured and unsubordinated obligations of the Issuer. There are no cross

default or negative pledge provisions in respect of the Securities.

- (ii) The guarantee of JPMorgan Chase Bank, N.A. is an unsecured and unsubordinated general obligation of JPMorgan Chase Bank, N.A. and not of any of its affiliates. The guarantee: (a) is not a savings account or a deposit of JPMorgan Chase Bank, N.A. or any bank or non-bank subsidiary of JPMorgan Chase Bank, N.A.; and (b) will rank *pari passu* with all other unsecured and unsubordinated indebtedness of JPMorgan Chase Bank, N.A. except obligations, including U.S. domestic deposits of JPMorgan Chase Bank, N.A., that are subject to any priorities or preferences by law.

5. Issue Price, Specified Notional Amount and form of the Securities

- (i) The Issue Price shall be 97.010589 per cent. of the principal amount per Security (being U.S.\$ 1,000).

Warning: The Issue Price may be more than (a) the market value of the Securities as at the Issue Date and (b) the price, if any, at which J.P. Morgan Securities Ltd. (as dealer) or any other person is willing to purchase the Securities in the secondary market, and may take into account amounts (I) with respect to commissions relating to the issue and sale of the Securities and (II) relating to the hedging of the Issuer's obligations under the Securities. If you are intending to purchase Securities through an intermediary (including by way of introducing broker) you should request details of any such commission or fee payment from such intermediary before making any purchase.

- (ii) The Securities will be represented on issue by a temporary Global Security in bearer form exchangeable upon certification of non-U.S. beneficial ownership for a permanent Global Security in bearer form.

6. Issue Date, Redemption Date and Settlement Date, potential for early redemption and early termination

- (i) The Issue Date is 7 February 2011.
- (ii) The Redemption Date and Settlement Date is 15 November 2011 (subject to adjustment in accordance with the Modified Following Business Day Convention).
- (iii) The Securities may be terminated at the option of the Issuer prior to Redemption Date for taxation reasons or for reasons of illegality under the Conditions of the Securities. See General Conditions 17 and 18 of the "General Conditions" in the 2010 Base Prospectus (defined below) incorporated by reference in this Prospectus. In such case, the amount payable on early termination shall be, for each Security, an amount determined by the Calculation Agent as the fair market value of the Security taking into account all relevant factors (but ignoring the event which resulted in such termination) less all costs incurred by the Issuer or any affiliate in connection with such early termination, as determined by the Calculation Agent in good faith and in a commercially reasonable manner.

7. Information on the Reference Asset

The Reference Asset is the J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD) (Bloomberg Code: JPMZMHUS:IND). As more fully described below, the Reference Asset references the performance of synthetic positions in certain specified volatility futures contracts in the Base Index. The Base Index is the CBOE Volatility Index (Bloomberg Cse: VIX Index).

- The closing prices of the underlying volatility futures contracts referenced in the Base Index are available from the Chicago Board Options Exchange (CBOE) website at <http://www.cboe.com/micro/vix/vixfuturesprices.aspx>

Information about the futures specifications of the relevant underlying volatility futures contracts can be found at: http://cfe.cboe.com/Products/Spec_VIX.aspx

Information about the performance of the underlying volatility futures contracts can be found by clicking on the link entitled "You can link to spreadsheets with VIX futures historical data on Daily Prices,

Volume and Open Interest by Contract Month” which enables information regarding historical prices and volume detail to be downloaded in spreadsheet format:

<http://cfe/cboe.com/Products/historicalVIX.aspx>

The rules of the Reference Asset are set forth under the section entitled "Index Rules".

8. Interest on the Securities

No interest shall be payable on the Securities.





9. Final redemption amount of the Securities

- (i) The Final Redemption Amount payable on the Redemption Date of the Securities is linked to the performance of the Reference Asset.

Holders of the Securities shall have no rights in relation to the Reference Asset.

- (ii) Unless the Securities have previously been redeemed, cancelled or purchased prior to the Redemption Date in accordance with the Conditions, each Security shall be redeemed on the Redemption Date by payment of the Redemption Amount in respect of each Security. The Redemption Amount in respect of each Security shall be determined as the greater of (a) the Floor (being U.S.\$1.00) and (b) the *sum* of:
 (I) the *product* of (A) the Reference Amount, *multiplied* by (B) the *quotient* of (1) the Final Average Level, *divided* by (2) the Initial Price; *plus*
 (II) the Cash Amount.

10. Representative Symbols*

Horizon	Market Outlook	Specified Notional Amount will be repaid? **	Investment Objective
			
1 year or less	Non Directional	Specified Notional Amount at Risk and might not be repaid	Growth

* Classification of structured products into categories is not intended to guarantee particular results or performance

** Any amount that would otherwise be payable in accordance with the redemption formula described above on early or final redemption of the Securities, is subject to (i) insolvency of the Issuer and Guarantor, (ii)(a) prior sale or (b) early redemption of the Securities for certain events (e.g., illegality) and (iii) adjustment made to the terms of the Securities.

11. Key Risks

The risks described below are provided to highlight certain of the essential categories of risk only, and are by no means comprehensive. You should read "Risk Factors" in this Prospectus for a fuller description of certain risks in relation to the Securities.

Investing in the Securities puts your capital at risk. You may lose some or almost all of your investment.

- (i) ***Risk that the Securities are not suitable or appropriate for you***

The Securities are structured products which include embedded derivatives, and before deciding

to purchase Securities you must understand their terms including (a) the potential risk of the loss of some or all of your investment and (b) the relationship of the potential payout on the Securities to the performance of the underlying Reference Asset, including the characteristics and risks inherent in the Reference Asset.

You should reach an investment decision only after careful consideration, with your own tax, accounting, legal and other professional advisers, of the suitability of the Securities in the light of your particular financial circumstances and investment objectives and risk profile, and the information set forth in this Prospectus.

You should not invest in the Securities unless you can withstand a loss of almost all of your investment.

(ii) ***Risk that the Issuer and Guarantor may not make all payments under the Securities***

It is possible that the Issuer and Guarantor could go bankrupt or otherwise be unable to make the payments owing under the Securities or to fulfil their respective obligations under the Securities to Holders. If that happens, you will not have the protection of any deposit insurance scheme and will not be secured, and may lose some or all of your money.

(iii) ***Risk from having no interest in the Reference Asset***

You should be aware that holders of Securities will have no interest whatsoever in the underlying Reference Asset, and the Issuer may apply your purchase moneys for any corporate purposes. Therefore, if the Issuer and Guarantor fail to make the required payments under the Securities, you will not be able to claim against any assets.

(iv) ***Risk as to the market value and payout of the Securities***

Investors in the Securities will be exposed to the performance of the Reference Asset: the past performance of the Reference Asset is not indicative of future performance. The market value of the Securities may be highly volatile and may be adversely affected by a number of factors, such as (a) the credit rating of JPMorgan Chase Bank, N.A. or JPMorgan Chase & Co. (which credit ratings may move independently of each other), (b) the performance of the Reference Asset and (c) various other factors.

Depending on the performance of the Reference Asset, you could lose some or almost all of your investment.

(v) ***Proprietary and Rules-Based Trading Index***

The J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD) follows a notional rules-based proprietary trading strategy that operates on the basis of pre-determined rules. Accordingly, potential investors in financial products which are linked to the performance of the J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD) should determine whether those rules are appropriate in light of their individual circumstances and investment objectives.

(vi) ***Notional Exposures***

The J.P. Morgan Macro Hedge Index comprises notional assets and liabilities. The exposures to the reference assets constituting the J.P. Morgan Macro Hedge Index are purely notional and will exist solely in the records maintained by or on behalf of the Index Calculation Agent as described in *J.P. Morgan Macro Hedge Index Series: Index Rules*. Consequently, investors in financial products which are linked to the performance of the J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD) will not have any claim against any of the reference assets which comprise the J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD).

(vii) ***Lack of Operating History***

The J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD) is only recently

established and therefore has no history to evaluate its likely performance. Any back-testing or similar analysis performed by any person in respect of the J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy must be considered illustrative only and may be based on estimates or assumptions not used by the Index Calculation Agent when determining the index level of the J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD).

(viii) ***Market Risks***

The performance of the J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD) is dependent on the performance of specified futures contracts of a specified underlying index as described in the *J.P. Morgan Macro Hedge Index Series: Index Rules*. As a consequence, investors in financial products the return on which is linked to the J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD) should appreciate that their investment is exposed to the price performance of these futures contracts.

(ix) ***Risk that there will not be a liquid secondary market into which the Securities may be sold***

An active trading market for the Securities is not likely to develop: the Securities may have no liquidity or the market for the Securities may be limited and this may adversely impact their value or the ability of a Holder of the Securities to sell them.

(x) ***Risk factors relating to the Issuer and the Guarantor***

JPMorgan Chase is a major, global financial services group and, as such, faces a variety of risks that are substantial and inherent in its businesses, and which may affect the Issuer's and the Guarantor's ability to fulfil their respective payment, delivery or other obligations under the Securities. These risks include liquidity risk, market risk, credit risk, operational risk, reputational risk, the adequacy of risk management, legal, regulatory and compliance risks, litigation and other contingent liabilities, competition risks, the financial condition of clients, customers and counterparties, adverse economic, monetary, political or legal developments, cross-border and foreign exchange risk, catastrophic events, risks from estimates and valuations and risks relating to strategy. JPMorgan Chase's results of operations have been, and may continue to be, adversely affected by U.S. and international financial market and economic conditions.

The principal business of JPMSP is the raising and borrowing of money for JPMorgan Chase entities by issuing securities and undertaking other financing activity. Generally, the proceeds of such activity will be delivered to other JPMorgan Chase entities and JPMSP will be dependent on receipt of funds or on the delivery of other obligations from hedging transactions entered into with other JPMorgan Chase entities to fulfil their respective payment, delivery or other obligations under the Securities. Accordingly, JPMSP is exposed to the same risks that affect the Guarantor.

The above is a summary only: see "Risk Factors" below.

(xi) ***Conflicts of Interest***

J.P. Morgan affiliates are subject to certain conflicts of interest between their own interests and those of Holders of the Securities. You should read "Conflicts of Interest" below.

12. Calculation Agent

The Calculation Agent shall be J.P. Morgan Securities Ltd. The Calculation Agent has broad discretion in certain circumstances to make certain determinations, including to make adjustments to the terms of the Securities and/or to cause early redemption of the Securities, any of which may be adverse to Holders of the Securities.

The calculation agent in respect of the Reference Asset (the "Reference Asset Calculation Agent") shall also be J.P. Morgan Securities Ltd. The Reference Asset Calculation Agent has broad discretion in certain circumstances to make certain determinations, including to make adjustments to the terms of the Reference Asset which may be adverse to holders of the Securities.

13. Listing, admission to trading, clearance and rating

- (i) Application has been made for the Securities to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange (which is regulated by Directive 2004/39/EC on Markets in Financial Instruments).
- (ii) The Securities will be cleared on the issue date through Euroclear and Clearstream, Luxembourg.
- (iii) The Securities will not be rated.

14. Practical Information

- (i) You can find further information on the Issuer and the Guarantor in this Prospectus (including the information incorporated by reference in "Documents Incorporated by Reference" below). The documents incorporated by reference will be available on the Luxembourg Stock Exchange's website (www.bourse.lu).

You can find the SEC filings of JPMorgan Chase & Co. (the parent company of the Guarantor) on the website maintained by the SEC at <http://www.sec.gov> and also on JPMorgan Chase & Co.'s investor relations website at <http://investor.shareholder.com/jpmorganchase/>.

- (ii) You can find further information on the Reference Asset in this Prospectus (including the information incorporated by reference) and at <http://www.bloomberg.com/apps/quote?ticker=JPMZMHUS:IND> (the information appearing on this website does not form part of this Prospectus).

RISK FACTORS

Capitalised terms used in this section and not defined herein shall have the respective meaning ascribed to each in the part entitled Contractual Terms or the part entitled Other Applicable Terms of "Terms and Conditions", or, if not defined in either of these sections, the meaning ascribed to each in the General Conditions of the 2010 Base Prospectus and the Specific Product Provisions in the 2011 Base Prospectus.

Investment in these Securities involves substantial risks: Investors should ensure that they understand the nature of the risks posed by, and the extent of their exposure under, the Securities. Investors should make all pertinent inquiries they deem necessary without relying on the Issuer, the Guarantor, or the Dealer. Investors should consider the suitability of the Securities as an investment in light of their own circumstances, investment objectives, tax position and financial condition. Investors should consider carefully all the information set forth in this Prospectus along with all the information incorporated by reference into this Prospectus (including, Part 1 (Disclaimers) and Part 2 (J.P. Morgan Macro Hedge Index Series - Index Rules) of the Schedule hereto), including for the avoidance of doubt, the risk factors that may affect the relevant Issuer's and Guarantor's ability to fulfil their respective obligations under the Securities, as specified in the table set out in the "Documents Incorporated by Reference" section.

1. **"Fundamental risks" of the potential loss of investment and potential lack of suitability in relation to an investment in the Securities**

1.1 **Investors in Securities may receive back less than the original invested amount**

Investors in the Securities may lose up to the entire value of their invested amount in the Securities as a result of the occurrence of any one or more of the following events:

- (i) the Issuer and the Guarantor of the Securities are subject to insolvency proceedings or some other event impairing the ability of each to meet its obligations under the Securities;
- (ii) the terms of the Securities do not provide for full repayment of the initial purchase price upon final maturity and/or mandatory early redemption of such Securities and the Reference Asset performs in such a manner that the exercise amount and/or mandatory early redemption amount is less than the initial purchase price;
- (iii) the investor seeks to sell the Securities prior to their scheduled redemption, and the sale price of the Securities in the secondary market is less than the investor's initial invested amount; and
- (iv) the Securities are subject to certain adjustments in accordance with the terms and conditions of such Securities that may result in the scheduled amount to be paid being reduced to or being valued at an amount less than an investor's initial invested amount.

The obligations of the Issuer and the Guarantor of the Securities are not secured. Notwithstanding that the Securities are linked to the performance of the Reference Asset, investors in the Securities do not have and shall not receive any rights in respect of the Reference Asset and shall have no right to call for the Reference Asset to be delivered to them. Neither the Issuer nor the Guarantor of the Securities shall be required to hold the Reference Asset.

1.2 **The Securities may not be a suitable investment for all investors**

Each investor in the Securities must determine the suitability of such investment in light of the investor's own circumstances. In particular, each investor should:

- (i) have sufficient knowledge and experience (if necessary, in consultation with the investor's own legal, tax, accountancy, regulatory, investment or other professional advisers) to evaluate the Securities, the merits and risks of investing in the Securities, all information contained or incorporated by reference into this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of the investor's particular financial situation, an investment in the Securities and the impact the Securities will have on the investor's overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the settlement currency is different from the currency in which such investor's principal financial activities are principally denominated;
- (iv) understand thoroughly (if necessary, in consultation with the investor's own legal, tax, accountancy, regulatory, investment or other professional advisers) the terms of the Securities and be familiar with any relevant financial markets;
- (v) understand thoroughly (if necessary, in consultation with the investor's own legal, tax, accountancy, regulatory, investment or other professional advisers) the nature of the Reference Asset and how the performance thereof may affect the pay-out and value of the Securities; and
- (vi) be able to evaluate (either alone or with the help of a financial adviser and/or other professional adviser) possible scenarios for economic, interest rate and other factors that may affect the investment and the investor's ability to bear the applicable risks.

The Securities are complex financial instruments and may include embedded derivatives. An investor should not invest in Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how such Securities will perform under changing conditions, the resulting effects on the value of those Securities and the impact that such Securities will have on the investor's overall investment portfolio.

None of the Issuer, Guarantor, Dealer or any J.P. Morgan affiliate has given, and none of them will give, to any investor in Securities (either directly or indirectly) any assurance or guarantee as to the merits, performance or suitability of such Securities, and the investor should be aware that the Issuer is acting as an arm's-length contractual counterparty and not as an advisor or fiduciary.

2. **Risk factors that are generic to Securities to be issued under the Programme**

2.1 **The Issue Price of the Securities may be more than the market value of such Securities as at the Issue Date and the price of the Securities in secondary market transactions**

The Issue Price in respect of the Securities may be more than the market value of the Securities as at the Issue Date, and more than the price, if any, at which the Dealer or any other person is willing to purchase such Securities in secondary market transactions. In particular, the Issue Price in respect of the Securities may take into account amounts with respect to commissions relating to the issue and sale of such Securities and amounts relating to the hedging of the Issuer's obligations under such Securities.

2.2 The market value of the Securities may be adversely affected by a number of factors, and the price at which a Holder of such Securities may be able to sell such Securities prior to redemption may be at a substantial discount to the market value of such Securities on the Issue Date, and a Holder of the Securities may suffer a loss of some or up to all of the entire invested amount of the Securities on redemption

- (i) ***The market value of the Securities at any time and/or the amount payable on redemption of the Securities is dependent on the performance of the underlying Reference Asset***

The Securities will represent an investment linked to the economic performance of the Reference Asset and investors should note that any return on their investment in such Securities will depend upon the performance of the Reference Asset. Investors should not purchase any Securities if they do not fully understand how the performance of the Reference Asset may affect the pay-out and value of the Securities, including (a) the potential to lose some or almost all of their investment, (b) any limit on potential profits and (c) the effects of any leverage.

As the amounts payable in respect of Securities are linked to the performance of the Reference Asset, an investor in such a Security must generally make correct predictions as to the direction, timing and magnitude of an anticipated change in the value of the Reference Asset or other basis which may be specified in this document. However, it is impossible to make such predictions with any degree of certainty, and investors in the Securities must be aware that the historical performance of the Reference Asset should not be taken as an indication of future performance of the such Reference Asset during the term of such Security.

In contrast to a direct investment in the Reference Asset, Securities represent the right to receive payment of amounts which will be determined by reference to the performance of the Reference Asset. Investors should also note that whilst the market value of such Securities linked to such Reference Asset will be influence (positively or negatively) by such Reference Asset, any change may not be comparable or directly proportionate to the change in value of such Reference Asset.

INVESTORS MUST REVIEW THIS PROSPECTUS TO ASCERTAIN HOW THE PERFORMANCE OF THE REFERENCE ASSET WILL AFFECT THE AMOUNT PAYABLE ON THE SECURITIES.

- (ii) ***The market value of the Securities is expected to be affected, in part, by the credit rating of JPMorgan Chase Bank, N.A. or JPMorgan Chase & Co.***

The value of the Securities is expected to be affected, in part, by investors' general appraisal of the creditworthiness of JPMorgan Chase Bank, N.A. or JPMorgan Chase & Co. Such perceptions may be influenced by the ratings accorded to outstanding securities of JPMorgan Chase Bank, N.A. or JPMorgan Chase & Co. by well-recognised rating agencies, such as Moody's Investors Service Inc. and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. A reduction in the rating, if any, accorded to outstanding securities of JPMorgan Chase Bank, N.A. or JPMorgan Chase & Co., by one of these rating agencies could result in a reduction in the trading value of the Securities.

- (iii) ***The credit rating of JPMorgan Chase Bank, N.A. and JPMorgan Chase & Co. may move independently of each other***

JPMorgan Chase & Co. is the holding company of JPMorgan Chase. As such, JPMorgan Chase & Co. and its subsidiaries (other than JPMorgan Chase Bank, N.A.) are generally permitted to undertake a wider range of activities than JPMorgan Chase Bank, N.A. and its subsidiaries. As a result, while the credit rating of JPMorgan Chase & Co. and JPMorgan Chase Bank, N.A. are

closely related, those credit ratings are usually different and, in the event of any change in those credit ratings, those ratings may move independently of each other. JPMorgan Chase Bank, N.A. is likely to be rated more highly than JPMorgan Chase & Co. but investors should check the relevant rating at the time of considering any investment in the Securities.

The creditworthiness of JPMorgan Chase Bank, N.A. is more likely to affect the trading value of Securities issued by JPMSP, which are guaranteed by JPMorgan Chase Bank, N.A.

(iv) ***The market value of the Securities at any time is dependent on other matters in addition to the credit risk of the Issuer and the Guarantor and the performance of the Reference Asset***

The market value of the Securities at any time will be affected by a number of factors independent of the creditworthiness of the Issuer, the Guarantor and the performance of the Reference Asset, including:

- (a) market interest and yield rates;
- (b) the time remaining to the Redemption Date; and
- (c) numerous other economic, political and other factors.

The amount payable in respect of Securities at any time prior to redemption is typically expected to be less than the trading price of such Securities at that time. The difference between the trading price and such amount will reflect, among other things, a "time value" for the Securities. The "time value" of the Securities will depend partly upon the length of the period remaining to final redemption and expectations concerning the value of the Reference Asset.

Before selling the Securities, Holders of the Securities should carefully consider, among other things, (a) the trading price of the Securities, (b) the value and volatility of the Reference Asset, (c) the time remaining to the maturity date of the Securities, (d) the probable range of amounts payable on the Securities, (e) any changes in interim interest rates, (f) any changes in currency exchange rates, (g) the depth of the market or liquidity of the Reference Asset and (h) any related transaction costs.

(v) ***The market value of Securities may be highly volatile***

Holders of the Securities are exposed to the performance of the Reference Asset. The price, performance or investment return of the Reference Asset may be subject to sudden and large unpredictable changes over time and this degree of change is known as "volatility". The volatility of the Reference Asset may be affected by national and international financial, political, military or economic events, including governmental actions, or by the activities of participants in the relevant markets. Any of these events or activities could adversely affect the value of the Securities.

(vi) ***The amount payable on redemption of the Securities may be less than the purchase price***

The pay-out formula of the Securities does not provide for full "principal protection". Investors in the Securities may risk losing virtually their entire investment if the value of the Reference Asset does not move in the anticipated direction and may still be subject to loss of some or all of their investment in the circumstances described in Risk Factor 1.1 (*Investors in Securities may receive back less than the original invested amount*) above and may not receive any value for the time for which their money is invested.

2.3 **An active trading market for the Securities is not likely to develop**

Unless otherwise communicated by the Issuer or any J.P. Morgan affiliate to the investor in the Securities, or to the extent that the rules of any stock exchange on which the Securities are listed and admitted to trading require the Issuer or any J.P. Morgan affiliate to provide liquidity in respect of such Securities, the Securities may have no liquidity or the market for such Securities may be limited and this may adversely impact their value or the ability of the investor in Securities to dispose of them. Subject to the rules of any relevant stock exchange, the Issuer or the Guarantor may seek in its sole discretion the delisting of any Securities without notice to the Holders of such Securities.

A secondary market is unlikely to develop and, even if a secondary market does develop, it is not possible to predict the price at which Securities will trade in such secondary market. Neither the Issuer nor any J.P. Morgan affiliate is under any obligation, and none of the Issuer, the Guarantor or any J.P. Morgan affiliate makes any commitment, to make a market in or to repurchase the Securities. If the Issuer, the Guarantor or any J.P. Morgan affiliate does make a market for the Securities, it may cease to do so at any time without notice.

2.4 **There may be price discrepancies with respect to the Securities as between various dealers or other investors in the secondary market**

If at any time a third party dealer quotes a price to purchase the Securities, that price may be significantly different (higher or lower) from any price quoted by any J.P. Morgan affiliate. Furthermore, if any Holder of the Securities sells its Securities, it will likely be charged a commission for secondary market transactions, or the price may reflect a dealer discount.

2.5 **The Securities may be redeemed prior to their scheduled maturity date**

In certain circumstances, the Early Payment Amount payable on the redemption of a Security prior to its maturity date may be less than its original purchase price and could be as low as zero.

Following early redemption of Securities, the Holders of such Securities may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate or yield on the Securities being redeemed and may only be able to do so at a significantly lower rate. Investors in the Securities should consider such reinvestment risk in light of other investments available at that time.

Securities may be redeemed prior to the maturity date for any of the following reasons:

- (i) the occurrence of certain events in relation to a Reference Asset at the discretion of the Calculation Agent (see specifically Index Linked Provision 4.2 (*Consequences of an Index Adjustment Event*) and Index Linked Provision 5 (*Consequences of an Additional Disruption Event*) in Annex 2 - Index linked Provisions of the 2010 Base Prospectus).
- (ii) the Issuer determines that its performance under any Security has become unlawful in whole or in part for any reason (see General Condition 17.1);
- (iii) the occurrence of certain taxation events (see General Condition 17.2); or
- (iv) following an Event of Default (see General Condition 16).

With regard to early redemption due to any of the above events, including due to illegality or tax, the Early Payment Amount in respect of each Security shall (unless otherwise specified in this Prospectus) be an amount determined by the Calculation Agent as representing the fair market value of such Securities immediately prior (and ignoring the circumstances leading) to such early redemption, less all costs incurred by the Issuer or any affiliate in connection with such early redemption, including any costs

to the Issuer associated with unwinding any funding relating to the Securities, any costs associated with unwinding any underlying related hedging arrangements, and all other expenses related thereto. An investor in Securities should be aware that this Early Payment Amount may be less than the investor's initial investment, and in such case see Risk Factor 1.1 (*Investors in Securities may receive back less than the original invested amount*).

2.6 JPMorgan Chase is subject to various potential conflicts of interest in respect of the Securities, which could have an adverse effect on the Securities

See "Conflicts of Interest" below.

2.7 Any consequential postponement of, or any alternative provisions for, valuation following a Market Disruption Event may have an adverse effect on the value of the Securities

If on the Initial Valuation Date, an Averaging Date or the Final Valuation Date, the Calculation Agent determines that a Market Disruption Event has occurred or exists on such date, any consequential postponement of, or any alternative provisions for, valuation provided in the Securities may have an adverse effect on its value.

2.8 It may not be possible to use the Securities as a perfect hedge against the market risk associated with investing in the Reference Assets

Investors intending to invest in Securities to hedge against the market risk associated with investing in the Reference Asset should recognise the complexities of utilising Securities in this manner. For example, the value of the Securities may not exactly match the value of the Reference Asset. Due to fluctuating supply and demand for the Securities, there is no assurance that their value will match movements in the value of the Reference Asset. For these reasons, among others, it may not be possible to purchase or liquidate Securities in a portfolio at the prices used to calculate the value of any Reference Asset.

2.9 Securities may be amended without the consent of the Holders of the Securities or with the consent of only some of the Holders binding all of the Holders of the Securities

The terms and conditions of the Securities may be amended by the Issuer without the consent of the Holders if the amendment will not materially and adversely affect the interests of the Securities or if the terms of the Securities contain an error or omission such that they do not represent the intended terms of the Securities on the basis of which the Securities were sold and have since traded.

2.10 There may be regulatory consequences of ownership to the Holder of Securities linked to the Reference Asset

There may be regulatory and other consequences associated with the ownership by certain investors in certain Securities linked to a Reference Asset. Each investor in Securities must conduct its own investigation into its regulatory position with respect to the potential purchase of Securities, and none of the Issuer, the Guarantor or the Dealer assumes any obligation or liability whatsoever to such investor in such regard.

2.11 **The Issuer or the Guarantor of Securities may be substituted without the consent of the Holders of the Securities**

The Issuer or the Guarantor of Securities may be substituted (subject to the Issuer or the Guarantor having become obliged (due to a change in law) to pay Additional Amounts in accordance with General Condition 18 (*Taxation*)) as obligor under such Securities in favour of any company from JPMorgan Chase & Co. and its consolidated subsidiaries. Whilst the new issuer will provide an indemnity in favour of the Holders of such Securities in relation to any additional tax or duties that become payable solely as a result of such substitution, Holders of the Securities will not have the right to object to such substitution. A notice of any substitution in accordance with General Condition 27 (*Substitution*) will be published in accordance with General Condition 26 (*Notices*).

3. **Risk factors that are generic to Securities that are linked to the Reference Asset**

3.1 **No rights of ownership in the Reference Asset**

Investors in Securities should be aware that the Reference Asset will not be held by the Issuer for the benefit of the investors in such Securities, and as such, investors will not obtain any rights of ownership, including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights with respect to the Reference Asset referenced by such Securities. For the avoidance of doubt, no J.P. Morgan affiliate is under any obligation whatsoever to acquire and hold the Reference Asset.

3.2 **The performance of the Securities is linked to the performance of the Reference Asset**

As the Securities reference the Reference Asset, the investors in such Securities are exposed to the performance of the Reference Asset.

3.3 **The past performance of the Reference Asset is not indicative of future performance**

Any information about the past performance of the Reference Asset at the time of the issuance of the Securities should not be regarded as indicative of the range of, or trends in, fluctuations in the Reference Asset that may occur in the future.

3.4 **Postponement or alternative provisions for the valuation of a Reference Asset may have an adverse effect on the value of the Securities**

If the Calculation Agent determines that (i) the Initial Valuation Date falls on a day which is not a Scheduled Trading Day, and/or (ii) an Averaging Date falls on a day which is not an Index Business Day, and/or (iii) the Final Valuation Date falls on a day which is not a Business Day, or, in each case, such date falls on any other day which is subject to adjustment in accordance with the terms and conditions of the Securities, and/or (iv) any form of disruption event in relation to the relevant Reference Asset has occurred which affects the valuation of such Reference Asset, the Calculation Agent has broad discretion to make any consequential postponement of, or any alternative provisions for, valuation of such Reference Asset provided in the terms and conditions of the Securities, including a determination of the value of such Reference Asset by the Calculation Agent in its reasonable commercial discretion, each of which may have an adverse effect on the value of the Securities.

3.5 The Calculation Agent has broad discretion to make certain determinations and adjustments, to replace the original Reference Asset with another and/or to cause early redemption of the Securities, any of which may be adverse to Holders of the Securities

The Calculation Agent may in certain circumstances adjust the terms and conditions of the Securities (without the consent of the Holders of the Securities) or may procure the early redemption of such Securities prior to their scheduled settlement date where particular adjustment events specified to be applicable to such Securities occur, in each case, in accordance with such terms and conditions. In the event of such early termination the Issuer will repay such Securities at any amount determined by the Calculation Agent equal to the fair market value of the Securities immediately prior to such termination (and ignoring, in the case of a Termination Event, such illegality or impracticality), adjusted to account fully for any reasonable expenses. Investors in the Securities should be aware that it is likely that such amount will be less than the investor's initial invested amount, and in such case see risk factor 1.1 (*Investors in Securities may receive back less than the original invested amount*) above. Following any such early redemption of Securities, the investors in such Securities will generally not be able to reinvest the redemption proceeds at an effective interest rate as high as the expected yield on the Securities being redeemed and may only be able to do so at a significantly lower rate. Investors in Securities should consider such reinvestment risk in light of other investments available at that time.

4. Risk factors associated with Securities that are linked to the Reference Asset

4.1 Risks associated with Indices as Reference Assets

An investment in Index Linked Securities entails significant risks in addition to those associated with investments in a conventional debt security.

(i) *Factors affecting the performance of Indices may adversely affect the value of the Securities*

Indices are comprised of a synthetic portfolio of shares or other assets, and as such, the performance of an Index is dependent upon the macroeconomic factors relating to the shares or other components that comprise such Index, which may include interest and price levels on the capital markets, currency developments, political factors and (in the case of shares) company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy.

(ii) *Exposure to the risk that returns on the Securities do not reflect direct investment in underlying shares or other assets comprising the Index*

The return payable on Securities that reference Indices may not reflect the return an investor would realise if he or she actually owned the relevant assets comprising the components of the Index. For example, if the components of the Indices are shares, Holders will not receive any dividends paid on those shares and will not participate in the return on those dividends unless the relevant Index takes such dividends into account for purposes of calculating the relevant level. Similarly, Holders will not have any voting rights in the underlying shares or any other assets which may comprise the components of the relevant Index. Accordingly, investors in Securities that reference Indices as Reference Assets may receive a lower payment upon redemption of such Securities than such investor would have received if he or she had invested in the components of the Index directly.

(iii) *Loss of return of dividends in respect of most Securities linked to equity Indices*

The rules governing the composition and calculation of the relevant underlying Index might stipulate that dividends distributed on its components do not lead to a rise in the index level, for example, if it is a "price" index, which may lead to a decrease in the index level if all other circumstances remain the same. As a result, in such cases the Holders of Securities with respect of which a Reference Asset is such Index will not participate in dividends or other distributions paid on the components comprising the Index. Even if the rules of the relevant underlying Index provide that distributed dividends or other distributions of the components are reinvested in the

Index and therefore result in raising its level, in some circumstances the dividends or other distributions may not be fully reinvested in such Index.

(iv) ***A change in the composition or discontinuance of an Index could adversely affect the market value of the Securities***

The sponsor of any Index can add, delete or substitute the components of such Index or make other methodological changes that could change the level of one or more components. The changing of components of any Index may affect the level of such Index as a newly added component may perform significantly worse or better than the company it replaces, which in turn may affect the payments made by the Issuer to the investors in the Securities. The sponsor of any such Index may also alter, discontinue or suspend calculation or dissemination of such Index. The sponsor of an Index will have no involvement in the offer and sale of the Securities and will have no obligation to any investor in such Securities. The sponsor of an Index may take any actions in respect of such Index without regard to the interests of the investor in the Securities, and any of these actions could adversely affect the market value of the Securities.

(v) ***Exposure to Index Modification, Index Cancellation, Index Disruption and Correction of Index levels***

The Calculation Agent has broad discretion to make certain determinations and adjustments, to replace the original Reference Asset with another and/or to cause early redemption of the Securities, any of which may be adverse to Holders in connection with Index Modification, Index Cancellation, and Index Disruption. The Calculation Agent may determine that the consequence of any such event is to make adjustments to the Securities, or to replace such Index with another or to cause early redemption of the Securities. The Calculation Agent may (subject to the terms and conditions of the relevant Securities) also amend the relevant Index level due to corrections in the level reported by the Index Sponsor.

4.2 **There are additional risks in relation to “Proprietary Indices” or “Strategies”**

The following is a list of the material risk factors associated with the J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD), however, it does not purport to be a complete enumeration or explanation of all the risks.

An investor in the Securities should have such knowledge and experience in financial and business matters and expertise in assessing credit risk that it is capable of evaluating the merits, risks and suitability of investing in the Securities in the context of the investor’s financial situation. Investment in the Securities is suitable only for investors who can bear the risks associated with a lack of liquidity in the Securities and the financial and other risks associated with an investment in the Securities. An investor shall be responsible for assessing the legality and suitability of an investment by it in the Securities.

An investor in the Securities should consult with his own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent that it deems necessary, and make his own investment, hedging and trading decisions including decisions regarding the suitability of this investment based upon their own judgment and upon advice from such advisers as they deem necessary and not upon any view expressed by the Issuer, J.P. Morgan Securities Ltd. (“JPMSL”) and/or any of their affiliates or subsidiaries (each such entity, together with all entities within the JPMorgan Chase & Co. group, the “JPMorgan Group”).

In addition, an investor in the Securities should carefully consider all risks associated with any investment in the Securities, including but not limited to the following material risk factors:

- (i) The J.P. Macro Hedge Index Series Index Rules (as described in Part 2 (*J.P. Morgan Macro Hedge Index Series: Index Rules*) of the Schedule (the “**Index Rules**”) may be amended from time to time at the discretion of JPMSL and will be re-published (in a

manner determined by JPMSL from time to time) no later than one calendar month following such amendment to take into account any changes made;

- (ii) there may exist at times only limited markets for the Securities, resulting in low or non-existent volumes of trading in the Securities and such obligations, and therefore a lack of liquidity and price volatility of the Securities and such obligations;
- (iii) any amounts scheduled and due under the terms of the Securities bear the credit risk of the Issuer;
- (iv) the Securities may not benefit from the same ratings assigned to other obligations issued or entered into by the Issuer; and
- (v) no person has been authorised to give any information or make any representation not contained in or not consistent with this Prospectus, or any other information supplied in connection with the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the JPMorgan Group.

(g) ***Proprietary and Rules-Based Trading Index***

The Reference Asset follows a notional rules-based proprietary trading strategy that operates on the basis of pre-determined rules. Accordingly, potential investors in financial products which are linked to the performance of the Reference Asset should determine whether those rules are appropriate in light of their individual circumstances and investment objectives.

No assurance can be given that the investment strategy on which the Reference Asset is based will be successful in achieving the investment objectives of any potential investor.

(h) ***Notional Exposures***

The Reference Asset comprises notional assets and liabilities. The exposures to the reference assets constituting the Reference Asset are purely notional and will exist solely in the records maintained by or on behalf of the Index Calculation Agent (as described in Part 2 (*J.P. Morgan Macro hedge Index series: Index Rules*) of the Schedule). Consequently, investors in financial products which are linked to the performance of the Reference Asset will not have any claim against any of the reference assets which comprise the Reference Asset.

(i) ***Lack of Operating History***

The Reference Asset is only recently established and therefore has no history to evaluate its likely performance. Any back-testing or similar analysis performed by any person in respect of the Reference Asset must be considered illustrative only and may be based on estimates or assumptions not used by the Index Calculation Agent when determining the Index Level of the Reference Asset.

Past performance should not be considered indicative of future performance.

(j) ***Market Risks***

The performance of the Reference Asset is dependent on the performance of specified futures contracts of a specified underlying index (as described in Part 2 (*J.P. Morgan Macro Hedge Index Series: Index Rules*) of the Schedule hereto). As a consequence, investors in financial products the return on which is linked to the Reference Asset should appreciate that their investment is exposed to the price performance of these futures contracts.

(k) *Index Calculation Agent Discretion*

The Index Rules confer on the Index Calculation Agent discretion in making certain determinations and calculations from time to time. The exercise of such discretion in the making of calculations and determinations may adversely affect the performance of the Reference Asset. Without limitation to the generality of the foregoing, the Index Calculation Agent has a discretion (which must be exercised in good faith and in a commercially reasonable manner) in relation to the replacement of futures contracts or the specified underlying index constituting the Reference Asset in certain specified events (as described in Part 2 (*J.P. Morgan Macro hedge Index Series - Index Rules*) of the Schedule hereto).

(l) *Potential Conflicts of Interest*

Potential conflicts of interest may exist in the structure and operation of the Reference Asset and in the course of the normal business activities of the Issuer or any of its affiliates or subsidiaries or their respective directors, officers, employees, representatives, delegates or agents. Further information is set out in the section entitled "Conflicts of Interest".

(m) *Opportunistic Long/Short strategy*

The Reference Asset strategy models returns from combining a systematic long and an opportunistic short synthetic exposure to certain futures contracts. The synthetic short exposure to the futures contracts is only activated in certain circumstances. One risk of a long-short strategy is that any short position is exposed to potentially unlimited losses since there is generally no limit to the possible increase in the level of the futures contract.

(n) *Rebalancing Adjustment Factor*

The Index Level is adjusted to account for an Adjustment Factor of 0.75% per annum as well as a Rebalancing Adjustment Factor, which reflects the notional trading costs relating to the rebalancing of the futures contracts referenced in the Reference Asset. The Rebalancing Adjustment Factor is applied to the amount of futures contracts notionally rebalanced on such Index Business Day and varies between 0.20% and 0.50% for each Index Business Day on which a rebalancing occurs. The level of the Rebalancing Adjustment Factor will depend on the level of the Base Index on such day, with the higher factor applying when the level of the index is above a certain level. The resulting effect of these two adjustment factors is to act as a drag on the performance of the Reference Asset. The drag is greater in circumstances where the Base Index is above the specified level and if the Reference Asset is rebalanced on a more frequent basis.

5. Risk factors that may affect the Issuer's and Guarantor's ability to fulfil their respective obligations under the Securities

Investors are advised to review the information contained in the 2011 Base Prospectus Risk Factor 6 (Risk Factors that may affect the Issuer's and Guarantor's ability to fulfil their respective obligations under the Securities) that has been incorporated by reference into this Prospectus, together with the information in relation to the Issuer and the Guarantor incorporated by reference below. Investors are exposed to the credit risk of the Issuer and the Guarantor.

PERFORMANCE SCENARIOS

The scenarios presented below are examples and are purely indicative and are presented for illustrative purposes only. The examples shown below will not have an equal likelihood of occurrence. The redemption amount in respect of the Securities will be calculated in accordance with the terms and conditions of the Securities as set out in this Prospectus.

The Issue Price is 97.010589 per cent. of the Aggregate Notional Amount (the Redemption Amount in respect of each security being the Specified Notional Amount), the Floor is U.S.\$1.00, the Reference Amount is U.S.\$1,000, the Initial Price is U.S.\$ 426.942, the Final Average Level is the average Closing Index Level on each Averaging Date and the Cash Amount is an amount in the Specified Currency determined by the Calculation Agent.

Redemption Amount

- (a) **Scenario 1** – *The Final Average Level is zero.*

The Redemption Amount per Security that a Holder is entitled to receive will be the Cash Amount (provided the Cash Amount is greater than the Floor). In the unlikely event that the Cash Amount is lower than the Floor, the Holder will receive U.S.\$1.00. **In this scenario, an investor who purchased the Securities at the Issue Price will sustain a loss of the full amount invested other than the Cash Amount received.**

- (b) **Scenario 2:** *The Final Average Level is less than the Initial Price. It is $x\%$ of the Initial Price, where $x < 100$.*

The Redemption Amount per Security that a Holder is entitled to receive will either be (i) the Floor or (ii) the sum of $x\%$ of the Reference Amount plus the Cash Amount, whichever is greater. **In this scenario, an investor who purchased the Securities at the Issue Price will receive the sum of $x\%$ of the Reference Amount plus the Cash Amount (unless such amount is less than the Floor of U.S.\$1.00, in which case the investor will then receive U.S.\$1.00). The smaller the value of x , the greater the loss.**

- (c) **Scenario 3** – *The Final Average Level is equal to the Initial Price.*

The Redemption Amount per Security that a Holder is entitled to receive will be the sum of the Reference Amount plus the Cash Amount. **In this scenario, an investor who purchased the Securities at the Issue Price will receive the amount invested but no additional return on the amount invested.**

- (d) **Scenario 4** – *The Final Average Level is greater than the Initial Price. It is $y\%$ of the Initial Price, where $y > 100$.*

The Redemption Amount per Security that a Holder is entitled to receive will be the sum of $y\%$ of the Reference Amount plus the Cash Amount. **In this scenario, an investor who purchased the Securities at the Issue Price will receive the sum of $y\%$ of the Reference Amount plus the Cash Amount. The greater the value of y , the greater the return received.**

IMPORTANT NOTICES

Investing in the Securities puts your capital at risk. You may lose some or all of your investment.

Each of JPMSP and JPMorgan Chase Bank, N.A. (together, the "**Responsible Persons**") accepts responsibility for the information given in this Prospectus and confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import.

Notwithstanding the above paragraph or anything else in this Prospectus, neither the Issuer nor the Guarantor will accept responsibility for the information given in this Prospectus or the Contractual Terms in relation to offers of Securities made by an offeror not authorised by the Issuer and Guarantor to make such offers. Generally, each person named as "Dealer" or "Manager" and any party named as a "Distributor" (if any) or other "placer" (if any) in the Contractual Terms will be so authorised, but any other party generally will not. Investors should therefore enquire whether the relevant offeror is so authorised by the Issuer and Guarantor and, if it is not, the investor should be aware that neither the Issuer nor the Guarantor will be responsible for this Prospectus or the Contractual Terms for the purposes of the relevant securities laws. Further, whether or not the relevant offeror has been so authorised, no person is authorised to give any information or to make any representation not contained in, or not consistent with, this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer and the Guarantor. If an investor is in any doubt about whether it can rely on this Prospectus and the Contractual Terms and/or who is responsible for the contents thereof it should take legal advice.

An investment in Securities is subject to a very high degree of complex risks which may arise without warning. Securities may at times be volatile and losses may occur quickly and in unanticipated magnitude. Securities are extremely speculative and investors bear the risk that they could lose all of their investment. No person should acquire the Securities unless that person understands the nature of the relevant transaction and the extent of that person's exposure to potential loss and any investment in the Securities is consistent with such person's overall investment strategy. Each investor in the Securities should consider carefully whether the Securities it considers acquiring are suitable for it in the light of such investor's investment objectives, financial capabilities and expertise. Investors in the Securities should consult their own business, financial, investment, legal, accounting, regulatory, tax and other professional advisers to assist them in determining the suitability of the Securities for them as an investment. See the section entitled "Risk Factors".

No person has been authorised to give any information or to make any representation other than as contained in this Prospectus in connection with the issue or sale of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, JPMorgan Chase Bank, N.A., as a Guarantor or J.P. Morgan Securities Ltd. as dealer (the "Dealer"). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or the Guarantor, since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering or sale of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor and the Dealer to inform themselves about and to observe any such restriction. The publication of this Prospectus is not intended as an offer or solicitation for the purchase or sale of any financial instrument in any jurisdiction where such offer or solicitation would violate the laws of such jurisdiction.

This Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Securities. Accordingly any person making or intending to make an offer in that Relevant Member State of Securities may only do so (i) in circumstances in which no obligation arises for the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive. Neither the Issuer nor the Dealer has authorised, nor do they authorise, the making of any offer of Securities in circumstances in which an obligation arises for the Issuer or the Dealer to publish or supplement a prospectus for such offer. See also "Subscription and Sale" in the 2011 Base Prospectus (defined below) incorporated by reference into this Prospectus.

The Dealer has not separately verified the information contained in this Prospectus. The Dealer does not make any representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor or the Dealer that any recipient of this Prospectus should invest in the Securities. Each investor in the Securities should determine for himself or herself the relevance of the information contained in this Prospectus and any investment in the Securities should be based upon such investigation as such investor deems necessary. The Dealer expressly does not undertake to review the financial condition or affairs of any of the Issuer or the Guarantor during the life of the arrangements contemplated by this Prospectus nor to advise any purchaser or investor in the Securities of any information coming to the attention of the Dealer.

Investors in the Securities are advised to consult their own legal, tax, accountancy and other professional advisers to assist them in determining the suitability of Securities for them as an investment. Each investor in the Securities should be fully aware of and understand the complexity and risks inherent in Securities before it makes its investment decision in accordance with the objectives of its business.

Neither the U.S. Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of the Securities or determined that this Prospectus is accurate or complete. Any representation to the contrary is a criminal offence.

The Jersey Financial Services Commission (the "Commission") has given, and has not withdrawn, its consent under Article 8 of the Control of Borrowing Order to the circulation in Jersey of an offer for subscription, sale or exchange of Securities by the Issuer. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.

It must be distinctly understood that, in giving these consents, the Commission does not take any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to them.

The value of the Securities will vary with the level of the J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD) (the "Index"). The value of the Index is determined in accordance with its rules (the "Index Rules"), included as Part 2 of the Schedule (J.P. Morgan Macro Hedge Index Series - Index Rules) hereto. The Index Rules may be amended from time to time at the discretion of the Index Calculation Agent (as defined in the Index Rules), and the Index Rules will be re-published no later than 30 calendar days following such amendment. If such an amendment is effected, the composition of the Index, the manner in which such composition is determined, an/or the calculation methodology used to determine the value of the Index from time to time, may be changed, and this in turn may affect, possibly adversely, the return and value of the Securities.

Capitalised terms used herein shall be as defined in "Contractual Terms" unless otherwise specified.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to:

- (i) "U.S.\$ ", "USD", "\$ " and "U.S. Dollars" are to United States dollars;
- (ii) "JPMorgan Chase" are to JPMorgan Chase & Co. and its consolidated subsidiaries; and
- (iii) "JPMorgan Chase Bank" are to JPMorgan Chase Bank, N.A. and its consolidated subsidiaries

CONFLICTS OF INTEREST

The Securities are linked to the J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD) (for the purposes of this section, the "**Reference Asset**").

J.P. Morgan Chase is subject to various potential conflicts of interest in respect of the Securities, which could have an adverse effect on the Securities.

J.P. Morgan Chase affiliates may take positions in or deal with the Reference Asset

The Issuer, the Guarantor and/or other J.P. Morgan affiliates may:

- in the ordinary course of business, effect transactions for their own account or for the account of their customers and hold long or short positions in the Reference Asset or related derivatives;
- in relation with an offering of Securities, on or prior to or after the Trade Date (being 31 January 2011) enter into one or more hedging transactions with respect to the Reference Asset or related derivatives;
- in connection with such hedging or market-making activities or with respect to proprietary or other trading activities, enter into transactions in the Reference Asset or related derivatives which may adversely (or positively) affect the price, liquidity or value of the Securities and which could therefore be adverse to the interests of the Holders of the Securities; and/or
- engage in trading, brokerage and financing activities, as well as providing investment banking and financial advisory services, may at any time hold long or short positions, and any trade or otherwise effect transactions, for its own account or the accounts of its customers.

The Calculation Agent of the Securities, which is a J.P. Morgan affiliate, has broad discretionary powers which may not take into account the interests of the Holders

As the Calculation Agent is a J.P. Morgan affiliate, potential conflicts of interest may exist between the Calculation Agent and the Holders of the Securities, including with respect to the exercise of the very broad discretionary powers of the Calculation Agent. For example, the Calculation Agent has the authority (i) to determine whether certain specified events and/or matters so specified in the conditions relating to a series of Securities have occurred and (ii) to determine any resulting adjustments and calculations or substitutions as described in such conditions. Investors should be aware that any determination made by the Calculation Agent may have an impact on the value and financial return of the Securities. Any such discretion exercised by, or any calculations made by, the Calculation Agent (in the absence of manifest or proven error) shall be binding on the Issuer and all Holders of the Securities.

The Calculation Agent under the Securities, J.P. Morgan Securities Ltd. ("**JPMSL**"), is also the Index Calculation Agent in respect of the Reference Asset, the performance of which will determine the Redemption Amount payable in respect of the Securities. JPMSL has various broad discretionary powers in connection with (i) certain determinations and valuations in respect of the Securities and the composition and calculation of the level of the Reference Asset, and (ii) the calculation of the return and other determinations in respect of the Reference Asset, exercise of any of which could have the effect of reducing the returns on the Securities to the Holders thereof. In particular, upon the occurrence of certain events which have an impact on the constituents of the Reference Asset (namely, market disruption events or other events affecting the constituents of the Reference Asset) the Calculation Agent may exercise discretion in adjusting the calculation of the value of the Reference Asset or of any affected constituents. In view of this dual role, JPMSL is subject to potential conflicts of interest.

It should be noted that the Reference Asset has been developed with the possibility of the Index Sponsor or any entity in the J.P.Morgan affiliates issuing, entering into, promoting, offering or selling transactions or

investments (structured or otherwise) linked, in whole or in part, to the Reference Asset and hedging such transactions or investments in any manner that they see fit. Accordingly it should be assumed that the Index Rules will be analysed from this point of view.

J.P. Morgan affiliates may have confidential information relating to the Reference Asset and the Securities

Certain J.P. Morgan affiliates may from time to time, by virtue of their status as underwriter, advisor or otherwise, possess or have access to information relating to the Securities, the Reference Asset and any derivative securities referencing them. Such J.P. Morgan affiliates will not be obliged to disclose any such information to an investor in the Securities.

DOCUMENTS INCORPORATED BY REFERENCE

This document should be read and construed in conjunction with the documents incorporated by reference into this Prospectus and each supplement to this Prospectus. The information contained in the following documents is hereby incorporated by reference into this Prospectus and deemed to form a part of this Prospectus:

- (i) the base prospectus dated 14 May 2010 relating to the Structured Products Programme for the issuance of Notes, Warrants and Certificates by J.P. Morgan Structured Products B.V., J.P. Morgan Indies SRL, JPMorgan Chase Bank, N.A. and JPMorgan Chase & Co. (the "**2010 Base Prospectus**");
- (ii) Supplement No. 1 dated 4 June 2010 to the 2010 Base Prospectus (the "**2010 Base Prospectus Supplement**");
- (iii) the base prospectus dated 13 May 2011 relating to issues of non-equity securities under the Programme by J.P. Morgan Structured Products B.V., J.P. Morgan Bank Dublin plc, J.P. Morgan Indies SRL, JPMorgan Chase Bank, N.A. and JPMorgan Chase & Co. (the "**2011 Base Prospectus**");
- (iv) Supplement No. 1 dated 14 June 2011 to the 2011 Base Prospectus relating to (i) the unaudited Consolidated Financial Statements of JPMorgan Chase Bank, N.A. for the quarter ended 31 March 2011, (ii) the addition of Polish clearing, settlement and listing capabilities, (iii) certain amendments to the Hong Kong, Indian, Israeli and Polish selling restrictions, (iv) certain amendments to the description of JPMorgan Chase & Co. and JPMorgan Chase Bank, N.A. and (v) the addition of a Polish tax disclosure (the "**14 June 2011 Supplement**").

The table below sets out the relevant page references for the information incorporated into this Prospectus by reference. Any information not listed below but included in the documents incorporated by reference is given for information purposes only. The parts of 2010 Base Prospectus, 2010 Base Prospectus Supplement or the 2011 Base Prospectus which are not incorporated by reference herein are not relevant for the purposes of the Securities.

Information incorporated by reference	Page reference
<i>From the 2010 Base Prospectus</i>	
General Conditions	Pages 85 to 179
Annex 2 - Index Linked Provisions	Pages 207 to 221
<i>From the 2010 Base Prospectus supplement</i>	
Amendments to the General Conditions	Pages 7 to 11
<i>From the 2011 Base Prospectus</i>	
Cautionary Note regarding Forward Looking Statements	Pages 6 to 7
Risk Factor 6, "Risk Factors that may affect the relevant Issuer's and Guarantor's (if any) ability to fulfil their respective obligations under the Securities"	Pages 46 to 57
Documents Incorporated by Reference	Pages 59 to 67

The following documents are documents which are incorporated by reference into the 2011 Base Prospectus:

- (i) the Annual Report on Form 10-K of JPMorgan Chase & Co. for the year ended 31 December 2010;
- (ii) the Annual Report on Form 10-K of JPMorgan Chase & Co. for the year ended 31 December 2009;
- (iii) the Proxy Statement on Schedule 14A of JPMorgan Chase & Co. dated 7

April 2011;

- (iv) the Quarterly Report on Form 10-Q of JPMorgan Chase & Co. for the quarter ended 31 March 2011;
- (v) the audited consolidated financial statements of JPMorgan Chase Bank, N.A. for the years ended 31 December 2010;
- (vi) the audited consolidated financial statements of JPMorgan Chase Bank, N.A. for the three years ended 31 December 2009;
- (vii) the JPMSP audited financial statements for the year ended 31 December 2010; and
- (viii) the JPMSP audited financial statements for the year ended 31 December 2009

General Description of the Programme	Pages 68 to 74
Commonly Asked Questions	Pages 75 to 90
Use of Proceeds	Page 334
Form of JPMorgan Chase Bank, N.A. Guarantee	Pages 339 to 342
JPMorgan Chase & Co.	Pages 343 to 366
JPMorgan Chase Bank, N.A.	Pages 367 to 371
J.P. Morgan Structured Products B.V.	Pages 372 to 375
Book-Entry Clearing Systems	Pages 381 to 383
Subscription and Sale	Pages 384 to 408
Certain ERISA Considerations	Pages 430 to 434
Taxation	Pages 435 to 504
General Information	Pages 505 to 508
Guide to symbols which may appear on Final Terms	Pages 509 to 511
Index of Defined Terms	Pages 512 to 537

From the 14 June 2011 Supplement

Information incorporated by reference Page 4

The following documents are documents which are incorporated by reference into the 14 June 2011 Supplement:

From the March 2011 JPMorgan Chase Bank, N.A. Consolidated Financial Statements

Consolidated Financial Statements - JPMORGAN Chase Bank, National Association

Consolidated Statements of Income (unaudited) for the three months ended March 31, 2011 and 2010

Consolidated Balance Sheets (unaudited) at March 31, 2011, and December 31, 2010

Consolidated Statements of Changes in Stockholder's Equity and Comprehensive Income (unaudited) for the three months ended March 31, 2011 and 2010

Consolidated Statements of Cash Flows (unaudited) for the three months ended March 31, 2011 and 2010

Notes to Consolidated Financial Statements (unaudited)

Report of Independent Registered Public Accounting Firm

Supplementary Information

Selected Quarterly Financial Data (unaudited)

Selected Annual Financial Data (unaudited)

Glossary of Terms

Amendments to the Form of Final terms for Securities other than German Securities	Pages 4 to 5
Amendments to the section entitled "JPMorgan Chase & Co."	Page 5
Amendments to the section entitled "JPMorgan Chase Bank, N.A."	Pages 5 to 6
Amendments to the section entitled "Book-Entry Clearing Systems"	Pages 6 to 7
Amendments to the section entitled "Subscription and Sale"	Pages 7 to 8
Amendments to the section entitled "Taxation"	Pages 8 to 11

Investors who have not previously reviewed the information contained in the above documents should do so in connection with their evaluation of the Securities. Any statement contained in a document, all or the relevant portion of which is incorporated by reference into this Prospectus, shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus or in any supplement to this Prospectus filed under Article 16 of the Prospectus Directive, including any documents incorporated therein by reference, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). The documents incorporated by reference will be available on the Luxembourg Stock Exchange's website (www.bourse.lu).

JPMorgan Chase & Co.'s filings with the SEC are available to the public on the website maintained by the SEC at <http://www.sec.gov>. Such filings can also be inspected and printed or copied, for a fee, at the SEC's Office of Public Reference, 100 F Street N.E., Washington, D.C. 20549, U.S.A., or by contacting that office by phone: +001 202 942 8090, fax: +001 202 628 9001 or e-mail: publicinfo@sec.gov. Investors may call the SEC at +001 800 732 0330 for further information on the public reference rooms. JPMorgan Chase & Co.'s SEC filings can also be viewed on JPMorgan Chase & Co.'s investor relations website at <http://investor.shareholder.com/jpmorganchase/>. Unless specifically incorporated by reference into this Prospectus, JPMorgan Chase & Co.'s filings with the SEC shall not be deemed to be part of this Prospectus.

JPMorgan Chase Bank, N.A. also files Consolidated Reports of Condition and Income ("**Call Reports**") with its primary federal regulator, the U.S. Office of the Comptroller of the Currency. These Call Reports are publicly available upon written request to the FDIC at 550 17th Street, N.W., Washington D.C. 20429, Attention: Disclosure Group, Room F-518. The FDIC has a website where the Call Reports can be viewed, at <http://www.fdic.gov>. The Call Reports are prepared in accordance with regulatory instructions issued by the U.S. Federal Financial Institutions Examinations Council and not U.S. generally accepted accounting principles. The Call Reports are supervisory and regulatory documents; they are not primarily accounting documents, do not conform with U.S. generally accepted accounting principles and do not provide a complete range of financial disclosure about JPMorgan Chase Bank, N.A. Nevertheless, the Call Reports do provide important information concerning the financial condition of JPMorgan Chase Bank, N.A. The Call Reports are not incorporated by reference in, and shall not be deemed to be part of, this Prospectus.

SELECTED FINANCIAL INFORMATION

Selected Financial Information of the Issuer

The profit after tax of JPMSP for the financial year ending 31 December 2010 was U.S.\$ 1,284,000 (U.S.\$ 1,276,000 for the financial year ended 31 December 2009). As at 31 December 2010 the total shareholders' funds of JPMSP were U.S.\$ 526,045,000 (U.S.\$ 524,761,000 as at 31 December 2009). JPMSP's profit on ordinary activities before taxation for the year ended 31 December 2010 was U.S.\$ 1,777,000 (U.S.\$ 1,888,000 for the year ended 31 December 2009). JPMSP's total assets at 31 December 2010 were U.S.\$ 27,748,819,000 (U.S.\$ 48,698,805,000 as at 31 December 2009). JPMSP's total liabilities as at 31 December 2010 were U.S.\$ 27,222,774,000 (U.S.\$ 48,174,044,000 as at 31 December 2009).

Selected Financial Information of the Guarantor

Selected income statement data

(in millions in United States dollars)	Year ended 31 December	
	<u>2010</u>	<u>2009</u>
Total net revenue	74,594	\$ 77,988
Total noninterest expense	49,431	43,391
Provision for credit losses	9,406	22,712
Income before income tax expense and extraordinary gain	15,757	11,885
Income tax expense	3,931	3,539
Extraordinary gain	---	76
Net income	\$ 11,826	\$ 8,422

Selected balance sheet data

(in millions in United States dollars)	31 December <u>2010</u>	31 December <u>2009</u>
Trading assets	358,150	\$ 302,589
Securities	310,762	347,873
Loans	553,004	558,424
Total assets	1,631,621	1,627,684
Deposits	1,019,993	1,024,036
Long-term debt	63,300	68,679
Total stockholders' equity	123,217	127,294

PART A - CONTRACTUAL TERMS

The Conditions of the Securities shall comprise the General Conditions (as completed and/or amended by the terms of the relevant Specific Product Provisions as specified to be applicable by these Contractual Terms) incorporated by reference herein (see "Documents Incorporated by Reference" above), as completed and/or amended by these Contractual Terms.

- | | | | |
|----|------|-----------------|--------------------------------------|
| 1. | (i) | Issuer: | J.P. Morgan Structured Products B.V. |
| | (ii) | Guarantor: | JPMorgan Chase Bank, N.A. |
| 2. | (i) | Series Number: | Not Applicable |
| | (ii) | Tranche Number: | Not Applicable |
- This Tranche will be consolidated and form a single series with the U.S.\$68,033,000 Certificates linked to the J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD) issued on 15 November 2010 and due 15 November 2011 (the “**Old Certificate**”) on and from the date on which the interest in the Temporary Bearer Global Security in respect of the Old Certificate is exchanged for a Permanent Bearer Global Security and the Clearing Systems recognise the Securities as fungible with the Old Certificates.
- | | | |
|----|--|---|
| 3. | Specified Currency or Currencies: | United States dollar ("U.S.\$" or "USD") |
| 4. | Notes, Warrants or Certificates: | Certificates |
| 5. | Aggregate Notional Amount: | |
| | (i) Series: | U.S.\$68,278,000 (68,278 Securities, each of the Specified Notional Amount) |
| | (ii) Tranche: | U.S.\$245,000 (245 Securities, each of the Specified Notional Amount) |
| 6. | Issue Price: | 97.010589 per cent. of the Aggregate Notional Amount |
- The Issue Price specified above may be more than the market value of the Securities as at the Issue Date, and the price, if any, at which the Dealer or any other person is willing to purchase the Securities in secondary market transactions is likely to be lower than the Issue Price. In particular, the Issue Price may take into account amounts with respect to commissions relating to the issue and sale of the Securities as well as amounts relating to the hedging of the Issuer's obligations under the Securities
- If any commissions or fees relating to the issue and sale of these Securities have been paid or are

payable by the Dealer to an intermediary, then such intermediary may be obliged to fully disclose to its clients the existence, nature and amount of any such commissions or fees (including, if applicable, by way of discount) as required in accordance with laws and regulations applicable to such intermediary, including any legislation, regulation and/or rule implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC), or as otherwise may apply in any non-EEA jurisdictions

Investors in these Securities intending to invest in Securities through an intermediary (including by way of introducing broker) should request details of any such commission or fee payment from such intermediary before making any purchase hereof

- | | | |
|-------|--|--|
| (i) | Specified Notional Amount per Certificate: | U.S.\$1,000 per Security |
| (ii) | Trading in Units (Notes): | Not Applicable |
| (iii) | Minimum trading size: | The Securities may only be traded in a minimum initial amount of one Security (corresponding to a notional amount of U.S.\$1,000) and, thereafter, in multiples of one Security (corresponding to a notional amount of U.S.\$ 1,000) |
-
- | | | |
|----|---|---|
| 7. | Issue Date: | 7 February 2011 |
| 8. | Redemption Date and Settlement Date: | 15 November 2011, subject to adjustment in accordance with the Modified Following Business Day Convention |

PROVISIONS APPLICABLE TO NOTES

Paragraphs 9-22 are intentionally deleted

PROVISIONS APPLICABLE TO WARRANTS

Paragraphs 23-34 are intentionally deleted

PROVISIONS APPLICABLE TO CERTIFICATES

- | | | |
|-----|---|-------------------------------|
| 35. | Cash Settlement/Physical Settlement: | Cash Settlement is applicable |
| 36. | Non-U.S. Certification: | Applicable |
| 37. | Eligible Investor Certification: | Not Applicable |
| 38. | Redemption Amount: | See Part C below |

In cases where the Redemption Amount is Share Linked, Index Linked, Commodity Linked, FX Linked or other variable linked:

- | | | |
|-----|---------------------|--|
| (i) | Reference Asset(s): | The Index (as defined in paragraph 44) |
|-----|---------------------|--|

- | | | |
|-------|--|-----------------------------------|
| (ii) | Provisions for determining Redemption Amount where calculated by reference to Share and/or Index and/or Commodity and/or FX Rate and/or other variable: | As specified in Part C below |
| (iii) | Provisions for determining Redemption Amount where calculation by reference to Share and/or Index and/or Commodity and/or FX Rate and/or other variable is impossible or impracticable or otherwise disrupted: | See paragraph 44 and Part C below |
39. **Exercise applicable to Certificates (General Condition 10):** Not Applicable
40. **Minimum Transferable Amount:** Not Applicable

CERTIFICATE COUPON PROVISIONS

- | | | |
|-----|---|----------------|
| 41. | Certificate Coupon Provisions (General Condition 8): | Not Applicable |
| 42. | Certificate Floating Rate Coupon Provisions (General Condition 8.3): | Not Applicable |

SPECIFIC PRODUCT PROVISIONS APPLICABLE TO THE SECURITIES

SHARE LINKED PROVISIONS

- | | | |
|-----|---------------------------------|----------------|
| 43. | Share Linked Provisions: | Not Applicable |
|-----|---------------------------------|----------------|

INDEX LINKED PROVISIONS

- | | | |
|------|------------------------------------|---|
| 44. | Index Linked Provisions: | Applicable |
| (i) | Single Index or basket of Indices: | Single Index |
| (ii) | Index/Indices: | <p>J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD) (<i>Bloomberg Code: JPMZMHUS:IND</i>) (the "Index"), as more fully described in Part 3 (<i>Rules of the J.P. Morgan Macro Hedge Index Series – Index Rules</i>) (the "Index Rules") of the Schedule hereto.</p> <p>As more fully described below, the Index references the performance of synthetic positions in certain specified volatility futures contracts in the Base Index. The Base Index is the CBOE Volatility Index (Bloomberg Cse: VIX Index).</p> <p>The closing prices of the underlying volatility futures contracts referenced in the Base Index are available from the Chicago Board Options Exchange (CBOE) website at http://www.cboe.com/micro/vix/vixfuturesprices.aspx</p> <p>Information about the futures specifications of the relevant underlying volatility futures contracts can</p> |

be found at:

http://cfe.cboe.com/Products/Spec_VIX.aspx

Information about the performance of the underlying volatility futures contracts can be found by clicking on the link entitled "You can link to spreadsheets with VIX futures historical data on Daily Prices, Volume and Open Interest by Contract Month" which enables information regarding historical prices and volume detail to be downloaded in spreadsheet format:

<http://cfe.cboe.com/Products/historicalVIX.aspx>

(iii) Type of Index:

Proprietary Index, provided that:

- (i) in respect of the Index, the Valuation Date and the Averaging Date, a "Scheduled Trading Day" as defined in Index Linked Provision 7 shall mean an "Index Business Day" (as defined in the Index Rules)
- (ii) paragraph (c) of the definition of "Market Disruption Event" appearing in Index Linked Provision 7 shall be amended by inserting the following words immediately after the words, "within the scheduled timeframe for publication": ", or, if such publication would fall after the Fallback Valuation Date, by the Fallback Valuation Date"

(iv) Exchange(s):

Not Applicable

(v) Related Exchange(s):

Not Applicable

(vi) Index Sponsor:

J.P. Morgan Securities Ltd., or any affiliate, subsidiary or third party designated by it, being the "Index Calculation Agent" of the Index, as defined in the Index Rules

(vii) Initial Valuation Date(s):

Not Applicable

(viii) Interest Valuation Date(s):

Not Applicable

(ix) Periodic Valuation Date(s):

Not Applicable

(x) Valuation Date(s):

5 November 2011

(xi) Initial Averaging Date(s):

Not Applicable

(xii) Averaging Date(s):

Each of the five (5) Scheduled Trading Days (i.e. Index Business Days as defined in the Index Rules) prior to and including the Valuation Date, subject to the "Consequences of Disrupted Days" set out in the Index Linked Provisions. Please also see item (xv) below.

(xiii) Valuation Time:	As specified in Index Linked Provision 7
(xiv) Maximum Days of Disruption:	In respect of the Valuation Date, eight Scheduled Trading Days as specified in Index Linked Provision 7
(xv) Averaging Reference Dates (Disrupted Day consequences):	Applicable
(a) Omission:	Not Applicable
(b) Postponement:	Applicable
(c) Modified Postponement:	Not Applicable
(xvi) Fallback Valuation Date:	Applicable: in respect of the Valuation Date, the second Business Day prior to the Redemption Date
(xvii) Hedging Disruption:	Applicable

COMMODITY LINKED PROVISIONS

45. Commodity Linked Provisions:	Not Applicable
----------------------------------	----------------

FX LINKED PROVISIONS

46. FX Linked Provisions:	Not Applicable
---------------------------	----------------

MARKET ACCESS PARTICIPATION PROVISIONS

47. Market Access Participation Provisions:	Not Applicable
---	----------------

LOW EXERCISE PRICE WARRANT PROVISIONS

48. Low Exercise Price Warrant Provisions:	Not Applicable
--	----------------

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

49. New Global Note:	Not Applicable
----------------------	----------------

50. Form of Securities:	Bearer Securities
-------------------------	-------------------

(i) Temporary or Permanent Bearer Global Security / Registered Global Security:	Temporary Bearer Global Security which is exchangeable for a Permanent Bearer Global Security (or, at the request of a Holder, for Bearer Definitive Securities) which is exchangeable for Bearer Definitive Securities (i) automatically in the limited circumstances specified in the Permanent Bearer Global Security or (ii) at any time at the option of the Issuer by giving notice to the Holders and the Relevant Programme Agent of its intention to effect such exchange or (iii) at any time at the request of a Holder, in each case on the terms as set forth in the relevant Bearer Global Security
(ii) Are the Notes to be issued in the form of	Not Applicable

obligations under French law?

- | | | |
|-------|--|---|
| (iii) | Name of Registration Agent (<i>only if French Securities and the Notes are in a fully registered form (au nominatif pur) and if the Notes are not inscribed with the Issuer</i>) | Not Applicable |
| (iv) | Representation of holders of Notes/ Masse: | Not Applicable |
| (v) | Applicable TEFRA exemption: | TEFRA D Rules |
| 51. | Record Date: | Not Applicable |
| 52. | Additional Financial Centre(s) (General Condition 13.2) or other special provisions relating to payment dates: | Not Applicable |
| 53. | Payment Disruption Event (General Condition 14): | Not Applicable |
| 54. | Physical Delivery: | Not Applicable |
| 55. | Calculation Agent: | J.P. Morgan Securities Ltd. |
| 56. | Redenomination, renominatisation and reconventioning provisions: | Not Applicable |
| 57. | Gross Up (General Condition 18): | Applicable – as specified in General Condition 18.1 |
| 58. | Other final terms or special conditions: | Applicable – see Part C |

DISTRIBUTION

- | | | |
|------|--|---|
| 59. | If non-syndicated, name and address of Dealer: | J.P. Morgan Securities Ltd. of 125 London Wall, London EC2Y 5AJ |
| 60. | Stabilising Manager(s) (if any): | Not Applicable |
| (i) | If syndicated, names and addresses of Managers and underwriting commitments: | Not Applicable |
| (ii) | Date of Subscription Agreement: | Not Applicable |
| 61. | Total commission and concession: | See paragraph 6 above |
| 62. | U.S. selling restrictions: | Regulation S |

TEFRA D Rules - the Securities are for U.S. tax law purposes “bearer obligations” and will be issued in compliance with the TEFRA D Rules.

ERISA Restrictions for all Securities (including Rule 144A Securities and Securities subject to Regulation S)

JPMSP Standard Restrictions apply: The Securities may not be acquired by, on behalf of, or with the assets of any plans subject to ERISA or

Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, other than certain insurance company general accounts. See "Subscription and Sale – United States", "U.S. Transfer Restrictions for Rule 144A Securities - Investor Letter of Representations – (m) ERISA Legends - (ii) JPMSP/JPMBD/JPMI Standard Legend” and "U.S. Transfer Restrictions for Rule 144A Securities - Investor Letter of Representations – (bb) ERISA Restrictions (ii) JPMSP, JPMBD or JPMI issued Securities – (x) JPMSP/JPMBD/JPMI Standard Restrictions" in the 2010 Base Prospectus (as supplemented).

- | | | |
|-----|---|----------------|
| 63. | Non-exempt Offer: | Not Applicable |
| 64. | Additional Selling Restrictions: | Not Applicable |

GENERAL

- | | | |
|-----|---|----------------|
| 65. | The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●] 1 = U.S.\$ [●], producing a sum of (for Notes not denominated in U.S. dollars): | Not Applicable |
|-----|---|----------------|

PART B – OTHER INFORMATION

LISTING AND ADMISSION TO TRADING

Application will be made for the Securities to be listed on the Official List and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange (which is regulated by Directive 2004/39/EC on Markets in Financial Instruments) with effect from, at the earliest, the Issue Date. No assurances can be given that such application for listing and admission to trading will be granted (or, if granted, will be granted by the Issue Date).

The Issuer has no duty to maintain the listing (if any) of the Securities on the relevant stock exchange over their entire lifetime. Securities may be suspended from trading and/or de-listed at any time in accordance with applicable rules and regulations of the relevant stock exchange.

RATINGS Not Applicable

INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in paragraph 2 of the section of the 2011 Base Prospectus entitled "Subscription and Sale" and in the section of this Prospectus entitled "Conflicts of Interest", so far as the Issuer is aware, no person involved in the offer of the Securities has an interest material to the offer.

REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- | | |
|---------------------------------|----------------|
| (i) Reasons for the offer: | Not Applicable |
| (ii) Estimated net proceeds: | Not Applicable |
| (iii) Estimated total expenses: | Not Applicable |

PERFORMANCE OF INDEX/FORMULA/ OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

The value of the Certificates and the Redemption Amount will depend on (i) the level of the Index on each of the Averaging Dates relative to the Initial Price, and (ii) the value of the cash component on the Valuation Date. See Part C below.

In turn, the level of the Index (and, accordingly, the value of the Certificates) is dependent on the synthetic exposure to volatility futures contracts referenced in the Base Index.

The investment strategy behind the Index is to generate positive returns by combining a synthetic long position and a synthetic opportunistic short position to volatility futures contracts that are rolled continuously throughout the period between the settlement dates for the various futures contracts. The performance of the long volatility component and short volatility component are determined by reference to the price performance of the volatility futures contracts referencing the Base Index. The price of each futures contract referenced in the Base Index is affected, in part, on the supply and demand for that futures contract in the market. Notably, the supply and demand for each futures contract (and consequently its price) is in turn influenced by the level of the Base Index, although, the price performance of the futures contract may not necessarily correspond to the level of the Base Index.

The synthetic long exposure to the futures contracts within the Index measures the return from a rolling long position in the second and third month futures contracts. All other things being equal, the level of the Index will rise when the rolling average closing price of the second and third month futures contracts is rising and fall when the opposite occurs. The level of the Index will also fall when the rolling average closing price of the second and third month futures contracts is increasing at a greater rate than the shorter dated futures contracts between the first and second month.

The level of the Base Index is also relevant to determining if and when the synthetic short position is activated. The synthetic short position is only activated when the Base Index is trading below the relevant average of the nearest dated futures contract when the volatility term structure is upward sloping. The short exposure is partially increased (or decreased) following three consecutive days of the Base Index being below (or above) the rolling average of the first and second futures contracts. The Index Rules provide a mechanism for moving out of the synthetic short position in circumstances where the Base Index is consistently above the rolling average closing price of the first and second month futures contract, as this is taken as being indicative that the rolling average closing price of the first and second month futures contracts are increasing at a greater rate than the rolling average closing price of the second and third month futures contracts. All other things being equal, the level of the Index will rise when the rolling average closing price of the first and second month futures contracts is falling and fall when the opposite occurs.

Details of past and future performance and the volatility of the Index may be obtained from Bloomberg® at <http://www.bloomberg.com/apps/quote?ticker=JPMZMHUS:IND>

As more fully described below, the Index references the performance of synthetic positions in certain specified volatility futures contracts in the Base Index. The Base Index is the CBOE Volatility Index (Bloomberg Cse: VIX Index).

The closing prices of the underlying volatility futures contracts referenced in the Base Index are available from the Chicago Board Options Exchange (CBOE) website at <http://www.cboe.com/micro/vix/vixfuturesprices.aspx>

Information about the futures specifications of the relevant underlying volatility futures contracts can be found at: http://cfe.cboe.com/Products/Spec_VIX.aspx

Information about the performance of the underlying volatility futures contracts can be found by clicking on the link entitled “You can link to spreadsheets with VIX futures historical data on Daily Prices, Volume and Open Interest by Contract Month” which enables information regarding historical prices and volume detail to be downloaded in spreadsheet format: <http://cfe/cboe.com/Products/historicalVIX.aspx>

POST-ISSUANCE INFORMATION

The Issuer will not provide any post-issuance information with respect to the Index, unless required to do so by applicable law or regulation.

OPERATIONAL INFORMATION

Intended to be held in a manner which would allow No
Eurosystem eligibility:

ISIN: NL0009509892

*Temporary ISIN: NL0009510643

Common Code: 055698791

*Temporary Common Code: 058992046

*The Temporary ISIN and the Temporary Common Code will apply until such time as interests in the Temporary Bearer Security are exchanged for interests in the Permanent Bearer Global Security and the Clearing Systems recognise the Securities as fungible with the Old Certificates.

Relevant Clearing System(s) and the relevant Euroclear/Clearstream, Luxembourg identification number(s):

Delivery: Delivery against payment

The Agents appointed in respect of the Securities are: As set out in the Agency Agreement

Registrar: Not Applicable

PART C – OTHER APPLICABLE TERMS

1. Redemption Amount on the Redemption Date

Unless the Securities have previously been redeemed, purchased and/or cancelled in accordance with the Conditions, the Issuer shall redeem each Security (of Specified Notional Amount) on the Redemption Date by payment of the Redemption Amount in respect of each Security (of Specified Notional Amount), which shall be an amount in the Specified Currency determined by the Calculation Agent in accordance with the following formula:

$$\text{Max} \left\{ \text{Floor}; \left[\text{RA} \times \left(\frac{\text{Final Average Level}}{\text{Initial Price}} \right) + \text{Cash Amount} \right] \right\}$$

2. Modification to the Conditions

The definition of “Additional Disruption Event” under paragraph 7 (*Definitions*) of the Index Linked Provisions is deleted and replaced with the following:

"Additional Disruption Event" means (a) a Change in Law; (b) if Hedging Disruption is specified in the relevant Final Terms to be applicable, a Hedging Disruption; and (c) Increased Cost of Hedging.”

3. Definitions

"Cash Amount" means, in respect of each Security (of Specified Notional Amount), an amount in the Specified Currency determined by the Calculation Agent in accordance with the following formula:

$$\text{RA} \times (\text{CashUSD}_{\text{Final}} - 1)$$

"CashUSD" means in respect of (i) each New York Banking Day during the CashUSD Calculation Period, and (ii) the Valuation Date, an amount determined by the Calculation Agent in accordance with the definition of "CashUSD_t" below.

"CashUSD Calculation Period" means the period commencing on, and excluding, the Trade Date and ending on, but excluding, the Valuation Date.

"CashUSD_{Final}" means the CashUSD in respect of the Valuation Date as determined by the Calculation Agent.

"CashUSD_t" means, in respect of each New York Banking Day "t" and the Valuation Date, an amount determined by the Calculation Agent in accordance with the following formula:

$$\text{CashUSD}_{t-1} \times \left[1 + \frac{(\text{Rate}_{t-1}) \times D}{360} \right]$$

Where:

"CashUSD_{t-1}" means, in respect of such New York Banking Day "t" or the Valuation Date, as is applicable, the CashUSD in respect of New York Banking Day "t-1" corresponding to such day, as determined by the Calculation Agent, provided that, "CashUSD_{t-1}" in respect of the New York Banking Day "t-1" corresponding to the first New York Banking Day "t" falling in the CashUSD Calculation Period shall have the value of one (1).

"D" means, in respect such New York Banking Day "t" and the Valuation Date, the number of calendar days from, and including, the New York Banking Day "t-1" corresponding to such day, to, but excluding, such New York Banking Day "t" or the Valuation Date, as the case may be.

"Rate_{t-1}" means, in respect of such New York Banking Day "t" and the Valuation Date, the rate as calculated by the Federal Reserve Bank of New York and published on Bloomberg Screen "FEDL01 Index" in respect of the New York Banking Day "t-1" corresponding to such day, as determined by the Calculation Agent. If such rate is not published on Bloomberg Screen "FEDL01 Index", the Rate_{t-1} for such New York Banking Day "t" or Valuation Date (as the case may be) will be determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner. The "Rate_{t-1}" in respect of the New York Banking Day "t-1" corresponding to the first New York Banking Day "t" falling in the CashUSD Calculation Period has a value of 0.20 per cent. per annum.

"Final Average Level" means the average of the Closing Index Level on each Averaging Date as published by the Calculation Agent on the relevant Bloomberg Page, subject to adjustment and/or correction in accordance with the Conditions and these Final Terms.

"Floor" means U.S.\$1.00.

"Increased Cost of Hedging" means that the Hedging Entity would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of entering into and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Hedging Entity shall not be deemed an Increased Cost of Hedging.

"Initial Price" means U.S.\$426.942.

"Max" followed by a series of amounts inside brackets, means whichever is the greater of the amounts separated by a semi-colon inside those brackets.

"New York Banking Day" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City.

"New York Banking Day "t"'" means each New York Banking Day during the CashUSD Calculation Period.

"New York Banking Day "t-1"'" means, in respect of (i) each New York Banking Day "t" (other than the first New York Banking Day "t" falling in the CashUSD Calculation Period) and the Valuation Date, the New York Banking Day immediately preceding such day, and (ii) the first New York Banking Day "t" falling in the CashUSD Calculation Period, the Trade Date.

"RA" or "Reference Amount" means, in respect of each Security (of Specified Notional Amount), U.S.\$1,000.

"Trade Date" means 31 January 2011.

SCHEDULE

Part 1

DISCLAIMERS

The Securities are linked to the J.P. Morgan macro Hedge Index Opportunistic Long / Short (USD) (for the purposes of this Part 1, the “**Index**”).

J.P. Morgan Securities Ltd. (“**JPMSL**”) and any of its affiliates or subsidiaries (each such entity, together with all other affiliates or subsidiaries of JPMorgan Chase & Co., the “**JPMorgan Group**”) compile, sponsor and disseminate the Index. No entity in the JPMorgan Group has any obligation to take into account the interests of holders of the Securities when determining, composing or calculating the Index and the relevant JPMorgan Group entities can at any time and in their sole discretion, modify or change the method of calculating the Index or cease its calculation, publication or dissemination. Accordingly, actions and omissions of the relevant entities of the JPMorgan Group may affect the value of the Index and, consequently, the value of the Securities.

The Index Sponsor, J.P. Morgan Securities Ltd., being the “Index Calculation Agent” of the Index is under no obligation to continue the calculation, publication and dissemination of the Index. The Index Sponsor may delegate to an affiliate or a third party some or all of its duties in respect of the Index.

THE INDEX IS DERIVED FROM SOURCES THAT ARE CONSIDERED RELIABLE, BUT THE JPMORGAN GROUP DOES NOT GUARANTEE THE VERACITY, CURRENCY, COMPLETENESS OR ACCURACY OF THE INDEX OR OTHER INFORMATION FURNISHED IN CONNECTION WITH THE INDEX. NO REPRESENTATION, WARRANTY OR CONDITION, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, AS TO CONDITION, SATISFACTORY QUALITY, PERFORMANCE, OR FITNESS FOR PURPOSE ARE GIVEN OR DUTY OR LIABILITY ASSUMED BY THE JPMORGAN GROUP IN RESPECT OF THE INDEX OR ANY DATA INCLUDED THEREIN, OMISSIONS THEREFROM OR THE USE OF THE INDEX IN CONNECTION WITH THE PRODUCT, AND ALL THOSE REPRESENTATIONS, WARRANTIES AND CONDITIONS ARE EXCLUDED SAVE TO THE EXTENT THAT SUCH EXCLUSION IS PROHIBITED BY LAW.

To the fullest extent permitted by law, the JPMorgan Group shall have no liability or responsibility to any person or entity for any loss, damages, costs, charges, expenses or other liabilities, including without limitation liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages, whether caused by negligence of that person or otherwise, arising in connection with the use of the Index or in connection with the Securities.

No entity in the JPMorgan Group makes any warranty or representation whatsoever, express or implied, as to the accuracy or completeness of the index rules as set forth in Part 2 (*J.P. Morgan Macro Hedge Index Series: Index Rules*) of this Schedule (the “**Index Rules**”), results to be obtained from the use of the Index, or as to the performance and/or the value thereof at any time (past, present or future). The JPMorgan Group retains the right to change the Index Rules in accordance with its provisions and such Index Rules may change at any time.

No entity in the JPMorgan Group (whether as a result of negligence or for any other reason) shall be liable to any investor or holder of the Securities for any error or omission in the calculation of the Index or be under any obligation to advise any person of any error therein or to guarantee the performance and/or value of the Index.

SCHEDULE

Part 2

J.P. MORGAN MACRO HEDGE INDEX SERIES: INDEX RULES
(for the purposes of this Part 2 of this Schedule, the “Index”)

PART A

General Rules

1. This Document

1.1 Introduction

This document comprises the rules of the J.P. Morgan Macro Hedge Index Series, a family of notional rule-based proprietary indices.

The table below sets out each Index comprised in the J.P. Morgan Macro Hedge Index Series and relevant Parts and Modules of this document that comprise the Index Rules for each Index:

Index	Index Rules – applicable Parts and Module
J.P. Morgan Macro Hedge Index Opportunistic Long/Short (USD)	Part A, Part B and Module 1.0

This Part A sets out the general rules applicable to each Index. The other applicable Part for the Index:

- (a) sets out the rules of the strategy applicable to the Index; and
- (b) contains the Applicable Module that sets out the specific information pertaining to the Index such as (among other information): (1) the name of the Index and Bloomberg ticker; (2) the Futures Contract(s) referenced in the Index; and (3) other specific rules (if any) applicable to the Index.

1.2 Publication and availability of the Index Rules

The Index Rules are published by J.P. Morgan Securities Ltd. of 125 London Wall, London EC2Y 5AJ, UK in its capacity as Index Calculation Agent of the Indices.

The Index Calculation Agent may, in its discretion, publish only the Index Rules applicable to one or more of the Indices by removing the Parts and Modules from this document that do not apply to such Indices and amending section 1.1 above as necessary.

Copies of the Index Rules may be obtained by holders of investments linked to one or more Indices free of charge on request to the Index Calculation Agent.

1.3 Amendments

The Index Rules for an Index may be amended from time to time at the discretion of the Index Calculation Agent and will be re-published (in a manner determined by the Index Calculation Agent from time to time) no later than one calendar month following such amendment.

Although the Index Rules are intended to be comprehensive, ambiguities may arise. If so, the Index Calculation Agent will resolve such ambiguities and, if necessary, amend the Index Rules to reflect such resolution.

1.4 No offer of securities

The Index Rules neither constitute an offer to purchase or sell securities nor specific advice of whatever form (tax, legal, accounting or regulatory) in respect of any investment strategy or investment that may be linked to an Index.

2. Indices are synthetic

The Indices are constructed on notional or synthetic exposure to the Futures Contracts referenced in the Indices because there is no actual portfolio of Futures Contracts nor assets to which any person is entitled or in which any person has any ownership interest. The Indices merely identify certain Futures Contracts and rules-based trading strategies, the performance of which are used as a reference point for the purposes of calculating the level of each Index.

3. Index Calculation Agent

3.1 Identity

J.P. Morgan Securities Ltd. or any affiliate, subsidiary or third party designated by it will act as calculation agent in connection with each Index (the “**Index Calculation Agent**”).

3.2 Index Calculation Agent standards

The Index Calculation Agent shall act in good faith and in a commercially reasonable manner in respect of determinations made by it pursuant to the Index Rules.

3.3 Index Calculation Agent determinations

All determinations of the Index Calculation Agent pursuant to the Index Rules in respect of an Index and interpretation of the Index Rules shall be final, conclusive and binding and no person shall be entitled to make any claim against the Index Calculation Agent or any of the Relevant Persons in respect thereof. Neither the Index Calculation Agent nor any Relevant Person shall:

- (a) be under any obligation to revise any determination or calculation made or action taken for any reason in connection with the Index Rules or an Index; or
- (b) have any responsibility to any person (whether as a result of negligence or otherwise) for any determinations made or anything done (or omitted to be determined or done) in respect of any Index or in respect of the publication of any Index Level (or failure to publish such level) or any use to which any person may put an Index or the Index Levels.

4. Calculation of Index Levels

4.1 Base Level and Base Date

The Base Level and Base Date of an Index are specified in the Applicable Module.

4.2 Publication of Index Levels

Subject to the occurrence of a Market Disruption Event, in respect of each Index, the Index Calculation Agent shall calculate and publish (in a manner determined by the Index Calculation Agent from time to time) the level of the Index (the “**Index Level**”) in respect of each Index Business Day. All Index Levels are rounded to 2 decimal places before being published and calculated in the Currency of the Index.

5. Corrections in respect of Indices

If, in respect of an Index:

- (a) the level or price of any Futures Contract, the Base Index, variable, input or other matter which is used for any calculation relevant to the Index Level for any Index Business Day is subsequently corrected and the correction is published by the Relevant Exchange or relevant publication source; or
- (b) the Index Calculation Agent identifies an error or omission in any of its calculations or determinations in respect of the Index Level for any Index Business Day,

then, the Index Calculation Agent may, if practicable and it considers such correction material, adjust or correct the published Index Level for such day and/or each subsequent Index Business Day and publish (in such manner determined by the Index Calculation Agent) such corrected Index Level(s) as soon as reasonably practicable.

6. Extraordinary Events – Futures Contract

6.1 Successor Futures Contract

If, in respect of an Index, any Futures Contract is:

- (a) not calculated and quoted by the Relevant Exchange but by a successor exchange acceptable to the Index Calculation Agent; or

- (b) replaced by a successor futures contract using, in the determination of the Index Calculation Agent, the same or substantially similar formula and method of calculation as used in the calculation of the relevant Futures Contract,

then in each case that successor futures contract (the "**Successor Futures Contract**") shall replace the relevant Futures Contract with effect from a date determined by the Index Calculation Agent who may make such adjustment to the Index Rules, as it determines in good faith is appropriate, to account for such change.

6.2 Material change to Futures Contracts, cancellation or non-publication

Without prejudice to the ability of the Index Calculation Agent to amend the Index Rules (see section 1), if, at any time in respect of any Futures Contract (the "**Affected Contract**"):

- (a) the Index Calculation Agent considers it reasonably necessary to exclude or substitute the Affected Contract to reflect the intention of the relevant Index, including (without prejudice to the generality of the foregoing) changes announced by the Relevant Exchange relating to the modification, exclusion, inclusion or substitution of any Futures Contracts; or
- (b) there is a perception among market participants generally that the published price of the relevant Futures Contract is inaccurate (and the Relevant Exchange fails to correct such level); or
- (c) any Relevant Exchange:
 - (i) announces that it will make a material change to the definition of any Futures Contract or in any other way materially modifies such contract (other than a modification prescribed in the definition of such contract); or
 - (ii) permanently cancels any Futures Contract and no Successor Futures Contract exists or is otherwise unable or unwilling to publish a level of the Futures Contract; or
- (d) the Index Calculation Agent determines that a Change in Law has occurred in respect of a Futures Contract,

then the Index Calculation Agent may exclude or substitute the Affected Contract from the relevant Index and may adjust the Index Rules as it determines in good faith to be appropriate to account for such change(s) (including, without limitation, selecting (a) a replacement futures contract traded on the Relevant Exchange or an equivalent exchange and having similar characteristics to the Affected Contract; and (b) the date of such replacement) on such date(s) as selected by the Index Calculation Agent or cease publication of the affected Index.

7. Extraordinary Events – Base Index

7.1 Successor Base Index

If, in respect of an Index, the Base Index is:

- (a) not calculated and quoted by the applicable sponsor but by a successor sponsor acceptable to the Index Calculation Agent; or
- (b) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or substantially similar formula and method of calculation as used in the calculation of the relevant Base Index,

then in each case that successor base index (the "**Successor Base Index**") shall replace the relevant Base Index with effect from a date determined by the Index Calculation Agent who may make such adjustment to these Index Rules, as it determines in good faith is appropriate, to account for such change.

7.2 Material change to Base Index, cancellation or non-publication

Without prejudice to the ability of the Index Calculation Agent to amend the Index Rules (see section 1), if, at any time in respect of any applicable Base Index (the "**Affected Base Index**"):

- (a) the Index Calculation Agent considers it reasonably necessary to exclude or substitute the Affected Base Index to reflect the intention of the relevant Index,

- including (without prejudice to the generality of the foregoing) changes announced by the applicable sponsor of the Base Index relating to the modification, exclusion, inclusion or substitution of any Base Index; or
- (b) there is a perception among market participants generally that the published level of the relevant Base Index is inaccurate (and the applicable sponsor of the Base Index fails to correct such level); or
 - (c) the sponsor of any applicable Base Index:
 - (i) announces that it will make a material change in the formula for or the method of calculating the Base Index or in any other way materially modifies that Base Index (other than a modification prescribed in the formula or method to maintain that Base Index in the event of changes in constituent stock and capitalization and other routine events); or
 - (ii) permanently cancels the Base Index and no Successor Base Index exists or is otherwise unable or unwilling to publish a level of the Base Index; or

then the Index Calculation Agent may exclude or substitute the **Affected Base Index**) from the relevant Index and may adjust the Index Rules as it determines in good faith to be appropriate to account for such change(s) (including, without limitation, selecting (a) a replacement base index on the Relevant Exchange or an equivalent exchange and having similar characteristics to the Affected Base Index; and (b) the date of such replacement) on such date(s) as selected by the Index Calculation Agent or cease publication of the affected Index.

7.3 Cancellation of licence or permission

If in respect of an Index, at any time, any licence granted (if required) to the Index Calculation Agent (or its affiliates) to use any Base Index or other component ("**Affected Component**") for the purposes of the Index terminates, or the Index Calculation Agent's rights to use the Base Index or other underlying component for the purpose of the Index is otherwise disputed, impaired or ceases (for any reason), the Index Calculation Agent may remove such Affected Component from the Index and may adjust the Index Rules as it determines in good faith to be appropriate to account for such change(s) including, without limitation, selecting (a) a replacement base index or other underlying component having similar characteristics to the Affected Component; and (b) the date of such replacement) on such dates as selected by the Index Calculation Agent or cease publication of the affected Index.

8 Definitions

In respect of each Index, the capitalised terms defined below shall have the following meanings in the Index Rules:

"Applicable Module" means the Module which is applicable to the Index as specified in the table in section 1.1 above;

"Applicable Parts" means the Part(s) which are applicable to the Index as specified in the table in section 1.1 above;

"Applicable Parts / Module" means the Parts and Module which are applicable to the Index as specified in the table in section 1.1 above;

"Base Date" means the date specified in the Applicable Parts / Module;

"Base Index" the index as specified in the Applicable Parts / Module;

"Base Level" means the level specified in the Applicable Parts / Module;

"Change in Law" means due to the adoption of, or any change in, any applicable law, regulation or rule (including, without limitation, any tax law) or the promulgation of, or any change in, the interpretation, application, exercise or operation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law, rule, regulation or order (including, without limitation, any action taking by a taxing authority, or any exchange or trading facility), the Index Calculation Agent determines in good faith that it has become illegal to hold, acquire or dispose of the Futures Contracts;

“Closing Price” means, in respect of a Futures Contract and Index Business Day, the official settlement price (howsoever described in the rules of the Relevant Exchange) for the Futures Contract published by the Relevant Exchange;

“Currency of the Index” means the currency specified as such in the Applicable Module;

“Disrupted Day” means, in respect of an Index and an Index Business Day, the occurrence or existence of a Market Disruption Event in respect of a Futures Contract and/or the Base Index;

“Early Closure” means, the closure on any Index Business Day of the Relevant Exchange prior to its scheduled closing time unless such earlier closing time is announced by such exchange(s) at least one hour prior to the actual closing time for the regular trading session on such exchange(s) on such Index Business Day;

“Exchange Disruption” means, any event (other than an Early Closure) that disrupts or impairs (as determined by the Index Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, futures (including, without limitation, the Futures Contracts) or options contracts relating to the Base index on any Relevant Exchange;

“Final Settlement Value” in respect of a Futures Contract and a Rebalancing Settlement Date, the final settlement value (howsoever described in the rules of the Relevant Exchange) for the Futures Contract as published by the Relevant Exchange;

“Futures Contract” means the futures contract(s) in respect of the Base Index as specified in the Applicable Parts / Module;

“Index Business Day” means the index business days specified as such in the Applicable Module, subject to adjustment in accordance with the Index Rules;

“Index Calculation Agent” means J.P. Morgan Securities Ltd or any affiliate, subsidiary or delegate designated by it in accordance with section 3.1 of this Part A;

“Index” means each Index specified in the table in section 1.1 above;

“Index Level” has the meaning given in section 4.2 of this Part A;

“Index Rules” means the relevant Parts and Modules of the document that comprise the Index Rules for the Index as specified in the table in section 1.1 above;

“Market Disruption Event” means, in respect of:

- (a) a Futures Contract:
 - (i) a failure by the Relevant Exchange to publish the Closing Price for the Futures Contract on an Index Business Day or the Final Settlement Value on a Rebalancing Settlement Date (as the case may be); or
 - (ii) any event that, in the determination of the Index Calculation Agent, disrupts or impairs the ability of market participants generally to effect transactions in or obtain market values for such Futures Contract on the Index Business Day. Such events may include, but are not limited to, the occurrence of any of a Trading Disruption, Exchange Disruption or Early Closure; or
- (b) a Base Index, a failure by the sponsor for the Base Index to calculate and publish the level for the Base Index on an Index Business Day;

“Module” means the Module of this document applicable to the Index as specified in the table in section 1.1 above.

“Part” means the Parts of this document applicable to the Index as specified in the table in section 1.1 above.

“Relevant Exchange” in respect of an Index, the relevant exchange or quotation system specified in the Applicable Parts / Module;

“Relevant Persons” means any affiliate or subsidiary of the Index Calculation Agent or their respective directors, officers, employees, representatives, delegates or agents;

“Trading Disruption” means any suspension of or limitation imposed on trading by the Relevant Exchange or otherwise and whether by reason of movements in a price exceeding limits permitted by the Relevant Exchange or otherwise in futures (including, without limitation, the Futures Contracts) or options contracts relating to the Base Index on any Relevant Exchange;

Notices, Disclaimers and Conflicts

These Index Rules have been developed with the possibility of the Index Calculation Agent or any of the Relevant Persons entering into or promoting, offering or selling transactions or investments (structured or otherwise) linked to one or more Indices and the hedging of such transactions or investments in any manner that they see fit.

No one may reproduce or disseminate the information contained in this document or an Index Level without the prior written consent of the Index Calculation Agent. This document is not intended for distribution to, or use by any person in, a jurisdiction where such distribution is prohibited by law or regulation.

Copyright JPMorgan Chase & Co. 2010. All rights reserved. J. P. Morgan is the marketing name for J.P. Morgan Chase & Co. and its subsidiaries and affiliates worldwide. J.P. Morgan Securities Ltd. is authorised by the FSA and is a member of the London Stock Exchange.

Part B

J.P. Morgan Macro Hedge Index Opportunistic Long / Short

1. Introduction

The macro hedge opportunistic long/short strategy rules set out in this Part B apply to each of the Indices in the Module to this Part B (each a “**Macro Hedge Opportunistic Long/Short Strategy**” or “**Index**” and together the “**Macro Hedge Opportunistic Long/Short Strategies**” or “**Indices**”). The Index Rules of each Macro Hedge Opportunistic Long/Short Strategies are comprised of Part A of this document, this Part B and the Applicable Module to this Part B.

The Macro Hedge Opportunistic Long/Short Strategies models returns from combining a systematic long and an opportunistic short synthetic exposure to the Futures Contracts that are rolled continuously throughout the period between the settlement dates for the various Futures Contracts.

The synthetic long exposure to the Futures Contracts measures the return from a rolling long position in the second and third month Futures Contracts. Subject to the occurrence of a Market Disruption Event, the long exposure in the Macro Hedge Opportunistic Long/Short Strategies rolls continuously throughout each month from the second month Futures Contract into the third month Futures Contract.

The synthetic short exposure to the Futures Contracts measures the return from a rolling short position in the first and second month Futures Contracts and is only activated when volatility term structure is upward sloping. The short exposure is partially increased (or decreased) following three consecutive days of the Base Index being below (or above) the rolling average of the first and second Futures Contracts, with the size of the increase (or decrease) in exposure for each subsequent Index Business Day being equal to 20% (and subject to an overall maximum short exposure of 100% and a minimum short exposure of 0%). If no such condition is met, the short position is rolled over with the same exposure as the previous Index Business Day. Subject to the occurrence of a Market Disruption Event, the short exposure in the Macro Hedge Opportunistic Long/Short Strategies rolls continuously throughout each month from the first month Futures Contract into the second month Futures Contract.

For each Macro Hedge Opportunistic Long/Short Strategy, the Applicable Module sets out (among other things) the:

- Name of the Index and Bloomberg ticker;
- Base Index;
- Index Business Days of the Index;
- Rebalancing Settlement Dates; and
- Adjustment Factor of the Index.

2. Futures Contracts

The table below sets out the futures contracts in respect of the Base Index (each a “**Futures Contract**”), together with the applicable “Contract Letter”, and “Settlement Month”.

Each Futures Contract expires on the Rebalancing Settlement Date occurring in the Settlement Month specified in the table. For example, a Futures Contract with the Contract Letter “J” expires in Settlement Month April.

Each row in the table provides the applicable Contract Letter for each Futures Contract ($i = 1, 2, 3$) by reference to the month in which the relevant Rebalancing Period ends. For example, the Contract Letter for Futures Contract ($i = 3$) for the Rebalancing Period ending in June is “Q”.

In the table below, references to Futures Contract(s) ($i=1, 2, 3$) are to the futures contract(s) by reference to the month in which the relevant Rebalancing Period ends. For example,

Futures Contract (i=1) means the Futures Contract expiring at the end of the current Rebalancing Period and Futures Contract (i=2) means the Futures Contract expiring at the end of the Rebalancing Period immediately following the current Rebalancing Period.

In respect of a Rebalancing Period, the number applicable to the Futures Contract (ie i=1, 2, 3) applies to such Futures Contract up to and including the Rebalancing Settlement Date which occurs at the end of that Rebalancing Period.

Table: Futures Contracts

Futures Contract[s]	The month in which the Rebalancing Period ends											
	J a n	F e b	M a r	A p r	M a y	J u n	J u l	A u g	S e p	O c t	N o v	D e c
Futures Contract (i=1)	F	G	H	J	K	M	N	Q	U	V	X	Z
Futures Contract (i= 2)	G	H	J	K	M	N	Q	U	V	X	Z	F
Futures Contract (i=3)	H	J	K	M	N	Q	U	V	X	Z	F	G

Contract Letter	F	G	H	J	K	M	N	Q	U	V	X	Z
Settlement Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

3. Rebalancing Period

The Futures Contracts referenced in the Index are rebalanced on each Rebalancing Date from, and including one Rebalancing Settlement Date to, but excluding, the next Rebalancing Settlement Date (each such period, a “**Rebalancing Period**”). The initial Rebalancing Period commenced on, and included, the Base Date.

4. Calculation of Index Levels

Subject to the occurrence of a Market Disruption Event, the Index Level (“*Index (t)*”) for each Index shall be calculated in respect of each Index Business Day as follows:

$$\text{Index (t)} = \text{Index (t-1)} * (1 + \text{Return t})$$

Where:

Index (t-1) means the Index Level published by the Index Calculation Agent in respect of the immediately preceding Index Business Day that is not a Disrupted Day

$$\text{Return t} = (\text{GrossIndex(t)} / \text{GrossIndex(t-1)}) - 1 - (\text{Rebal Fut (t-1)} * R) - (A * n(t-1,t) / 360)$$

Where:

$$\text{GrossIndex(t)} = \text{GrossIndex(t-1)} * (1 + \text{Long Return(t)} - \text{I(t-1)} * \text{Short Return(t)})$$

If Index Business Day t-1 is a Rebalancing Settlement Date, then:

$$\text{Short Return (t)} = \text{DCRP (1, t)} / \text{DCRP (2,t-1)} - 1$$

$$\text{Long Return (t)} = \text{DCRP (2, t)} / \text{DCRP (3,t-1)} - 1$$

Where:

DCRP (i, t) means the Daily Contract Reference Price of the i-th Futures Contract on Index Business Day t

Daily Contract Reference Price means either: (a) in respect of any Index Business Day that is a Rebalancing Settlement Date, the Final Settlement Value; or (b) in respect of any other Index Business Day, the Closing Price of the Futures Contract.

If Index Business Day t-1 is not a Rebalancing Settlement Date:

Short Return (t) = $CRW(1, t-1) * DCRP(1, t) / DCRP(1, t-1) + CRW(2, t-1) * DCRP(2, t) / DCRP(2, t-1) - 1$

Long Return (t) = $CRW(1, t-1) * DCRP(2, t) / DCRP(2, t-1) + CRW(2, t-1) * DCRP(3, t) / DCRP(3, t-1) - 1$

Where:

CRW (1, t) = dr / dt ,

CRW (2, t) = $(dt-dr) / dt$

The reference above to CRW "1" or "2" is to the closest and the next following Futures Contracts that are referred to in the relevant provision. For example, in the calculation of the Long Return, "1" is a reference to Futures Contract (i=2) and "2" is a reference to Futures Contract (i=3).

dt is the total number of Index Business Days in the Rebalancing Period in which the Index Business Day(t) falls (irrespective of whether any such day(s) are or become subject to a Market Disruption Event);

dr is the total number of Index Business Days from, and including, the Index Business Day(t) to, but excluding, the next Rebalancing Settlement Date (irrespective of whether any such day(s) are or become subject to a Market Disruption Event);

I(t-1) is the signal utilised to determine the exposure (if any) to the Short Return by reference to Index Business Day t-1 and is calculated as follows:

- (i) if in respect of all Index Business Days t-j (where j = 2, 3 and 4) the Base Index Level in respect of each Index Business Day (t-j) is greater than or equal to an amount calculated as follows:

$$CRW(1, t-j) * DCRP(1, t-j) + CRW(2, t-j) * DCRP(2, t-j)$$

then, $I(t-1) = \text{MAX}[0, I(t-2)-20\%]$,

- (ii) if in respect of all Index Business Days t-j (where j = 2, 3 and 4) the Base Index Level in respect of each Index Business Day (t-j) is less than an amount calculated as follows:

$$CRW(1, t-j) * DCRP(1, t-j) + CRW(2, t-j) * DCRP(2, t-j)$$

then, $I(t-1) = \text{MIN}[1, I(t-2)+20\%]$, and

- (iii) if in respect of any Index Business Day t-1 the conditions in (i) and (ii) have not been satisfied:

then, $I(t-1)=I(t-2)$.

Base Index Level means, in respect of an Index Business Day, the official closing level of the Base Index published by the sponsor of the Base Index in respect of the relevant Index Business Day.

R means, in respect of an Index Business Day, the notional Rebalancing Adjustment Factor as specified in the Applicable Module, determined by reference to the Base Index on Index Business Day (t-1).

A means the notional Adjustment Factor as specified in the Module for the Index; and

n(t-1,t) is the number of calendar days from, and including Index Business Day t-1 to, but excluding, Index Business Day t;

Rebal Fut (t-1) refers to the proportion of the relevant Futures Contract notionally rebalanced between Index Business Day t-1 and Index Business Day t and is calculated as follows:

$$\text{Rebal Fut (t-1)} = |\text{Rebal Fut (1,t-1)}| + |\text{Rebal Fut (2,t-1)}| + |\text{Rebal Fut (3,t-1)}| + |I(t-1) - I(t)|$$

Where

If Index Business Day t-1 is not a Rebalancing Settlement Date:

$$\text{RebalFut}(1,t-1) = -CRW(1,t-1) \times I(t-1) \times \frac{DCRP(1,t)}{DCRP(1,t-1)} \times \frac{GrossIndex(t-1)}{GrossIndex(t)} + CRW(1,t) \times I(t)$$

$$\text{RebalFut}(2,t-1) = [-CRW(2,t-1) \times I(t-1) + CRW(1,t-1)] \times \frac{DCRP(2,t)}{DCRP(2,t-1)} \times \frac{GrossIndex(t-1)}{GrossIndex(t)} - [-CRW(2,t) \times I(t) + CRW(1,t)]$$

$$\text{RebalFut}(3,t-1) = CRW(2,t-1) \times \frac{DCRP(3,t)}{DCRP(3,t-1)} \times \frac{GrossIndex(t-1)}{GrossIndex(t)} - CRW(2,t)$$

If Index Business Day t-1 was a Rebalancing Settlement Date

$$\text{RebalFut}(1,t-1) = -I(t-1) \times \frac{DCRP(1,t)}{DCRP(2,t-1)} \times \frac{GrossIndex(t-1)}{GrossIndex(t)} + CRW(1,t) \times I(t)$$

$$\text{RebalFut}(2,t-1) = \frac{DCRP(2,t)}{DCRP(3,t-1)} \times \frac{GrossIndex(t-1)}{GrossIndex(t)} - [-CRW(2,t) \times I(t) + CRW(1,t)]$$

$$\text{RebalFut}(3,t-1) = CRW(2,t)$$

5. Market Disruption Events

Determination of Index Level

Notwithstanding the remainder of this section, if any Index Business Day is a Disrupted Day then the Index Calculation Agent may suspend the calculation and publication of the Index Level until the first succeeding Index Business Day which is not a Disrupted Day.

Rebalancing Dates

If any Rebalancing Date is a Disrupted Day, then the relevant Rebalancing Date shall be deemed to be the first following Rebalancing Date that is not a Disrupted Day.

On the first Rebalancing Date following one or more consecutive Disrupted Days (the first such day being the “**First Disrupted Day**” and the last such date being the “**Final Disrupted Day**”), the Index Calculation Agent will determine the Index Level in accordance with the methodology set out in Section 4 of this Part B provided that references to Index Business Day (t-1, 2, 3 and 4) shall be deemed to be references to the Index Business Days (that are themselves not Disrupted Days) occurring on such day or days prior to the First Disrupted Day.

If the first Rebalancing Date following the Final Disrupted Day falls after a Rebalancing Settlement Day then for the purposes of calculating the Index Level references to:

DCRP (3,t) shall be deemed to be references to DCRP(2,t);

DCRP (2,t) shall be deemed to be references to DCRP(1,t); and

DCRP(1,t) shall be deemed to be the Final Settlement Value of the relevant Futures Contract expiring on that Rebalancing Settlement Day (as published by the Relevant Exchange).

Module B1.0: J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD)

This Module B1.0 sets out the specific information pertaining to the J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy.

Name of Index	J.P. Morgan Macro Hedge Index Opportunistic Long / Short Strategy (USD) (JPMZMHUS <Index>)	
Currency of the Index	US Dollar	
Base Index	The CBOE Volatility Index (Bloomberg Code: VIX Index)	
Index Business Days	Each day (other than a Saturday or Sunday) on which the Relevant Exchange(s) in respect of each Futures Contract and the Base Index are open for trading during its or their regular trading sessions	
Relevant Exchange	Means, as at the Base Date, the Chicago Board Options Exchange or any successor thereof or otherwise any exchange on which any Successor Futures Contract is traded or Base Index is listed (as the case may be) from time to time	
Rebalancing Settlement Dates	Means, in respect of a Futures Contract, the final settlement date (or howsoever it is called) as published by the Relevant Exchange	
Rebalancing Date	Means each Index Business Day occurring during a Rebalancing Period	
Adjustment Factor	0.75% per annum	
Rebalancing Adjustment Factor ("R") utilized for Index Business Day (t). The Rebalancing Adjustment Factor is referenced in the definition of "Return (t)". The Rebalancing Adjustment Factor is not a per annum amount, but applied to "Rebal Fut (t-1)" (being the proportion of Futures Contracts notionally rebalanced between Index Business Day (t) and Index Business Day (t-1)).	Base Index Level on Index Business Day (t-1)	Rebalancing Adjustment Factor
	= < 35	0.20%
	= < 50 and > 35	0.30%
	= < 70 and > 50	0.40%
	> 70	0.50%
Base Date	19 September 2006	
Base Level	100.00	

GENERAL INFORMATION

1. To the best of the Issuer's and the Guarantor's knowledge, there has been no material adverse change in the prospects of the Issuer or the Guarantor since the date of the last published audited financial statements of the Issuer and the Guarantor, respectively, except as disclosed in the following documents incorporated by reference herein: the Annual Report on Form 10-K of JPMorgan Chase & Co. for the year ended 31 December 2010, incorporated by reference in the 2011 Base Prospectus, at Part II, Item 7, "Management's discussion and analysis of financial condition and results of operations" - Executive Overview - Business Overview - 2011 Business outlook" (pages 57-58) and at Part I, Item 1A, "Risk Factors" (pages 5-12) and the Quarterly Report on Form 10-Q of JPMorgan Chase & Co. for the quarter ended 31 March 2011, incorporated by reference in the 2011 Base Prospectus, at Part I, Item 2, "Management's discussion and analysis of financial condition and results of operations" - Executive Overview - Business Overview - 2011 Business outlook" (pages (8-10).
2. To the best of the Issuer's and the Guarantor's knowledge, there has been no significant change in the financial or trading position of the Issuer or of the Guarantor since 31 December 2010, the most recent date as of which the Issuer and the Guarantor have published audited financial statements; and also no significant change in the financial or trading position of the Guarantor since 31 March 2011, the most recent date as of which the Guarantor has published unaudited interim consolidated financial information.
3. Except as disclosed in the following document incorporated by reference herein: the Annual Report on Form 10-K of JPMorgan Chase & Co. for the year ended 31 December 2010, incorporated by reference in the 2011 Base Prospectus, at "Note 32 - Litigation" to the Consolidated Financial Statements of JPMorgan Chase & Co as of and for the year ended 31 December 2010 (pages 282-289) and the Quarterly Report on Form 10-Q of JPMorgan Chase & Co. for the quarter ended 31 March, 2011 incorporated by reference in the 2011 Base Prospectus, at "Note 23 - Litigation" to the Consolidated Financial Statements of JPMorgan Chase & Co as of and for the quarter ended 31 March 2011 (pages 160-168), there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer, the Guarantor and their respective subsidiaries.
4. The following documents, or copies thereof, will be available, during normal business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Dealer at 125 London Wall, London EC2Y 5AJ and at The Bank of New York Mellon, One Canada Square, London, E14 5AL England and The Bank of New York Mellon (Luxembourg) S.A., Aerogolf Centre, 1A Hoehenhof, L-1736 Senningerberg, Luxembourg.
 - (i) the JPMorgan Chase & Co. March 2011 Form 10-Q, the JPMorgan Chase & Co. 2010 Annual Report, the JPMorgan Chase & Co. 2009 Form 10-K, the JPMorgan Chase Bank, N.A. 2010 Audited Financial Statements, the JPMorgan Chase Bank, N.A. 2009 Audited Financial Statements, the JPMSP 2010 Audited Financial Statements and the JPMSP 2009 Audited Financial Statements;
 - (ii) the Articles of Association of the Issuer;
 - (iii) the Articles of Association of JPMorgan Chase Bank, N.A.;
 - (iv) the Restated Certificate of Incorporation of JPMorgan Chase & Co.;
 - (v) a copy of the 2010 Base Prospectus, including any documents incorporated therein or any supplement to the 2010 Base Prospectus (including the 2010 Base Prospectus Supplement);
 - (vi) a copy of the 2011 Base Prospectus, including any documents incorporated therein or any supplement to the 2011 Base Prospectus (including the 14 June 2011 Supplement);
 - (vii) the Agency Agreement (which includes the form of the Bearer Global Notes, the Bearer Definitive Notes, the Registered Global Notes, the Registered Definitive Notes, the Coupons, the Receipts, the Talons, the Global Certificates and the Global Warrants;

- (viii) the JPMorgan Chase Bank, N.A. Guarantee; and
 - (ix) any supplement or amendment to any of the foregoing.
5. The Securities shall be governed by English law. The JPMorgan Chase Bank, N.A. Guarantee is governed by the laws of the State of New York.
6. PricewaterhouseCoopers Accountants N.V., who are members of the Royal Dutch Institute of Chartered Accountants (*Koninklijk Nederlands Instituut voor Registeraccountants*), have audited without qualification the JPMSP 2010 Audited Financial Statements. Copies of the auditor's reports appear at page 26 of the JPMSP 2010 Audited Financial Statements and at page 27 of the JPMSP 2009 Audited Financial Statements, and are incorporated by reference into this Prospectus. PricewaterhouseCoopers Accountants N.V. has no material interest in JPMSP.
- The address of PricewaterhouseCoopers Accountants N.V. is: Thomas R. Malthusstraat 5, P.O. Box 90357, 1006 BJ Amsterdam, The Netherlands.
7. The consolidated financial statements of JPMorgan Chase Bank, N.A. for the three years ended 31 December 2010 (the “**JPMorgan Chase Bank, N.A. 2010 Audited Financial Statements**”), incorporated by reference herein, have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm supervised by the Public Company Accounting Oversight Board (registration number 36148) of 300 Madison Avenue, New York, New York 10017, U.S.A., without qualification. A copy of PricewaterhouseCoopers LLP’s audit report is set forth on page 1 of the JPMorgan Chase Bank, N.A. 2010 Audited Financial Statements.

Registered Office of JPMSF

J.P. Morgan Structured Products B.V.

Strawinskylaan 3105
Atrium 7th Floor 1077 ZX
Amsterdam
The Netherlands

**Registered Office of JPMorgan Chase
Bank, N.A.**

JPMorgan Chase Bank, N.A.

1111 Polaris Parkway
Columbus, Ohio 43240
United States of America

Dealer

J.P. Morgan Securities Ltd.

125 London Wall
London, EC2Y 5AJ
United Kingdom

Principal Programme Agent, Paying Agent and Transfer Agent

The Bank of New York Mellon

One Canada Square
London, E14 5AL
United Kingdom

Paying Agent and Transfer Agent

The Bank of New York Mellon (Luxembourg) S.A.

Vertigo Building - Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

Calculation Agent and Delivery Agent

J.P. Morgan Securities Ltd.

125 London Wall
London, EC2Y 5AJ
United Kingdom

Luxembourg Listing Agent

The Bank of New York Mellon (Luxembourg) S.A.

Vertigo Building - Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

Auditors

To JPMSP

PricewaterhouseCoopers Accountants

N.V.

Thomas R. Malthusstraat 5
PO Box 90357
1006 BJ Amsterdam
The Netherlands

**To JPMorgan Chase Bank, N.A. and
JPMorgan Chase & Co.**

PricewaterhouseCoopers LLP

300 Madison Avenue
New York, NY 10017
United States of America

Legal Advisers to the Issuers under the Programme

in respect of U.S. tax law

Ashurst LLP

Times Square Tower
7 Times Square
New York, NY 10036
United States of America

in respect of Dutch law

Clifford Chance LLP

Droogbak 1A
1013 GE Amsterdam
PO Box 251
1000 AG Amsterdam
The Netherlands

Legal Advisers to the Dealer under the Programme

in respect of English law

Ashurst LLP

Broadwalk House
5 Appold Street
London EC2A 2HA
United Kingdom

Legal Advisers to the Dealer in respect of the Securities

in respect of English law

Mallesons Stephen Jaques

3rd Floor
10 Old Broad Street
London
EC2N 1DW
United Kingdom