DISCLOSURE STATEMENT

JPMorganChase

Basket-Linked Certificates of Deposit
JPMorgan Chase Bank, N.A.
270 Park Avenue, New York, New York 10017
(212) 270-6000

We, JPMorgan Chase Bank, N.A. (the "**Bank**"), are offering our certificates of deposit ("**CDs**") from time to time. We describe the terms that will generally apply to these CDs in this disclosure statement. We will describe the specific terms of any particular CDs we are offering in a separate term sheet or disclosure supplement. We refer to such term sheets and disclosure supplements generally in this disclosure statement as term sheets. If the terms described in the relevant term sheet are inconsistent with those described herein, the terms described in the relevant term sheet shall control.

The following terms may apply to particular CDs we may offer:

REDEMPTION: The CDs may be either callable by us or withdrawn early by you in limited circumstances.

PAYMENTS: Payments on the CDs will be linked to a weighted basket composed of two or more indices and/or reference currencies relative to a base currency.

OTHER TERMS: As specified under "Description of the CDs" and in the relevant term sheet.

Investing in the CDs involves risks, including the risk that you will receive no more than the full principal amount of your CDs at maturity. See the section entitled "Risk Factors" on page 7.

The CDs will be obligations of JPMorgan Chase Bank, N.A. only, and not obligations of your broker or any affiliate of JPMorgan Chase Bank, N.A., including J.P. Morgan Securities LLC and JPMorgan Chase & Co.

The principal amount of the CDs and, if applicable, any Minimum Amount (as defined herein) that may have accrued, is insured by the Federal Deposit Insurance Corporation (the "**FDIC**") within the limits and to the extent described in this disclosure statement ($250,000 for all accounts held by a depositor in the same ownership capacity with JPMorgan Chase Bank, N.A. and per participant for certain retirement accounts as described in the section entitled "Deposit Insurance" in this disclosure statement). A depositor purchasing a principal amount of CDs that is in excess of $250,000, or which, together with other deposits that it maintains at JPMorgan Chase Bank, N.A. in the same ownership capacity, is in excess of such limit should not rely on the availability of deposit insurance with respect to such excess. Under FDIC interpretations, the Additional Amount (as defined herein) payable at maturity, if any, based upon changes in the value of the Basket (as defined herein) would not be insured prior to the final Valuation Date (as defined herein). In addition, depending on the structure of the Minimum Amount, if applicable, that amount also may not be subject to FDIC insurance prior to the final Valuation Date. Any secondary market premium paid by a depositor above the principal amount of the CDs would not be insured by the FDIC. For additional information, please see "Risk Factors — Risks Relating to the CDs Generally — The CDs may be subject to the credit risk of JPMorgan Chase Bank, N.A."

In the event of a commodity hedging disruption event, we have the right, but not the obligation, to cause the calculation agent to determine the value of the Additional Amount payable upon maturity based on the forward price of the embedded option representing the Additional Amount payable on the CDs prior to, and without regard to the level of the Basket on, any Valuation Date.

Our affiliate, J.P. Morgan Securities LLC and other broker-dealers may use this disclosure statement and an accompanying term sheet in connection with the offers and sales of the CDs after the date hereof. J.P. Morgan Securities LLC may act as principal or agent in those transactions.

J.P.Morgan

November 23, 2011

In this disclosure statement and any related term sheet, "we," "us," "our" and the "Bank" refer to JPMorgan Chase Bank, N.A., unless the context requires otherwise.

DESCRIPTION OF THE CDs

General

At maturity, the CDs will pay the principal amount *plus* an interest payment (the "**Additional Amount**"), if any, which, unless otherwise provided in the relevant term sheet, will be related to the change in the value of a weighted basket (the "**Basket**") composed of two or more Indices (as defined below) and/or reference currencies (each, a "**Reference Currency**") relative to a base currency (the "**Base Currency**"). We refer to an index that tracks the performance of commodity futures contracts or constant maturity deposits as an "**Index**," and to more than one of those indices as "**Indices**." We refer to each Index and each Reference Currency relative to a Base Currency included in a Basket, as a "**Component**," and collectively as the "**Components**."

The Bank will be obligated to repay the principal amount of the CDs plus the Minimum Amount, if any, at maturity regardless of any changes in the value of the Basket. The Additional Amount, if any, will be paid at the maturity date of the CDs, together with the principal amount of the CDs, unless otherwise described in the relevant term sheet. Other terms relating to particular CDs we may offer, including any special tax considerations, will be described in the relevant term sheet.

On the maturity date, you will receive the principal amount of your CD plus the Additional Amount, if any. There will be no other payments, including payments of interest, periodic or otherwise, prior to the maturity date.

Unless otherwise specified in the relevant term sheet, the CDs will be denominated in U.S. dollars in denominations of $1,000. The deposit amount for the CDs is $1,000 and then in additional increments of $1,000. CDs are insured only within the limits and to the extent described herein under the section entitled "Deposit Insurance."

You should compare the features of the CDs to other available investments before deciding to purchase a CD. Due to the uncertainty prior to the final Valuation Date as to whether the Additional Amount will be greater than zero (or the Minimum Amount, if applicable), the returns that may be received with respect to the CDs may be higher or lower than the returns available on other deposits available at the Bank or through your brokers. You should reach an investment decision only after carefully considering the suitability of an investment in the CDs in light of your particular circumstances.

Payment at Maturity

The maturity date for the CDs will be specified in the relevant term sheet and is subject to adjustment if such day is not a business day or if the final Valuation Date is postponed as described below. We will specify, in each case if applicable, the Participation Rate, the Minimum Amount, the Maximum Return, the Observation Date or Averaging Dates and any other applicable payment terms in the relevant term sheet.

The return on the CDs will be linked to the performance during the term of the CDs of a weighted Basket of Components consisting of one or more of the Components described herein: the JPMorgan Cash Index USD 6 Month (the "**Cash Index**"), the Dow Jones-UBS Commodity Index℠ (the "**Commodity Index**") and one or more Reference Currencies relative to a Base Currency. Unlike ordinary bank deposits, the CDs do not pay interest at regular periods. Instead, at maturity, you will receive a cash payment for each $1,000 CD of $1,000 plus the Additional Amount as described below, which amount may be zero unless a Minimum Amount applies.

Subject to the impact of a commodity hedging disruption event, the "**Additional Amount**" per $1,000 CD paid at maturity will equal, unless otherwise specified in the relevant term sheet, $1,000 × the Basket Return × the Participation Rate, *provided* that the Additional Amount will not be less than zero (or the Minimum Amount, if applicable) or greater than the Maximum Return, if applicable. **The Additional Amount will be subject to the impact of a commodity hedging disruption event as described under "General Terms of the CDs — Consequences of a Commodity Hedging Disruption Event."**

The determination of the Additional Amount may be modified in the event of a commodity hedging disruption event. For more information about the impact of a commodity hedging disruption event, see "General Terms of the CDs — Consequences of a Commodity Hedging Disruption Event."

The "**Participation Rate**" will be a percentage, which may be more or less than 100%, as specified in the relevant term sheet. If the participation rate is less than 100%, you will participate in less than the full change in value of the underlying Component or Components. If the participation rate is greater than 100% you will participate in the change in value of the underlying Component or Components on a leveraged basis.

The "**Minimum Amount**," if applicable, will be a fixed dollar amount per $1,000 CD and will be specified in the relevant term sheet.

The "**Maximum Return**," if applicable, will be a fixed dollar amount per $1,000 CD and will be specified in the relevant term sheet.

The "**Basket Return**," unless otherwise specified in the relevant term sheet, is calculated as follows:

$$\frac{\text{Ending Basket Level} - \text{Starting Basket Level}}{\text{Starting Basket Level}}$$

The "**Starting Basket Level**" will be set to equal 100 on the pricing date, or such other value as specified in the relevant term sheet.

The "**Ending Basket Level**" will be the Basket Closing Level on the Observation Date or such other date specified in the relevant term sheet, or the arithmetic average of the Basket Closing Levels on each of the Averaging Dates, if so specified in the relevant term sheet.

The "**Basket Closing Level**" on any Valuation Date will be the combined return of each of the Components on such Valuation Date, weighted according to their respective weights in the Basket, as specified in the relevant term sheet:

$$100 \times [1 + (\text{Component Return}_1 \times \text{Component Weight}_1 + \text{Component Return}_2 \times \text{Component Weight}_2 + \ldots + \text{Component Return}_n \times \text{Component Weight}_n)]$$

where n is the number of Components included in the Basket.

Unless otherwise specified in the relevant term sheet, the "**Component Weight**" of each Component will be a fraction or a percentage as specified in the relevant term sheet; *provided* that the sum of the Component Weights will equal 1 or 100%, as applicable.

Unless otherwise specified in the relevant term sheet, on any relevant day, the "**Index Return**" for any Index is calculated as follows:

$$\frac{\text{Ending Index Level} - \text{Starting Index Level}}{\text{Starting Index Level}}$$

With respect to each Index, the "**Starting Index Level**" will be set to equal the closing level of that Index on the pricing date, or such other value as specified in the relevant term sheet.

With respect to each Index, the "**Ending Index Level**" on a Valuation Date will be the closing level of that Index on that Valuation Date.

Unless otherwise specified in the relevant term sheet, on any relevant day, the "**Reference Currency Return**" for any Reference Currency will be specified in the relevant term sheet as one of the following:

$$\text{Reference Currency Return} = \frac{\text{Ending Spot Rate} - \text{Starting Spot Rate}}{\text{Starting Spot Rate}}$$

or

$$\text{Reference Currency Return} = \frac{\text{Ending Spot Rate} - \text{Starting Spot Rate}}{\text{Ending Spot Rate}}$$

or

$$\text{Reference Currency Return} = \frac{\text{Starting Spot Rate} - \text{Ending Spot Rate}}{\text{Starting Spot Rate}}$$

or

$$\text{Reference Currency Return} = \frac{\text{Starting Spot Rate} - \text{Ending Spot Rate}}{\text{Ending Spot Rate}}$$

With respect to each Reference Currency, the "**Starting Spot Rate**" will be set to equal the Spot Rate on the pricing date, or such other value as specified in the relevant term sheet. The Starting Spot Rate with respect to a Reference Currency may be modified as described under "General Terms of the CDs — Succession Events for the Reference Currencies and the Base Currency."

With respect to each Reference Currency, the "**Ending Spot Rate**" on a Valuation Date will be the Spot Rate of that Reference Currency on that Valuation Date.

We refer to each Index Return and Reference Currency Return as a "**Component Return**."

The "**Valuation Date(s)**," which will be either a single date, which we refer to as the "**Observation Date**," or several dates, each of which we refer to as an "**Averaging Date**," will be specified in the relevant term sheet, and any such date is subject to adjustment as described under "— Postponement of a Valuation Date" below.

Unless otherwise specified in the relevant term sheet, the "**closing level**" of an Index or any relevant successor index (as defined under "General Terms of the CDs — Discontinuation of an Index; Alteration of Method of Calculation") on any relevant day will equal the official closing level of that Index or that successor index, as applicable, published with respect to that day. In certain circumstances, the closing level of an Index or any relevant successor index will be based on the alternative calculation of that Index or successor index, as applicable, described below under "— Postponement of a Valuation Date" or "General Terms of the CDs — Discontinuation of an Index; Alteration of Method of Calculation."

Unless otherwise specified in the relevant term sheet, for each Reference Currency, the "**Spot Rate**" on any relevant day will be (a) an exchange rate expressed as the amount of Base Currency per one unit of Reference Currency or (b) an exchange rate expressed as the amount of Reference Currency per one unit of Base Currency, in each case as reported by Reuters Group PLC ("**Reuters**") on the relevant page or by Bloomberg, L.P. ("**Bloomberg**") on the relevant page as specified in the relevant term sheet, or any substitute Reuters or Bloomberg page. The relevant term sheet will specify whether the Reuters or Bloomberg page will be used and the specific Reuters or Bloomberg page to be used and the approximate time of day at which the relevant page will be consulted to determine the Spot Rate. If a market disruption event with respect to a Reference Currency has occurred or is continuing, or a Succession Event with respect to a Reference Currency or the Base Currency has occurred, the method of determining the relevant Spot Rates may be modified as described under "— Postponement of a Valuation Date" and "General Terms of the CDs — Succession Events for the Reference Currencies and the Base Currency."

With respect to the Commodity Index and the Cash Index, a "**trading day**" is, unless otherwise specified in the relevant term sheet, a day, as determined by the calculation agent, on which the applicable Index or relevant successor index, as applicable, is published by the sponsor or calculation agent of that Index or relevant successor index, as applicable, in accordance with the index rules or methodology that governs that Index or relevant successor index, as applicable.

Unless otherwise specified in the relevant term sheet, a "**currency business day**," with respect to a Reference Currency, is a day, as determined by the calculation agent, on which (a) dealings in foreign currency in accordance with the practice of the foreign exchange market occur in The City of New York and the principal financial center for the Reference Currency and, if specified in the relevant term sheet, the Base Currency, as specified in the relevant term sheet, (b) banking institutions in The City of New York and such principal financial center for the Reference Currency and, if specified in the relevant term sheet, the Base Currency, are not otherwise authorized or required by law, regulation or executive order to close and, (c) if specified in the relevant term sheet, the Trans-European Automated Real-time Gross Settlement Express Transfer System ("**TARGET2**") is open, each as determined by the calculation agent.

The "**maturity date**" will be specified in the relevant term sheet and is subject to adjustment as described below. If the scheduled maturity date (as specified in the relevant term sheet) is not a business day, then the maturity date will be the next succeeding business day following such scheduled maturity date. If, due to a market disruption event or otherwise, the final Valuation Date is postponed so that it falls less than three business days prior to the scheduled maturity date, the maturity date will be the third business day following the final Valuation Date, as postponed, unless otherwise specified in the relevant term sheet. We describe market disruption events under "General Terms of the CDs — Market Disruption Events."

A "**business day**" is, unless otherwise specified in the relevant term sheet, any day other than a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close or a day on which transactions in U.S. dollars are not conducted.

The "**calculation agent**" is the agent appointed by us to make certain calculations for the CDs, which initially will be J.P. Morgan Securities LLC ("**JPMS**"). See "General Terms of the CDs — Calculation Agent." JPMS is our affiliate and may have interests adverse to you. Please see "Risk Factors — Risks Relating to the CDs Generally — We or our affiliates may have economic interests that are adverse to those of the holders of the CDs due to J.P. Morgan Securities LLC's role as calculation agent."

Unless otherwise specified in the relevant term sheet, with respect to an Index or any successor index, as applicable, the "**Index Sponsor**" is the sponsor of that Index or successor index, as applicable.

Postponement of a Valuation Date

If a Valuation Date is not a trading day or currency business day, as applicable, or if there is a market disruption event on that Valuation Date (any such day, a "**Disrupted Day**" and any such Component affected by a Disrupted Day, a "**Disrupted Component**"), the applicable Valuation Date will be postponed to the immediately succeeding business day for any such Disrupted Component that is not a Disrupted Day for that Component, *provided* that the closing level or Spot Rate, as applicable (the "**Component Price**"), on that Valuation Date, as postponed, will be deemed to be:

(a) for each Component (other than any such Disrupted Component) (an "**Unaffected Component**"), the Component Price on the originally scheduled Valuation Date;

(b) for a Disrupted Component that is the Commodity Index, the closing level for that Valuation Date as determined by the calculation agent, which will be either:

   (i) calculated in accordance with the formula for and method of calculating the closing level last in effect prior to the occurrence of the market disruption event (or prior to the non-trading day), using:

      (1) with respect to each futures contract included in the Commodity Index that is not affected by that Disrupted Day (an "**Unaffected Index Contract**"), the official settlement price, fixing level or any other relevant published price or level, as applicable (such price or level, the "**Index Contract Price**"), as of the originally scheduled Valuation Date (including any delayed publication of that Index Contract Price for the originally scheduled Valuation Date that occurred on or prior to the determination of the postponed Valuation Date); and

(2) with respect to each futures contract included in the Commodity Index that is affected by that Disrupted Day (an "**Affected Index Contract**"), the Index Contract Price for that Affected Index Contract as of the immediately succeeding business day that is not a Disrupted Day; or

(ii) the official closing level of the Commodity Index as published by the Index Sponsor on that Disrupted Day; and

(c) for each Disrupted Component that is the Cash Index or a Reference Currency relative to the Base Currency, the closing level or Spot Rate, as applicable, on the immediately succeeding business day that is not a Disrupted Day for that Disrupted Component.

Accordingly, if a Valuation Date is postponed as described above, the calculation agent may reference the Component Price of the Disrupted Components from different business days when calculating the Basket Closing Level or making other determinations with respect to that Valuation Date, as postponed.

In no event, however, will any Valuation Date be postponed to a date that is after the Final Disrupted Valuation Date (as defined below). If a Valuation Date is or has been postponed to the Final Disrupted Valuation Date and (a) if the Commodity Index is a Disrupted Component and the Index Contract Price with respect to any Affected Index Contract has not been determined in accordance with the first paragraph above (such Affected Index Contract, a "**Final Affected Index Contract**" and the Commodity Index if it includes a Final Affect Index Contract, a "**Final Disrupted Commodity Index**"), (b) if the Cash Index is a Disrupted Component and the closing level of the Cash Index has not been determined in accordance with the first paragraph above (a "**Final Disrupted Cash Index**") or (c) if the Spot Rate with respect to any Disrupted Component that is a Reference Currency relative to a Base Currency has not been determined in accordance with the first paragraph above (a "**Final Disrupted Reference Currency**"), the Component Price for that Valuation Date will be determined by the calculation agent on the Final Disrupted Valuation Date and will be deemed to be:

(a) with respect each Unaffected Component, the Component Price for that Unaffected Component on the originally scheduled Valuation Date;

(b) with respect to each Disrupted Component (other than a Final Disrupted Commodity Index, a Final Disrupted Cash Index or a Final Disrupted Reference Currency), the Component Price for that Disrupted Component determined in the manner described in the first paragraph above;

(c) with respect to a Final Disrupted Commodity Index, the closing level for that Valuation Date as determined by the calculation agent, which will be either:

(i) calculated in accordance with the formula for and method of calculating the closing level last in effect prior to the occurrence of the market disruption event (or prior to the non-trading day), using:

(1) with respect to each Unaffected Index Contract, the Index Contract Price as of the originally scheduled Valuation Date (including any delayed publication as described above);

(2) with respect to each Affected Index Contract (other than any Final Affected Index Contract), the Index Contract Price for that Affected Index Contract determined in the manner described in the first paragraph above; and

(3) with respect to each Final Affected Index Contract, the calculation agent's good faith estimate of the Index Contract Price for that Final Affected Index Contract on the applicable Final Disrupted Valuation Date that would have prevailed but for that Disrupted Day; or

(ii) the official closing level of the Commodity Index as published by the Index Sponsor on the Final Disrupted Valuation Date;

(d) with respect to a Final Disrupted Cash Index, the closing level for the Final Disrupted Cash Index on the Final Disrupted Valuation Date as determined by the calculation agent, using the deposit rates underlying the Cash Index (or, if such deposit rates are not published on such day, the calculation agent's good faith estimate of such deposit rates) on the Final Disrupted Valuation Date; and

(e) with respect to each Final Disrupted Reference Currency, the Spot Rate for that Final Disrupted Reference Currency on the Final Disrupted Valuation Date as determined by the calculation agent in good faith and in a commercially reasonable manner, taking into account the latest available quotation for that Spot Rate and any other information that it deems relevant.

With respect to a Valuation Date, the "**Final Disrupted Valuation Date**" means the tenth business day after that Valuation Date, as originally scheduled, *provided* that for CDs with a maturity of not more than one year, the Final Disrupted Valuation Date will be the earlier of:

(a) the last date that could serve as the final Valuation Date without causing the maturity date to be more than one year (counting for this purpose either the issue date or the last possible date that the CDs could be outstanding) after the issue date; and

(b) the tenth business day after that Valuation Date, as originally scheduled.

RISK FACTORS

Your investment in the CDs will involve certain risks. Investing in the CDs is not equivalent to investing directly in any Component, any commodity futures contract or deposit rate underlying any Component or any futures contracts or exchange-traded or over-the-counter instruments based on, or other instruments linked to, any of the foregoing. In addition, your investment in the CDs entails other risks not associated with an investment in conventional bank deposits. ***You should consider carefully the following discussion of risks before you decide that an investment in the CDs is suitable for you.***

Risks Relating to the CDs Generally

The CDs differ from conventional bank deposits.

The terms of the CDs differ from those of conventional bank deposits in that we will not pay regular interest. If the Ending Basket Level is less than or equal to the Starting Basket Level, at maturity, you will receive only $1,000 (plus the Minimum Amount, if any) for each $1,000 CD, unless otherwise specified in the relevant term sheet. Therefore, the return on your investment in the CDs may be less than the amount that would be paid on an ordinary bank deposit. The return at maturity of only the principal amount of each CD (plus the Minimum Amount, if any) would not compensate you for any loss in value due to inflation and other factors relating to the value of money over time.

The inclusion in the original issue price of the agent's commission, commissions of affiliates of the agent and the cost of hedging our obligations under the CDs is likely to affect adversely the value of the CDs prior to maturity.

While the payment at maturity will be based on the full principal amount of your CDs as described in the relevant term sheet, the original issue price of the CDs includes the agent's commission, commissions of affiliates of the agent and the cost of hedging our obligations under the CDs. Such cost includes the expected cost of providing such hedge, as well as the profit our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge. As a result, assuming no change in market conditions or any other relevant factors, the price, if any, at which JPMS will be willing to purchase CDs from you in secondary market transactions, if at all, will likely be lower than the original issue price. In addition, any such prices may differ from values determined by pricing models used by JPMS, as a result of such compensation or other transaction costs.

The CDs may be subject to the credit risk of JPMorgan Chase Bank, N.A.

A depositor purchasing a principal amount of CDs that, when aggregated with all other deposits held by the depositor in the same right and capacity at JPMorgan Chase Bank, N.A., is in excess of FDIC insurance limits will be subject to the credit risk of JPMorgan Chase Bank, N.A., and our credit ratings and credit spreads may affect adversely the market value of the CDs. Investors are dependent on JPMorgan Chase Bank, N.A.'s ability to pay amounts due on the CDs in excess of FDIC insurance limits at maturity or on any other relevant payment dates, and therefore investors are subject to our credit risk and to changes in the market's view of our creditworthiness. Any decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to affect adversely the value of the CDs. For more information, see "Deposit Insurance" in this disclosure statement.

Our offering of the CDs does not constitute an expression of our view about, or a recommendation of, any Component or any commodity futures contract or deposit rate underlying any Component.

You should not take our offering of the CDs as an expression of our views about how any Component or any commodity futures contract or deposit rate underlying any Component will perform in the future or as a recommendation to invest (directly or indirectly, by taking a long or short position) in any Component or any commodity futures contract or deposit rate underlying any Component, including through an investment in the CDs. As a global financial institution, we and our affiliates may, and often do, have positions (long, short or both) in one or more Components and in commodity futures contracts underlying one or more Components that conflict with an investment in the CDs. See "—We or our affiliates may have economic interests that are adverse to those of the holders of the CDs as a result of our hedging and other trading activities" below and "Use of Proceeds and Hedging" in this disclosure statement for some examples of potential conflicting positions we may have. You should undertake an independent determination of whether an investment in the CDs is suitable for you in light of your specific investment objectives, risk tolerance and financial resources.

We or our affiliates may have economic interests that are adverse to those of the holders of the CDs as a result of our hedging and other trading activities.

In anticipation of the sale of the CDs, we expect to hedge our obligations under the CDs through certain affiliated or unaffiliated counterparties by taking positions in instruments the value of which is derived from one or more Components or any commodity futures contract or deposit rate underlying one or more Components. We may also adjust our hedge by, among other things, purchasing or selling instruments the value of which is derived from one or more Components or any commodity futures contract or deposit rate underlying one or more Components at any time and from time to time, and close out or unwind our hedge by selling any of the foregoing on or before any Valuation Date. We cannot give you any assurances that our hedging will not negatively affect the level of the Basket or the performance of the CDs. See "Use of Proceeds and Hedging" below for additional information about our hedging activities.

This hedging activity may present a conflict of interest between your interest as a holder of the CDs and the interests our affiliates have in executing, maintaining and adjusting hedge transactions. These hedging activities could also affect the price at which JPMS is willing to purchase your CDs in the secondary market.

Our hedging counterparties expect to make a profit. Because hedging our obligations entails risk and may be influenced by market forces beyond our control, such hedging may result in a profit that is more or less than expected, or it may result in a loss.

JPMS and other affiliates of ours also trade the Components and any commodity futures contracts underlying the Components and other financial instruments related to the Components and any commodity futures contracts or deposit rates underlying the Components on a regular basis (taking long or short positions or both), for their accounts, for other accounts under their management and to facilitate transactions, including block transactions, on behalf of customers. While we cannot predict an outcome, any of these hedging activities or other trading activities of ours could potentially increase the Starting Index Levels and/or Starting Spot Rates on the pricing date and/or decrease the Ending Index Levels and/or Ending Spot Rates on any Valuation Date, which could adversely affect your payment at maturity.

It is possible that such hedging or trading activities could result in substantial returns for us or our affiliates while the value of the CDs declines.

We or our affiliates may have economic interests that are adverse to those of the holders of the CDs as a result of our business activities.

In the course of our business, we or our affiliates may acquire nonpublic information about movements in the price levels of the Components or any commodity futures contracts or deposit rates underlying the Components, and we will not disclose any such information to you. In addition, one or more of our affiliates may publish research reports or otherwise express views about the Components or any commodity futures contracts or deposit rates underlying the Components. Any prospective purchaser of the CDs should undertake an independent investigation of the Components or any commodity futures contracts or deposit rates underlying the Components as in its judgment is appropriate to make an informed decision with respect to an investment in the CDs.

We or our affiliates may currently or from time to time engage in trading activities related to the Reference Currencies and the Base Currency. In the course of this business, we or our affiliates may acquire non-public information with respect to such currency investments, and we will not disclose any such information to you. In addition, one or more of our affiliates may publish research reports or otherwise express views with respect to such currency investments or regarding expected movements in exchange rates. Any prospective purchaser of CDs should undertake an independent investigation of the Reference Currencies and the Base Currency as in its judgment is appropriate to make an informed decision with respect to an investment in the CDs.

Additionally, we or one of our affiliates may serve as issuer, agent or underwriter for additional issuances of CDs with returns linked or related to changes in the level, price or exchange rate, as applicable, of any Component or the Basket, or any commodity futures contracts or deposit rates underlying the Components. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the value of the CDs.

We or our affiliates may have economic interests that are adverse to those of the holders of the CDs due to J.P. Morgan Securities LLC's role as calculation agent.

JPMS, one of our affiliates, will act as the calculation agent. The calculation agent will determine, among other things, the closing level or Spot Rate of each Component in the Basket, the Basket Closing Level on the relevant Valuation Dates, the Basket Return, each Component Return, including the Starting Index Level or Starting Spot Rate, as applicable, and the Ending Index Level or Ending Spot Rate, as applicable, and the Additional Amount, if any, in cash we will pay you at maturity of the CDs. The calculation agent will also be responsible for determining:

- whether a market disruption event has occurred;
- whether any Index has been discontinued or whether there has been a material change in the method of calculating the closing level of any Index;
- the Option Value (as defined herein) of your CDs on the commodity hedging disruption date in the event of a commodity hedging disruption event;
- the Spot Rate for a Reference Currency if the Spot Rate is not available on Reuters or Bloomberg, as applicable; and
- the selection of any Successor Currency (as defined herein).

In performing these duties, JPMS may have interests adverse to the interests of the holders of the CDs, which may affect your return on the CDs, particularly where JPMS, as the calculation agent, is entitled to exercise discretion.

JPMS and its affiliates may have published research, expressed opinions or provided recommendations that are inconsistent with investing in or holding the CDs. Any such research, opinions or recommendations could affect the market value of the CDs.

JPMS and its affiliates publish research from time to time on financial markets and other matters that may influence the value of the CDs, or express opinions or provide recommendations that are inconsistent with purchasing or holding the CDs. JPMS and its affiliates may have published research or other opinions that call into question the investment view implicit in an investment in the CDs. Any research, opinions or recommendations expressed by JPMS or its affiliates may not be consistent with each other and may be modified from time to time without notice. Investors should make their own independent investigation of the merits of investing in the CDs and the Components described herein and the securities and futures contracts underlying the Components described herein to which the CDs are linked.

At maturity, the CDs may not pay more than the principal amount plus the Minimum Amount, if any, per $1,000 CD.

If the Ending Basket Level is less than or equal to the Starting Basket Level, you will receive only your $1,000 deposit plus the Minimum Amount, if any, for each $1,000 CD you hold at maturity. This will be true even if the value of the Basket was higher than the Starting Basket Level at some time during the term of the CDs before later falling below the Starting Basket Level.

The appreciation potential of the CDs will be limited by the Maximum Return, if applicable.

If the CDs have a Maximum Return, the appreciation potential of the CDs is limited to the fixed dollar amount per $1,000 CD specified in the relevant term sheet as the Maximum Return. The Additional Amount will equal no more than the Maximum Return. Accordingly, the appreciation potential of the CDs will be limited to the

Maximum Return even if the Additional Amount calculated with reference to the Component Return or Basket Return, as the case may be, and Participation Rate would otherwise be greater than the Maximum Return.

The Ending Basket Level may be less than the Basket Closing Level at various other times during the term of the CDs.

Because the Ending Basket Level used to calculate the Basket Return will equal either (i) the Basket Closing Level on the Observation Date, which is a single trading day near the end of the term of the CDs or (ii) the arithmetic average of the Basket Closing Level on a specified number of Averaging Dates near the end of the term of the CDs or throughout the term of the CDs, the Basket Closing Level at the maturity date or at various other times during the term of the CDs, including other dates near the Valuation Dates, could be higher than the Ending Basket Level.

This difference could be particularly large for CDs with a single Observation Date or for CDs with a specified number of Averaging Dates near the end of the term of the CDs, if there is a significant increase in the Basket Closing Level after the Observation Date or Averaging Dates, as applicable, if there is a significant decrease in the Basket Closing Level during the latter portion of the term of the CDs or if there is significant volatility in the Basket Closing Level during the term of the CDs. On the other hand, for CDs with periodic Averaging Dates during the term of the CDs, the difference between the Basket Closing Level at maturity or at other times during the term of the CDs could be particularly large, as compared to the Basket Closing Level on each Averaging Date if there is a significant increase in the Basket Closing Level during the latter portion of the term of the CDs or if there is significant volatility in the Basket Closing Level during the term of the CDs.

For example, if the CDs have periodic Averaging Dates during the term of the CDs and the Basket Closing Level initially declines or remains relatively constant and then significantly increases above the Starting Basket Level shortly before maturity, the Ending Basket Level will be significantly lower than the actual Basket Closing Level at maturity. This is because the Ending Basket Level will be based on the Basket Closing Level on each of the periodic Averaging Dates. Similarly, if the Basket Closing Level steadily increases during the term of the CDs and then steadily decreases back to the Starting Basket Level by maturity, the Ending Basket Level will be significantly less than the Basket Closing Level at its peak. A high Basket Closing Level on one or more Averaging Dates, including the final Averaging Date, may be substantially or entirely offset by a low Basket Closing Level on one or more other Averaging Dates.

Similarly, if the CDs have only one Observation Date or if the CDs have Averaging Dates only near the end of the term of the CDs and the Basket Closing Level increases during the first part of the term and then decreases back to the Starting Basket Level by maturity, the Ending Basket Level will be significantly less than the Basket Closing Level at its peak.

Under either of these circumstances, you may receive a lower payment at maturity than you would have received if you had invested directly in the Basket, the Components or any commodity futures contracts or deposit rates underlying the Components or any futures contracts or exchange-traded or over-the-counter instruments based on, or other instruments linked to, any of the foregoing.

If the Participation Rate is less than 100%, the Additional Amount will be limited by the Participation Rate.

If the Participation Rate is less than 100% and the Ending Basket Level exceeds the Starting Basket Level, the Additional Amount you receive at maturity will equal only a percentage, as specified in the relevant term sheet, of the performance of the Basket above the Starting Basket Level. Under these circumstances, the Additional Amount you receive at maturity will not fully reflect the performance of the Basket.

The CDs are designed to be held to maturity.

The CDs are not designed to be short-term trading instruments. The price at which you will be able to sell your CDs prior to maturity, if at all, may be at a substantial discount from the principal amount of the CDs, even in cases where the Basket has appreciated since the date of the issuance of the CDs. The potential returns described in the relevant term sheet assume that your CDs are held to maturity.

Secondary trading may be limited.

Unless otherwise specified in the relevant term sheet, the CDs will not be listed on an organized securities exchange. There may be little or no secondary market for the CDs. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the CDs easily.

JPMS may act as a market maker for the CDs, but is not required to do so. Because we do not expect that other market makers will participate significantly in the secondary market for the CDs, the price at which you may be able to trade your CDs is likely to depend on the price, if any, at which JPMS is willing to buy the CDs. If at any time JPMS or another agent does not act as a market maker, it is likely that there would be little or no secondary market for the CDs.

Prior to maturity, the value of the CDs will be influenced by many unpredictable factors.

Many economic and market factors will influence the value of the CDs. We expect that generally, the level of the Basket on any day will affect the value of the CDs more than any other single factor. However, you should not expect the value of the CDs in the secondary market to vary in proportion to changes in the level of the Basket. The value of the CDs will be affected by a number of other factors that may either offset or magnify each other, including:

- the actual and expected volatility in each of the Components;
- the time to maturity of the CDs;
- if applicable, the market price of the physical commodities upon which the futures contracts that compose the Commodity Index are based (the "**Index Commodities**") or the exchange-traded futures contracts on the Index Commodities;
- interest and yield rates in the market generally as well as in each of the markets of any commodity futures contracts or deposit rates underlying any Component or in each of the Reference Currencies' and Base Currency's countries, as applicable;
- changes in correlation (the extent to which the value of the Components increase or decrease to the same degree at the same time) between the Components;
- economic, financial, political, regulatory, geographical, meteorological and judicial events that affect the market price of the Index Commodities or the exchange-traded futures contracts that compose the Commodity Index, the deposit rates underlying the Cash Index or the value of the Reference Currencies or Base Currency or the economies of the originating countries of such currencies.
- our creditworthiness, including actual or anticipated downgrades in our credit ratings.

You cannot predict the future performance of any Component or the Basket based on their historical performances. The Ending Basket Level may be less than or equal to the Starting Basket Level, in which event you will receive only the principal amount of your CDs per $1,000 CD at maturity unless the relevant term sheet provides for a Minimum Amount.

The FDIC's powers as receiver or conservator could adversely affect your return.

If the FDIC were appointed as conservator or receiver of the Bank, the FDIC would be authorized to disaffirm or repudiate any contract to which the Bank is a party, the performance of which was determined to be burdensome, and the disaffirmance or repudiation of which was determined to promote the orderly administration of the Bank's affairs. It is likely that, for this purpose, deposit obligations, such as the CDs, would be considered "contracts" within the meaning of the foregoing and that the CDs could be repudiated by the FDIC as conservator or receiver of the Bank. Such repudiation should result in a claim by a depositor against the conservator or receiver for the principal of the CDs. No claim would be available, however, for any secondary market premium paid by a depositor above the principal amount of a CD and no claims would likely be available for any Additional Amount, or Minimum Amount, if applicable.

The FDIC as conservator or receiver may also transfer to another insured depository institution any of the insolvent institution's assets and liabilities, including liabilities such as the CDs, without the approval or consent of the beneficial owners of the CDs. The transferee depository institution would be permitted to offer beneficial owners of the CDs the choice of (i) repayment of the principal amount of the CDs or (ii) substitute terms which may be less favorable. If a CD is paid off prior to its maturity date, either by a transferee depository institution or the FDIC, its beneficial owner may not be able to reinvest the funds at the same rate of return as the rate on the original CD.

As with all deposits, if it becomes necessary for federal deposit insurance payments to be made on the CDs, there is no specific time period during which the FDIC must make insurance payments available. Accordingly, in such an event, you should be prepared for the possibility of an indeterminate delay in obtaining insurance payments.

Except to the extent insured by the FDIC as described in this disclosure statement, the CDs are not otherwise insured by any governmental agency or instrumentality or any other person.

The full principal amount of your CDs, any Minimum Amount, and the Additional Amount may not be protected by deposit insurance.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which was enacted on July 21, 2010, permanently raised the maximum deposit insurance amount from $100,000 to $250,000 for all accounts held by a depositor in the same ownership capacity per depository institution (without changing limits for certain retirement accounts which had already been $250,000). As a general matter, holders who purchase CDs in a principal amount, which includes any Minimum Amount, greater than $250,000 will not be insured by the FDIC for the principal amount plus any Minimum Amount exceeding $250,000.

Because the Additional Amount is calculated, in part, using the Basket Closing Level on the final Valuation Date, the Additional Amount will not accrue to a holder of a CD until the final Valuation Date. Accordingly, any potential Additional Amount will not be eligible for federal deposit insurance prior to the final Valuation Date. The Additional Amount will be eligible for deposit insurance coverage only from the final Valuation Date until the time the Bank makes payment.

FDIC deposit insurance regulations may change from time to time in a manner that could adversely affect your eligibility for deposit insurance. For more information, see "Deposit Insurance" in this disclosure statement.

The scope and extent of FDIC insurance coverage may change.

Amendments to existing legislation or regulations or enactment of new legislation or regulations relating to FDIC insurance may be introduced at any time. In the event that any such change to existing law or regulation occurs, for example, a change in law that would result in termination of FDIC insurance for the CDs, holders of the CDs may be affected. We cannot predict whether new legislation will be enacted and, if enacted, the effect that it, or any regulations, would have on holders of the CDs. JPMorgan Chase Bank, N.A. is not presently required, nor does it intend, to notify holders of the CDs of any subsequent changes in the federal deposit insurance coverage rules.

Market disruptions may adversely affect your return.

The calculation agent may, in its sole discretion, determine that the markets have been affected in a manner that prevents it from calculating the closing level or Spot Rate, as applicable, of any Component on any Valuation Date and, consequently, the Basket Return and the Additional Amount, if any, that we will pay to you at maturity. These events may include disruptions or suspensions of trading in the markets as a whole and, with respect to a Reference Currency or the Base Currency, could be a Convertibility Event, a Deliverability Event, a Liquidity Event, a Taxation Event, a Discontinuity Event or a Price Source Disruption Event. If the calculation agent, in its sole discretion, determines that these events (other than a Price Source Disruption Event) prevent us or any of our affiliates from properly hedging our obligations under the CDs, it is possible that any Valuation Date and/or maturity date will be postponed and your return will be adversely affected. See "Description of the CDs — Market Disruption Events."

If a commodity hedging disruption event occurs, we may determine the amount payable at maturity early.

Upon the occurrence of legal or regulatory changes that the calculation agent determines have interfered with our or our affiliates' ability to hedge our obligations under the CDs or if for any other reason we or our affiliates are unable to enter into or maintain hedge positions the calculation agent deems necessary to hedge our obligations under the CDs, we may, in our sole and absolute discretion, cause the calculation agent to determine that a commodity hedging disruption event has occurred and we will then have the right, but not the obligation, to adjust your payment at maturity based on further determinations by the calculation agent. In making such adjustment, the calculation agent will determine the forward price of the embedded option representing the Additional Amount payable on the CDs at maturity (the "**Option Value**") as of the date on which we declare a commodity hedging disruption event (such date, a "**commodity hedging disruption date**") in good faith and in a commercially reasonable manner; however, all amounts payable per $1,000 CD will be due and payable only at maturity. At maturity, we will pay you, instead of the amount specified under "Description of the CDs — Payment at Maturity," an amount described under "General Terms of the CDs — Consequences of a Commodity Hedging Disruption Event," which will not be less than $1,000 (plus the Minimum Amount, if applicable) for each $1,000 CD. If a commodity hedging disruption event occurs and we decide to exercise our right to have the calculation agent determine the Option Value of your CDs on the commodity hedging disruption date, the amount due and payable on your CDs will be due and payable only at maturity. The amount you receive at maturity will not reflect any further appreciation or depreciation of the Basket after the commodity hedging disruption date. Furthermore, you will not receive any amounts (related to the Option Value or otherwise) until maturity. Additionally, if a commodity hedging disruption event ceases to exist, the amounts determined on the commodity hedging disruption date will not be revised after such commodity hedging disruption date. See "General Terms of the CDs — Consequences of a Commodity Hedging Disruption Event."

Generally, if the term of the CDs is not more than one year, the CDs will be treated as short-term obligations for U.S. federal income tax purposes.

In general, if the term of the CDs is not more than one year (including either the issue date or the last possible date that the CDs could be outstanding, but not both), the CDs will be treated as "short-term obligations" for U.S. federal income tax purposes. No statutory, judicial or administrative authority directly addresses the treatment of CDs or instruments similar to the CDs for U.S. federal income tax purposes, and we do not intend to request a ruling from the Internal Revenue Service (the "**IRS**") with respect to the CDs. As a result, certain aspects of the U.S. federal income tax consequences of an investment in the CDs are unclear. You should review carefully the section entitled "Material U.S. Federal Income Tax Consequences" in this disclosure statement and consult your tax adviser regarding your particular circumstances. As discussed in "Material U.S. Federal Income Tax Consequences – No Reliance," you cannot use the tax summaries herein for the purpose of avoiding penalties that may be asserted against you under the Internal Revenue Code of 1986, as amended (the "**Code**").

Generally, if the term of the CDs is more than one year, we expect to treat the CDs as contingent payment debt instruments for U.S. federal income tax purposes.

In general, if the term of the CDs is more than one year (including either the issue date or the last possible date the CDs could be outstanding, but not both), we expect to treat the CDs as "contingent payment debt instruments" for U.S. federal income tax purposes. Under this treatment, you generally will be required to recognize interest income in each year at the "comparable yield," as determined by us, although we will not make any payments with respect to the CDs until maturity. Interest included in income will increase your basis in your CDs. Special rules may apply if the Additional Amount is determined early, including as a result of a commodity hedging disruption event. Generally, amounts received at maturity or on earlier sale or exchange in excess of your basis will be treated as additional interest income. Any loss generally will be treated as an ordinary loss to the extent of all previous inclusions with respect to your CDs with the balance treated as capital loss, the deductibility of which would be subject to limitation. Losses may be subject to special reporting requirements. You should review carefully the section entitled "Material U.S. Federal Income Tax Consequences" in this disclosure statement and consult your tax adviser regarding your particular circumstances. As discussed in "Material U.S. Federal Income Tax Consequences

– No Reliance," you cannot use the tax summaries herein for the purpose of avoiding penalties that may be asserted against you under the Code.

Historical performance of each Component should not be taken as an indication of the future performance of such Component during the terms of the CDs.

The actual performance of each Component over the term of the CDs, as well as the amount payable at maturity, may bear little relation to the historical performance of such Component. The trading prices of the securities or futures contracts underlying a Component will determine the level or price of such Component. As a result, it is impossible to predict whether the level or price of any Component will rise or fall.

You will have limited rights to withdraw your funds prior to the maturity date of the CDs.

By purchasing a CD, you agree with the Bank to keep your funds on deposit for the term of the CD. Early withdrawals are permitted only in the event of the death or adjudication of incompetence of the beneficial owner of a CD. Therefore, you should not rely on this possibility for gaining access to your funds prior to the maturity date.

State law limits the amount of interest that may be paid on loans (including bank certificates of deposit).

New York State law governs the CDs. New York has certain usury laws that limit the amount of interest that may be charged and paid on loans, including bank certificates of deposit such as the CDs. Under present New York law, the maximum rate of interest is 25% per annum on a simple interest basis. This limit may not apply to instruments in which $2,500,000 or more has been invested.

While we believe that New York law would be given effect by a state or federal court sitting outside of New York, many other states also have laws that regulate the amount of interest that may be charged to and paid by a borrower. We promise, for the benefit of the holders of the CDs, to the extent permitted by law, not to claim voluntarily the benefits of any laws concerning usurious rates of interest.

Risks Relating to the Basket

The Components may not be equally weighted.

If so specified in the relevant term sheet, the Components may have different weights in determining the level of the Basket. For example, the relevant term sheet may specify that the Basket consists of five Components and that the Component Weights are 25%, 30%, 15%, 20% and 10%, respectively. One consequence of an unequal weighting of the Components is that the same percentage change in two of the Components may have different effects on the Basket Closing Level. For example, if the Component Weight for Component A is greater than the Component Weight for Component B, a 5% decrease in Component A will have a greater effect on the Basket Closing Level than a 5% decrease in Component B.

Changes in the value of the Components may offset each other.

Price movements in the Components may not correlate with each other. At a time when the value of one or more of the Components increases, the value of other Components may not increase as much or may even decline. Therefore, in calculating the Ending Basket Level, increases in the value of one or more of the Components may be moderated, or more than offset, by lesser increases or declines in the value of the other Component or Components, particularly if the Component or Components that appreciate are of relatively low weight in the Basket. The Ending Basket Level may be less than or equal to the Starting Basket Level, in which event you will receive only the principal amount of your CDs per $1,000 CD at maturity unless the relevant term sheet provides for a Minimum Amount.

Movements in the Components may be highly correlated.

High correlation of movements in the Components during periods of negative returns among the Components could have an adverse effect on your return on your investment at maturity or, if applicable, upon automatic call. However, the movements in the Components may become uncorrelated in the future. Accordingly, at a time when the value of one or more of the Components increases, the value of the other Components may not increase as much or may even decline. See "— Changes in the value of the Components may offset each other" above.

The Basket is not a recognized market index and may not accurately reflect global currency, cash or commodity market performance.

The Basket is not a recognized market index. The Basket was created solely for purposes of the offering of the CDs and will be calculated solely during the term of the CDs. The level of the Basket and, therefore, the Basket performance amount will not be published during the term of the CDs. The Basket does not reflect the performance of all major currency, cash or commodity markets, and may not reflect actual global currency, cash or commodity market performance.

Risks Relating to the Commodity Index

The commodity futures contracts underlying the Commodity Index are subject to legal and regulatory regimes that may change in ways that could have a substantial adverse effect on the value of the CDs and, for CDs linked to the Commodity Index, could lead to an early determination of the amount payable at maturity.

Futures contracts and options on futures contracts markets, including the futures contracts underlying the Commodity Index, are subject to extensive regulation and margin requirements. The Commodity Futures Trading Commission, commonly referred to as the "**CFTC**," and the exchanges on which such futures contracts trade, are authorized to take extraordinary actions in the event of a market emergency, including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily limits and the suspension of trading. Furthermore, certain exchanges have regulations that limit the amount of fluctuations in futures contract prices that may occur during a single five-minute trading period. These limits could adversely affect the market prices of relevant futures contracts and forward contracts. The regulation of commodity transactions in the U.S. is subject to ongoing modification by government and judicial action. In addition, various non-U.S. governments have expressed concern regarding the disruptive effects of speculative trading in the commodity markets and the need to regulate the derivative markets in general. The effect on the value of the CDs of any future regulatory change is impossible to predict, but could be substantial and adverse to the interests of holders of the CDs.

Notably, with respect to agricultural and exempt commodities as defined in the Commodity Exchange Act (generally, physical commodities such as agricultural commodities, energy commodities and metals), the Dodd-Frank Act, which was enacted on July 21, 2010, requires the CFTC to establish limits on the amount of positions, other than bona fide hedge positions, that may be held by any person in futures contracts, options on futures contracts and other related derivatives, such as swaps, that are economically equivalent to those contracts. The Dodd-Frank Act also requires the CFTC to establish limits for each month, including related hedge exemption positions, on the aggregate number or amount of positions in contracts based upon the same underlying commodity, as defined by the CFTC, that may be held by any person, including any group or class of traders. In addition, designated contract markets and swap execution facilities, as defined in the Dodd-Frank Act, are required to establish and enforce position limits or position accountability requirements on their own markets or facilities, which must be at least as stringent as the CFTC's where CFTC limits also apply.

Pursuant to the Dodd-Frank Act requirements, on October 18, 2011 the CFTC adopted final rules to establish position limits that will apply to any one of 28 futures and options contracts and that are traded on U.S. futures exchanges and to futures, options and swaps that are economically equivalent to those contracts, as described in the rules. The limits will apply to a person's combined position across those related products. The limits cover a number of commodity futures contracts that may be included in the Commodity Index, such as CBOT Soybeans, Soybean Meal and Wheat futures; ICE Futures US Cotton No. 2, Sugar No. 11 and Sugar No. 16 futures; NYMEX Light Sweet Crude Oil, NY Harbor No. 2 Heating Oil, NY Harbor Gasoline Blendstock and Henry Hub Natural Gas futures; and COMEX Gold, Silver and Copper futures and NYMEX Palladium and Platinum futures. The rules also narrow the existing exemption for hedge positions. The rules may interfere with our ability to enter into or maintain hedge positions to hedge our obligations under the CDs.

For CDs linked in whole or in part to the Commodity Index, upon the occurrence of legal or regulatory changes that the calculation agent determines have interfered with our or our affiliates' ability to hedge our obligations under the CDs, including the CFTC's adoption of the position limit rules mentioned above, or if for any other reason we or our affiliates are unable to enter into or maintain hedge positions the calculation agent deems necessary to hedge our obligations under the CDs, we may, in our sole and absolute discretion, determine the amount payable at maturity early. See "— Risks Relating to the CDs Generally — If a commodity hedging disruption event occurs, we may determine the amount payable at maturity early" above.

An investment in the CDs will not offer direct exposure to physical commodities.

If the CDs are linked to the Commodity Index, which is composed of futures contracts on a commodity, the CDs will reflect, in whole or in part, the return on those commodity futures contracts, not the return on the physical commodities underlying those commodity futures contracts. The price of a futures contract reflects the expected value of the commodity upon delivery in the future, whereas the spot price of a commodity reflects the immediate delivery value of the commodity. A variety of factors can lead to a disparity between the expected future price of a commodity and the spot price at a given point in time, such as the cost of storing the commodity for the term of the futures contract, interest charges incurred to finance the purchase of the commodity and expectations concerning supply and demand for the commodity. The price movements of a futures contract are typically correlated with the movements of the spot price of the reference commodity, but the correlation is generally imperfect and price movements in the spot market may not be reflected in the futures market (and vice versa). Accordingly, the CDs may underperform a similar investment that reflects the return on physical commodities.

The CDs are not regulated by the Commodity Futures Trading Commission.

The net proceeds to be received by us from the sale of the CDs will not be used to purchase or sell any commodity futures contracts or options on futures contracts for your benefit. An investment in the CDs thus neither constitutes an investment in futures contracts, options on futures contracts nor a collective investment vehicle that trades in these futures contracts (*i.e.*, the CDs will not constitute a direct or indirect investment by you in the futures contracts), and you will not benefit from the regulatory protections of the CFTC. Among other things, this means that we are not registered with the CFTC as a futures commission merchant and you will not benefit from the CFTC's or any other non-U.S. regulatory authority's regulatory protections afforded to persons who trade in futures contracts on a regulated futures exchange through a registered futures commission merchant. For example, the price you pay to purchase CDs will be used by us for our own purposes and will not be subject to customer funds segregation requirements provided to customers that trade futures on an exchange regulated by the CFTC.

Unlike an investment in the CDs, an investment in a collective investment vehicle that invests in futures contracts on behalf of its participants may be subject to regulation as a commodity pool and its operator may be required to be registered with and regulated by the CFTC as a commodity pool operator, or qualify for an exemption from the registration requirement. Because the CDs will not be interests in a commodity pool, the CDs will not be regulated by the CFTC as a commodity pool, we will not be registered with the CFTC as a commodity pool operator and you will not benefit from the CFTC's or any non-U.S. regulatory authority's regulatory protections afforded to persons who invest in regulated commodity pools.

Suspension or disruptions of market trading in relevant commodity and related futures markets may adversely affect the value of the CDs.

The commodity markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity in the markets, the participation of speculators and government regulation and intervention. In addition, U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in futures contract prices that may occur during a single day. These limits are generally referred to as "daily price fluctuation limits" and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a "limit price." Once the limit price has been reached for a particular contract, no trades may be made at a different price. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices. These circumstances could adversely affect the level of the Commodity Index and, therefore, the value of your CDs.

An increase in the margin requirements for any commodity futures contracts underlying the Commodity Index may adversely affect the value of the CDs.

Futures exchanges require market participants to post collateral in order to open and keep open positions in futures contracts. If an exchange increases the amount of collateral required to be posted to hold positions in commodity futures contracts underlying the Commodity Index, market participants who are unwilling or unable to post additional collateral may liquidate their positions, which may cause the level of the Commodity Index to decline significantly. As a result, the value of the CDs may be adversely affected.

The Commodity Index may be subject to pronounced risks of pricing volatility.

As a general matter, the risk of low liquidity or volatile pricing around the maturity date of a commodity futures contract is greater than in the case of other futures contracts because (among other factors) a number of market participants take physical delivery of the underlying commodities. Many commodities, like those in the energy and industrial metals sectors, have liquid futures contracts that expire every month. Therefore, these contracts are rolled forward every month. Contracts based on certain other commodities, most notably agricultural and livestock products, tend to have only a few contract months each year that trade with substantial liquidity. Thus, these commodities, with related futures contracts that expire infrequently, roll forward less frequently than every month, and can have further pronounced pricing volatility during extended periods of low liquidity. The risk of aberrational liquidity or pricing around the maturity date of a commodity futures contract is greater than in the case of other futures contracts because (among other factors) a number of market participants take delivery of the underlying commodities. Due to the significant level of continuous consumption, limited reserves and oil cartel controls, energy commodities are subject to rapid price increases in the event of perceived or actual shortages. These factors (when combined or in isolation) may affect the price of futures contracts and, as a consequence, the level of the Commodity Index and your payment at maturity.

For CDs linked to the Commodity Index, the CDs will be linked to an excess return index, and not a total return index.

For CDs linked to the Commodity Index, the CDs will be linked to an excess return index, and not a total return index. The return from investing in futures contracts derives from three sources: (a) changes in the price of the relevant futures contracts (which is known as the "**price return**"); (b) any profit or loss realized when rolling the relevant futures contracts (which is known as the "**roll return**"); and (c) any interest earned on the cash deposited as collateral for the purchase of the relevant futures contracts (which is known as the "**collateral return**").

Some commodity indices are excess return indices that measure the returns accrued from investing in uncollateralized futures contracts (*i.e.*, the sum of the price return and the roll return associated with an investment in futures contracts). By contrast, a total return index, in addition to reflecting those returns, also reflects interest that could be earned on funds committed to the trading of the underlying futures contracts (*i.e.*, the collateral return associated with an investment in futures contracts). Because the Commodity Index is an excess return index, investing in the CDs will not generate the same return as would be generated from investing directly in the relevant futures contracts or in a total return index related to such futures contracts.

Higher future prices of commodity futures contracts included in the Commodity Index relative to their current prices may lead to a decrease in the payment at maturity on your CDs.

The Commodity Index is composed of futures contracts on physical commodities. As the contracts underlying the Commodity Index come to expiration, they are replaced by contracts that have a later expiration. For example, a contract purchased and held in August may specify an October expiration. As time passes, the contract expiring in October is replaced by a contract for delivery in November. This is accomplished by selling the October contract and purchasing the November contract. This process is referred to as "rolling." Excluding other considerations, if the market for these contracts is in "contango," where the prices are higher in the distant delivery months than in the nearer delivery months, the purchase of the November contract would take place at a price that is higher than the price of the October contract, thereby creating a negative "roll yield." Moreover, many commodities have historically exhibited contango markets. The presence of contango in the commodity markets could adversely affect the level of the Commodity Index and, accordingly, the amount payable at maturity.

Prices for the physical commodities upon which the futures contracts underlying the Commodity Index are based may change unpredictably and affect the value of the CDs in unanticipated ways.

A decrease in the price of any of the commodities upon which the futures contracts underlying the Commodity Index are based may have a material adverse effect on the value of the CDs and your return on an investment in the CDs. The prices of such commodities tend to be highly volatile and may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships, governmental programs and policies, national and international political and economic events, changes in interest and exchange rates, speculation and trading activities in commodities and related contracts, general weather conditions, and trade, fiscal, monetary and exchange control policies. Many commodities are also highly cyclical. These factors, some of which are specific to the market for each such commodity, as discussed below, may cause the value of the different commodities upon which the futures contracts underlying the Commodity Index are based, as well as the futures contracts themselves, to move in inconsistent directions at inconsistent rates. This, in turn, will affect the value of the CDs linked to the Commodity Index. It is not possible to predict the aggregate effect of all or any combination of these factors. The Commodity Index provides one avenue for exposure to commodities. The high volatility and cyclical nature of commodity markets may render these investments inappropriate as the focus of an investment portfolio.

Agricultural Sector

Global prices of agricultural commodities, including cocoa, coffee, corn, cotton, soybeans, sugar and wheat, are primarily affected by the global demand for and supply of those commodities, but are also significantly influenced by speculative actions and by currency exchange rates. In addition, prices for agricultural commodities are affected by governmental programs and policies regarding agriculture, as well as general trade, fiscal and exchange control policies. Extrinsic factors, such as drought, floods, general weather conditions, disease and natural disasters may also affect agricultural commodity prices. Demand for agricultural commodities, such as wheat, corn and soybeans, both for human consumption and as cattle feed, has generally increased with worldwide growth and prosperity.

Energy Sector

Global prices of energy commodities, including WTI crude oil, brent crude oil, RBOB gasoline, heating oil, gasoil and natural gas, are primarily affected by the global demand for and supply of these commodities, but are also significantly influenced by speculative actions and by currency exchange rates. In addition, prices for energy commodities are affected by governmental programs and policies, national and international political and economic events, changes in interest and exchange rates, trading activities in commodities and related contracts, trade, fiscal, monetary and exchange control policies, and with respect to oil, drought, floods, weather, government intervention, environmental policies, embargoes and tariffs. Demand for refined petroleum products by consumers, as well as the agricultural, manufacturing and transportation industries, affects the price of energy commodities. Sudden disruptions in the supplies of energy commodities, such as those caused by war, natural events, accidents or acts of terrorism, may cause prices of energy commodity futures contracts to become extremely volatile and unpredictable. Also, sudden and dramatic changes in the futures market may occur, for example, upon a cessation of hostilities that may exist in countries producing energy commodities, the introduction of new or previously withheld supplies into the market or the introduction of substitute products or commodities. In particular, supplies of crude oil may increase or decrease depending on, among other factors, production decisions by the Organization of the Oil and Petroleum Exporting Countries ("**OPEC**") and other crude oil producers. Crude oil prices are determined with significant influence by OPEC, which has the capacity to influence oil prices worldwide because its members possess a significant portion of the world's oil supply. Crude oil prices are generally more volatile and subject to dislocation than prices of other commodities. Demand for energy commodities such as oil and gasoline is generally linked to economic activity, and will tend to reflect general economic conditions.

Industrial Metals Sector

Global prices of industrial metals commodities, including aluminum, copper, lead, nickel and zinc, are primarily affected by the global demand for and supply of these commodities, but are also significantly influenced by speculative actions and by currency exchange rates. Demand for industrial metals is significantly influenced by the level of global industrial economic activity. Prices for industrial metals commodities are affected by governmental programs and policies, national and international political and economic events, changes in interest and exchange rates, trading activities in commodities and related contracts, trade, fiscal, monetary and exchange control policies, general weather conditions, government intervention, embargoes and tariffs. An additional, but highly volatile, component of demand for industrial metals is adjustments to inventory in response to changes in economic activity and/or pricing levels, which will influence investment decisions in new mines and smelters. Sudden disruptions in the supplies of industrial metals, such as those caused by war, natural events, accidents, acts of terrorism, transportation problems, labor strikes and shortages of power, may cause prices of industrial metals futures contracts to become extremely volatile and unpredictable. The introduction of new or previously withheld supplies into the market or the introduction of substitute products or commodities will also affect the prices of industrial metals commodities.

Livestock Sector

Livestock commodities, including live cattle, feeder cattle and lean hogs, are "non-storable" commodities, and therefore may experience greater price volatility than traditional commodities. Global livestock commodity prices are primarily affected by the global demand for and supply of those commodities, but are also significantly influenced by speculative actions and by currency exchange rates. In addition, prices for livestock commodities are affected by governmental programs and policies regarding livestock, as well as general trade, fiscal and exchange control policies. Extrinsic factors, such as drought, floods, general weather conditions, disease (*e.g.*, Bovine Spongiform Encephalopathy, or Mad Cow Disease), availability of and prices for livestock feed and natural disasters may also affect livestock commodity prices. Demand for livestock commodities has generally increased with worldwide growth and prosperity.

Precious Metals Sector

Global prices of precious metals commodities, including gold, silver and platinum, are primarily affected by the global demand for and supply of those commodities, but are also significantly influenced by speculative actions and by currency exchange rates. Gold prices in particular are subject to volatile price movements over short periods of time and are affected by numerous factors, including macroeconomic factors, such as the structure of and confidence in the global monetary system, expectations regarding the future rate of inflation, the relative strength of, and confidence in, the U.S. dollar (the currency in which the price of gold is usually quoted), interest rates, gold borrowing and lending rates and global or regional economic, financial, political, regulatory, judicial or other events. Gold prices may be affected by industry factors, such as industrial and jewelry demand as well as lending, sales and purchases of gold by the official sector, including central banks and other governmental agencies and multilateral institutions that hold gold. Additionally, gold prices may be affected by levels of gold production, production costs and short-term changes in supply and demand due to trading activities in the gold market.

Silver prices are also subject to fluctuation and may be affected by numerous factors. These include general economic trends, technical developments, substitution issues and regulation, as well as specific factors including industrial and jewelry demand, expectations with respect to the rate of inflation, the relative strength of the U.S. dollar (the currency in which the price of silver is generally quoted) and other currencies, interest rates, central bank sales, forward sales by producers, global or regional political or economic events and production costs and disruptions in major silver producing countries such as the United Mexican States and the Republic of Peru. The demand for and supply of silver affect silver prices, but not necessarily in the same manner as supply and demand affect the prices of other commodities. The supply of silver consists of a combination of new mine production and existing stocks of bullion and fabricated silver held by governments, public and private financial institutions, industrial organizations and private individuals. In addition, the price of silver has on occasion been subject to very rapid short-term changes due to speculative activities. From time-to-time, above-ground inventories of silver may also influence the silver commodities market.

Platinum prices are primarily affected by the global demand for and supply of platinum. However, since the platinum supply is very limited, any disruptions in platinum supply tend to have an exaggerated effect on the price of platinum. Key factors that may influence prices are the policies in or political stability of the most important producing countries, in particular, Russia and South Africa (which together account for over 90% of production), the size and availability of the Russian platinum stockpiles and the economic situation of the main consuming countries.

Platinum is used in a variety of industries, primarily the automotive industry. Demand for platinum from the automotive industry, which uses platinum as a catalytic converter, accounts for approximately 80% of the industrial use of platinum. Platinum is also used in the chemical industry, the electronics industry and the dental industry. The primary non-industrial use of platinum is jewelry, which accounts for approximately 40% of the overall demand for platinum.

We and our affiliates have no affiliation with UBS Securities LLC ("UBS") or CME Group Index Services LLC ("CME Indexes") and are not responsible for their public disclosure of information.

We and our affiliates are not affiliated with UBS or CME Indexes in any way (except for arrangements discussed below in "The DJ-UBS Commodity Index^{SM} — License Agreement") and have no ability to control UBS or CME Indexes, including any errors in or discontinuation of disclosure regarding its methods or policies relating to the calculation of the DJ-UBS Commodity Index^{SM}. Neither UBS nor CME Indexes is under any obligation to continue to calculate the DJ-UBS Commodity Index^{SM} nor are they required to calculate any successor index. If UBS and CME Indexes discontinue or suspend the calculation of the DJ-UBS Commodity Index^{SM}, it may become difficult to determine the market value of the CDs or the amount payable at maturity. The calculation agent may designate a successor index selected in its sole discretion. If the calculation agent determines in its sole discretion that no successor index comparable to such index exists, the amount you receive at maturity may be determined by the calculation agent in its sole discretion.

UBS and CME Indexes may be required to replace a contract underlying the DJ-UBS Commodity Index^{SM}, if the existing futures contract is terminated or replaced.

A futures contract known as a "Designated Contract" has been selected as the reference contract for the underlying physical commodity included in the DJ-UBS Commodity Index^{SM}. Data concerning this Designated Contract will be used to calculate the DJ-UBS Commodity Index^{SM}. The termination or replacement of a futures contract on an established exchange occurs infrequently; however, if one or more Designated Contracts were to be terminated or replaced by an exchange, a comparable futures contract would be selected by UBS, if available, to replace each such Designated Contract. The termination or replacement of any Designated Contract may have an adverse impact on the level of the DJ-UBS Commodity Index^{SM}. Suspension or disruptions of market trading in the commodity and related futures markets may adversely affect the value of the CDs.

If the CDs are linked to the Commodity Index, you may in the future have exposure to contracts that are not traded on regulated futures exchanges.

At present, the DJ-UBS Commodity Index^{SM} is composed exclusively of regulated futures contracts; however, the DJ-UBS Commodity Index^{SM} may in the future include over-the-counter contracts (such as swaps and forward contracts) traded on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. As a result, trading in such contracts, and the manner in which prices and volumes are reported by the relevant trading facilities, may not be subject to the same provisions of, and the protections afforded by, the Commodity Exchange Act, as amended, or other applicable statutes and related regulations that govern trading on regulated futures exchanges. In addition, many electronic trading facilities have only recently initiated trading and do not have significant trading histories. As a result, the trading of contracts on such facilities and the inclusion of such contracts in the DJ-UBS Commodity Index^{SM} may expose you to certain risks not presented by most exchange-traded futures contracts, including risks related to the liquidity and price histories of the relevant contracts.

For CDs linked to the Commodity Index, risks associated with the DJ-UBS Commodity Index^{SM} may adversely affect the market price of the CDs.

Because the DJ-UBS Commodity Index^{SM} reflects the return on exchange-traded futures contracts on nineteen different physical commodities, CDs linked to the Commodity Index may be less diversified than other funds or investment portfolios investing in a broader range of products and, therefore, could experience greater volatility. Additionally, the annual composition of the DJ-UBS Commodity Index^{SM} will be calculated in reliance upon historical price, liquidity and production data that are subject to potential errors in data sources or errors that may affect the weighting of components of the DJ-UBS Commodity Index^{SM}. Any discrepancies that require revision are not applied retroactively but will be reflected in the weighting calculations of the DJ-UBS Commodity Index^{SM} for the following year. However, UBS and CME Indexes may not discover every discrepancy. Furthermore, the annual weightings for the DJ-UBS Commodity Index^{SM} are determined each year in the third or fourth quarter and announced as promptly as practicable following the calculation by UBS under the supervision of the Dow Jones-UBS Commodity Index Supervisory Committee, which has a significant degree of discretion in exercising its supervisory duties with respect to the DJ-UBS Commodity Index^{SM} and has no obligation to take the needs of any parties to transactions involving the DJ-UBS Commodity Index^{SM} into consideration when reweighting or making any other changes to the DJ-UBS Commodity Index^{SM}. Finally, subject to the minimum/maximum diversification limits described in "the DJ-UBS Commodity Index^{SM} — Diversification Rules," the commodities underlying the exchange-traded futures contracts included in the Dow Jones-UBS Commodity Index^{SM} from time to time are concentrated in a limited number of sectors, particularly energy and agriculture. An investment in the CDs may therefore carry risks similar to a concentrated securities investment in a limited number of industries or sectors or in a single commodity.

For CDs linked to the Commodity Index, trading and other transactions by UBS and its affiliates in the futures contracts constituting the DJ-UBS Commodity Index^{SM} and the underlying commodities may affect the level of the DJ-UBS Commodity Index^{SM}.

UBS and its affiliates actively trade futures contracts and options on futures contracts on the commodities underlying the DJ-UBS Commodity Index^{SM}. UBS and its affiliates also actively enter into or trade market securities, swaps, options, derivatives, and related instruments that are linked to the performance of the DJ-UBS Commodity Index^{SM}, the futures contracts underlying the DJ-UBS Commodity Index^{SM} or the commodities underlying these futures contracts. Certain of UBS's affiliates may underwrite or issue other securities or financial instruments indexed to the DJ-UBS Commodity Index^{SM} and related indices, and UBS and CME Indexes and certain of their affiliates may license the DJ-UBS Commodity Index^{SM} for publication or for use by unaffiliated third parties.

These activities could present conflicts of interest and could affect the levels of the DJ-UBS Commodity Index^{SM}. For instance, a market maker in a financial instrument linked to the performance of the DJ-UBS Commodity Index^{SM} may expect to hedge some or all of its position in that financial instrument. Purchase (or selling) activity in the underlying components of the DJ-UBS Commodity Index^{SM} in order to hedge the market maker's position in the financial instrument may affect the market price of the futures contracts included in the DJ-UBS Commodity Index^{SM}, which in turn may affect the level of the DJ-UBS Commodity Index^{SM} and the value of your CDs. With respect to any of the activities described above, none of UBS, CME Indexes or their respective affiliates has any obligation to take the needs of any buyers, sellers or holders of the CDs into consideration at any time.

For CDs linked to the Commodity Index, the value of the CDs could be affected by an anticipated change in ownership of these indices.

On November 4, 2011, The McGraw-Hill Companies, Inc. ("McGraw-Hill"), the owner of the S&P Indices business, and CME Group Inc. ("CME Group"), the 90% owner of the CME Group and Dow Jones & Company, Inc. joint venture that owns the Dow Jones Indexes business, announced a new joint venture, S&P/Dow Jones Indices, which will own the S&P Indices business and the Dow Jones Indexes business. McGraw-Hill and CME Group expect the S&P/Dow Jones Indices to be operational in the first half of 2012, subject to regulatory approval and other conditions. While it's unclear what effect, if any, this change in ownership will have on the DJ-UBS Commodity Index^{SM} or on the CDs, any changes to the methodology of the DJ-UBS Commodity Index^{SM} could affect adversely the level of the DJ-UBS Commodity Index^{SM} and, accordingly, the value of your CDs.

Risks Relating to the Cash Index

We are affiliated with the sponsor of the Cash Index.

JPMS, one of our affiliates, is the sponsor of the Cash Index. JPMS will have no obligation to consider your interests as a holder of the CDs in taking any actions that might affect the value of your CDs.

The Cash Index will be affected by a number of factors.

The performance of the Cash Index will depend on a number of factors that can affect the levels of 6-month LIBOR, including, but not limited to:

- *changes in, or perceptions about, future rates:* increased interest rate volatility is historically associated with an increased spread between long- and short-term interest rates and, conversely, decreased volatility is historically associated with tighter spreads;

- *general economic conditions*: the economic, financial, political, regulatory and judicial events that affect financial markets generally will affect 6-month LIBOR;

- *prevailing interest rates*: 6-month LIBOR is subject to daily fluctuations depending on the levels of prevailing interest rates in the market generally; in addition, lower overall interest rates are historically associated with an increased spread between long and short-term interest rates and, conversely, higher overall interest rates are historically associated with tighter spreads; and

- *policy of the Federal Reserve Board regarding interest rates*: an easing of monetary policy is historically associated with an increased spread between long and short-term interest rates and, conversely, a tightening of monetary policy is historically associated with tighter spreads.

These and other factors may have a negative effect on the performance of the Cash Index.

Six-month LIBOR and the manner in which it is calculated may change in the future.

There can be no assurance that the method by which 6-month LIBOR is calculated will not change. Such changes in the method of calculation could reduce the level of 6-month LIBOR. Accordingly, the return of the Cash Index may be may be significantly reduced.

Six-month LIBOR may be volatile.

Six-month LIBOR is subject to volatility due to a variety of factors affecting interest rates generally, including:

- sentiment regarding underlying strength in the U.S., European and global economies;

- expectation regarding the level of price inflation;

- sentiment regarding credit quality in U.S., European and global credit markets;

- central bank policy regarding interest rates; and

- performance of capital markets.

Decreases in 6-month LIBOR will have a negative effect on the performance of the Cash Index.

Six-month LIBOR is not subject to a minimum rate and may be less than 0%.

Six-month LIBOR is not subject to a minimum rate and may be less than 0%. During periods of low interest rates or periods of financial turmoil, 6-Month LIBOR may fall below 0%. Any decreases in 6-month LIBOR will have a negative effect on the performance of the Cash Index. You should not assume that the Cash Index will return a value that is flat or positive.

Risks Relating to a Reference Currency

Your return on the CDs will not reflect the return of a direct investment in the Reference Currencies.

Your return on the CDs will not reflect the return you would realize if you directly invested in or traded the Reference Currencies or instruments related to the Reference Currencies.

The CDs are subject to currency exchange risk.

Foreign currency exchange rates vary over time, and may vary considerably during the term of the CDs. The value of each Reference Currency and the Base Currency is at any moment a result of the supply and demand for that currency. Changes in foreign currency exchange rates over time result from the interaction of many factors directly or indirectly affecting economic and political conditions in the Reference Currencies' countries, the Base Currency's country, and economic and political developments in other relevant countries.

Of particular importance to potential currency exchange risk are:

- existing and expected rates of inflation;
- existing and expected interest rate levels;
- the balance of payments in the Reference Currencies' and Base Currency's countries and between each country and its major trading partners;
- the monetary policies of the Reference Currencies' and Base Currency's countries, especially as related to the supply of money;
- political, civil or military unrest in the Reference Currencies' and Base Currency's countries; and
- the extent of governmental surplus or deficit in the Reference Currencies' and Base Currency's countries.

All of these factors are, in turn, sensitive to the monetary, fiscal and trade policies pursued by the Reference Currencies' and the Base Currency's countries and those of other countries important to international trade and finance.

The liquidity, trading value and amounts payable under the CDs could be affected by the actions of the governments of the originating nations of the Reference Currencies and the Base Currency.

Foreign exchange rates can either be fixed by sovereign governments or floating. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to the value of other currencies. However, governments do not always allow their currencies to float freely in response to economic forces. Governments use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the trading value of their respective currencies. They may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. Thus, a special risk in purchasing the CDs is that their liquidity, trading value and amounts payable, if any, under the CDs could be affected by the actions of sovereign governments which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces and the movement of currencies across borders. Unless that event constitutes a market disruption event or a Succession Event, there will be no adjustment or change in the terms of the CDs in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes or in the event of other developments affecting the Reference Currencies, the Base Currency or any other currency. See "General Terms of the CDs — Market Disruption Events" and "General Terms of the CDs — Succession Events for the Reference Currencies and the Base Currency."

Even though the Reference Currencies and Base Currency are traded around-the-clock, if a secondary market for the CDs develops, the CDs may trade only during regular hours in the United States.

The interbank market for the Reference Currencies and the Base Currency is a global, around-the-clock market and the Reference Currencies and Base Currency values are quoted 24 hours a day. Therefore, the hours of trading for the CDs, if any, may not conform to the hours during which the Reference Currencies and the Base Currency are traded. To the extent that U.S. markets are closed while the markets for other currencies remain open, significant price and rate movements may take place in the underlying foreign exchange markets, and thus in the relevant Spot Rate, that will not be reflected immediately in the market price, if any, of the CDs.

The absence of last-sale and other information about the Reference Currencies may affect the price of the CDs.

There is no systematic reporting of last-sale information for foreign currencies. Reasonably current bid and offer information is available in certain brokers' offices, in bank foreign currency trading offices and to others who wish to subscribe for this information, but this information will not necessarily be reflected in the Spot Rate, and therefore your payment at maturity on the CDs, if any. There is no regulatory requirement that those quotations be firm or revised on a timely basis. The absence of last-sale information and the limited availability of quotations to individual investors may make it difficult for many investors to obtain timely, accurate data about the state of the underlying foreign exchange markets.

In addition, certain relevant information relating to the originating countries of the Reference Currencies or the Base Currency may not be as well known or as rapidly or thoroughly reported in the United States as comparable United States developments. Prospective purchasers of the CDs should be aware of the possible lack of availability of important information that can affect the value of the Reference Currencies and the Base Currency and must be prepared to make special efforts to obtain that information on a timely basis.

Currency exchange risks can be expected to heighten in periods of financial turmoil.

In periods of financial turmoil, capital can move quickly out of regions that are perceived to be more vulnerable to the effects of the crisis than others with sudden and severely adverse consequences to the currencies of those regions. In addition, governments around the world, including the United States government and governments of other major world currencies, have recently made, and may be expected to continue to make, very significant interventions in their economies, and sometimes directly in their currencies. Those interventions affect currency exchange rates globally and, in particular, the value of the Reference Currencies relative to the Base Currency. Further interventions, other government actions or suspensions of actions, as well as other changes in government economic policy or other financial or economic events affecting the currency markets, may cause currency exchange rates to fluctuate sharply in the future, which could have a material adverse effect on the value of the CDs and your return on your investment in the CDs at maturity.

Changes in interest rates may affect the trading value of the CDs.

We expect that changes in interest rates will affect the trading value of the CDs. In general, if interest rates of the country issuing the Base Currency increase or interest rates in the countries issuing the Reference Currencies decrease, we expect that the Base Currency will appreciate relative to the Reference Currencies. Conversely, if the interest rates of the country issuing the Base Currency decrease or interest rates in the countries issuing the Reference Currencies increase, we expect that the Reference Currencies will appreciate relative to the Base Currency.

Interest rates may affect the economies of the countries issuing the Reference Currencies or the Base Currency, and, in turn, the exchange rates and therefore the value of the Reference Currencies relative to the Base Currency. Prior to maturity, the impact of interest rates of the country issuing the Base Currency and the interest rates of the countries issuing the Reference Currencies may either offset or magnify each other.

Suspensions or disruptions of market trading in the currency markets may adversely affect the amount payable at maturity and/or the market value of the CDs.

The currency markets are subject to temporary distortions or other disruptions due to various factors, including the participation of speculators and government regulation and intervention. These circumstances could affect the value of the Reference Currencies and Base Currency, the exchange rates and the Basket and, therefore, the amount we will pay you at maturity, if any, and in the market value of the CDs.

One or more of the Reference Currencies and/or the Base Currency may be replaced by other currencies following a Succession Event.

If a Reference Currency or the Base Currency is lawfully eliminated and replaced with, converted into, redenominated as, or exchanged for, another currency; or any country or economic region, as applicable, in which the lawful currency is a Reference Currency or the Base Currency (the "**Relevant Country**") divides into two or more countries or economic regions, as applicable, each with a different lawful currency immediately after that event (each such event, a "**Succession Event**"), that Reference Currency or the Base Currency will be replaced with another currency (a "**Successor Currency**"). In the event of a Succession Event, you will become subject to the performance of the Successor Currency relative to the Base Currency or the performance of the Reference Currencies relative to the Successor Currency, as applicable. In addition, for CDs linked to a Basket, if a Reference Currency is replaced with a Successor Currency that is the same as another Reference Currency, the weight of that Reference Currency in the Basket will be effectively increased. You should read "General Terms of the CDs — Succession Events for the Reference Currencies and the Base Currency" in order to understand these and other adjustments that may be made to your CDs. The occurrence of a Succession Event and the consequent adjustments may materially and adversely affect the value of the CDs.

USE OF PROCEEDS AND HEDGING

The original issue price of the CDs includes the compensation paid to JPMS with respect to the CDs and the estimated cost of hedging our obligations under the CDs. We may have hedged our obligations under the CDs through certain affiliates or unaffiliated counterparties. The cost of hedging includes the projected profit that our affiliates expect to realize in consideration for assuming the risks inherent in hedging our obligations under the CDs. Because hedging our obligations entails risk and may be influenced by market forces beyond our control, such hedging may result in a profit that is more or less than expected, or could result in a loss.

On or prior to the date of the relevant term sheet, we, through our affiliates or others, expect to hedge some or all of our anticipated exposure in connection with the CDs. In addition, from time to time after we issue the CDs, we, through our affiliates or others, may enter into additional hedging transactions and close out or unwind those we have entered into in connection with the CDs and possibly in connection with our or our affiliates' exposure to one or more Components or the commodity futures contracts or other deposit rates underlying one or more Components. To accomplish this, we, through our affiliates or others, may take positions in one or more Components or the commodity futures contracts or other deposit rates underlying one or more Components or other assets underlying one or more Components or the commodity futures contracts or other deposit rates underlying one or more Components. From time to time prior to maturity of the CDs, we may pursue a dynamic hedging strategy that may involve taking long or short positions in the instruments described above.

While we cannot predict an outcome, any of these hedging activities or other trading activities of ours could potentially increase the Starting Index Levels and/or Starting Spot Rates on the pricing date and/or decrease the Ending Index Levels and/or Ending Spot Rates on any Valuation Date, which could adversely affect your payment at maturity. It is possible that such hedging or trading activities could result in substantial returns for us or our affiliates while the value of the CDs declines. See "Risk Factors — We or our affiliates may have economic interests that are adverse to those of the holders of the CDs as a result of our hedging and other trading activities" above.

We have no obligation to engage in any manner of hedging activity and will do so solely at our discretion and for our own account. We may hedge our exposure on the CDs directly or we may aggregate this exposure with other positions taken by us and our affiliates with respect to our exposure to one or more Indices or the securities, futures contracts, commodities or other assets underlying one or more Indices. No CD holder will have any rights or interest in our hedging activity or any positions that we or any unaffiliated counterparties may take in connection with our hedging activity.

GENERAL TERMS OF THE CDs

Calculation Agent

J.P. Morgan Securities LLC ("**JPMS**"), one of our affiliates, will act as the calculation agent. The calculation agent will determine, among other things, the closing level or Spot Rate of each Component in the Basket, the Basket Closing Level on the relevant Valuation Dates, the Basket Return, each Component Return, including the Starting Index Level or Starting Spot Rate, as applicable, and the Ending Index Level or Ending Spot Rate, as applicable, and the Additional Amount, if any, in cash we will pay you at maturity of the CDs. The calculation agent will also be responsible for determining:

- whether a market disruption event has occurred;
- whether any Index has been discontinued or whether there has been a material change in the method of calculating the closing level of any Index;
- the Option Value of your CDs on the commodity hedging disruption date in the event of a commodity hedging disruption event;
- the Spot Rate for a Reference Currency if the Spot Rate is not available on Reuters or Bloomberg, as applicable; and
- the selection of any Successor Currency.

All determinations made by the calculation agent will be at the sole discretion of the calculation agent and will, in the absence of manifest error, be conclusive for all purposes and binding on you and on us. We may appoint a different calculation agent from time to time after the date of the relevant term sheet without your consent and without notifying you.

All calculations with respect to any Starting Index Level, any Ending Index Level, any Index Return, any Starting Spot Rate, any Ending Spot Rate, any Reference Currency Return, any Basket Closing Level and the Basket Return will be rounded to the nearest one hundred-thousandth, with five one-millionths rounded upward (*e.g.*, .876545 would be rounded to .87655); all dollar amounts related to the determination of the Additional Amount payable at maturity, if any, per $1,000 CD will be rounded to the nearest ten-thousandth, with five one hundred-thousandths rounded upward (*e.g.*, .76545 would be rounded up to .7655); and all dollar amounts paid on the aggregate principal amount of CDs per holder will be rounded to the nearest cent, with one-half cent rounded upward.

Market Disruption Events

Certain events may prevent the calculation agent from calculating the closing level of any Index or the Spot Rate of any Reference Currency relative to the Base Currency, as applicable, on any Valuation Date and consequently the relevant Component Return, the Basket Return and the Additional Amount, if any, that we will pay to you at maturity. These events may include disruptions or suspensions of trading on the markets as a whole.

Market Disruption Events related to the Commodity Index

With respect to the Commodity Index or any relevant successor index, a "**market disruption event**," unless otherwise specified in the relevant term sheet, means:

- a material limitation, suspension, or disruption of trading in any commodity futures contract included in the Commodity Index (or that successor index) that results in failure by the relevant exchange on which that commodity futures contract is traded to report the official settlement price for that commodity futures contract;
- the official settlement price of any commodity futures contract included in the Commodity Index (or that successor index) is a "limit price," meaning that the official settlement price of that commodity futures

contract for a day has increased or decreased from the previous day's official settlement price by the maximum amount permitted under the rules of the relevant exchange on which that commodity futures contract is traded; or

- a failure by the relevant exchange or other price source to announce or publish the official settlement price of any commodity futures contract included in the Commodity Index (or that successor index),

in each case, as determined by the calculation agent in its sole discretion; and

- a determination by the calculation agent in its sole discretion that the applicable event described above materially interfered with our ability or the ability of any of our affiliates to adjust or unwind all or a material portion of any hedge with respect to the CDs.

Unless otherwise specified in the relevant term sheet, "**relevant exchange**" means, with respect to any futures contract included in the Commodity Index or any relevant successor index, as applicable, the primary exchange or market of trading for that futures contract.

Market Disruption Events related to the Cash Index

With respect to the Cash Index, a "**market disruption event**," unless otherwise specified in the relevant term sheet, means:

- the failure of the British Bankers Association (or any other relevant entity) to report the LIBOR rates used to calculate the Cash Index; or

- the level of the Cash Index is not published,

in each case, as determined by the calculation agent in its sole discretion; and

- a determination by the calculation agent in its sole discretion that the applicable event described above materially interfered with its ability or the ability of any of our affiliates to adjust or unwind all or a material portion of any hedge with respect to the CDs.

Market Disruption Events for the Reference Currencies and the Base Currency

Unless otherwise specified in the relevant term sheet, a "**market disruption event**," with respect to a Reference Currency or the Base Currency, means the occurrence of any of the following:

(a) a Convertibility Event;

(b) a Deliverability Event (*provided* that a Deliverability Event will not constitute a market disruption event with respect to a Non-Deliverable Currency);

(c) a Liquidity Event;

(d) a Taxation Event;

(e) a Discontinuity Event;

(f) a Price Source Disruption Event; or

(g) (i) if the determination of the Spot Rate for a Reference Currency relative to the Base Currency involves the use of cross rates, the unavailability of a cross rate for that Reference Currency and Base Currency, each relative to the U.S. dollar, that prevents the calculation agent from calculating the Spot Rate for that Reference Currency relative to the Base Currency in the manner provided in the relevant term sheet, or (ii) any event that generally makes it impossible to convert any currency used in the calculation of the Spot Rate for a Reference Currency into another currency (including, but not limited to, U.S. dollars), in each case as determined by the calculation agent in its sole discretion and in the case of an event described in clause (a), (b), (c), (d), (e) or (g) above, a determination by the calculation agent in its sole discretion that such event materially interferes with our ability or the ability of any of our affiliates to adjust or unwind all or a material portion of any hedge with respect to the CDs.

Unless otherwise specified in the relevant term sheet, each of the following is a "**Non-Deliverable Currency**": the Argentine peso, the Brazilian real, the Chilean peso, the Chinese renminbi, the Colombian peso, the Indian rupee, the Indonesian rupiah, the Korean won, the Malaysian ringgit, the New Taiwan dollar, the Peruvian nuevo sol, the Philippine peso and the Russian ruble.

Unless otherwise specified in the relevant term sheet, a "**Convertibility Event**" means an event that, in effect, prevents, restricts or delays (or, in the case of a Non-Deliverable Currency, an event that results in a material change since the pricing date in) a market participant's ability to:

(i) convert a Reference Currency into the Base Currency through customary legal channels; or

(ii) convert a Reference Currency into the Base Currency at a rate at least as favorable as the rate for domestic institutions located in the country or economic region the lawful currency of which is the Reference Currency (the "**Reference Currency Country**").

Unless otherwise specified in the relevant term sheet, a "**Deliverability Event**" means an event that has the effect of preventing, restricting or delaying a market participant from:

(i) delivering a Reference Currency from accounts inside the Reference Currency Country to accounts outside the Reference Currency Country; or

(ii) delivering the Reference Currency between accounts inside the Reference Currency Country or to a party that is a non-resident of the Reference Currency Country.

Unless otherwise specified in the relevant term sheet, a "**Liquidity Event**" means the imposition by a Reference Currency Country (or any political subdivision or regulatory authority thereof) or the country or economic region the lawful currency of which is the Base Currency (the "**Base Currency Country**" and each Reference Currency Country and Base Currency Country, a "**Relevant Country**") (or any political subdivision or regulatory authority thereof) of any capital or currency controls (such as a restriction placed on the holding of assets in or transactions through any account in a Relevant Country by a non-resident of that Relevant Country) (or, in the case of a Non-Deliverable Currency, an event that results in a material change since the pricing date in any capital or currency controls imposed by a Relevant Country), or the publication of any notice of an intention to do so, which the calculation agent determines in good faith and in a commercially reasonable manner is likely to materially affect an investment in the applicable Reference Currency or the Base Currency.

Unless otherwise specified in the relevant term sheet, a "**Taxation Event**" means the implementation by the applicable Relevant Country (or any political subdivision or regulatory authority thereof), or the publication of any notice of an intention to implement, any changes to the laws or regulations relating to foreign investment in the Relevant Country, as applicable (including, but not limited to, changes in tax laws and/or laws relating to capital markets and corporate ownership), which the calculation agent determines in good faith in a commercially reasonable manner are likely to materially affect an investment in the applicable Reference Currency or the Base Currency.

Unless otherwise specified in the relevant term sheet, a "**Discontinuity Event**" means the pegging or de-pegging of a Reference Currency to the Base Currency or the controlled appreciation or devaluation by the Relevant Country (or any political subdivision or regulatory authority thereof) of a Reference Currency relative to the Base Currency, as determined by the calculation agent in good faith and in a commercially reasonable manner.

Unless otherwise specified in the relevant term sheet, a "**Price Source Disruption Event**" means the non-publication or unavailability of the applicable spot rate for a Reference Currency relative to the Base Currency or, if cross rates are to be used in determining the Spot Rate of a Reference Currency relative to the Base Currency, the non-publication or unavailability of the applicable cross rate for that Reference Currency or Base Currency, each relative to the U.S. dollar, in each case on the applicable Reuters or Bloomberg page (or any substitute page) specified in the relevant term sheet and at the applicable time specified in the relevant term sheet for the determination of the Spot Rate for that Reference Currency on any date of determination.

Consequences of a Commodity Hedging Disruption Event

Unless otherwise specified in the relevant term sheet, if a commodity hedging disruption event occurs, we will have the right, but not the obligation, to adjust your payment at maturity based on determinations made by the calculation agent. If we choose to exercise this right, in making this adjustment, the calculation agent will determine, in good faith and in a commercially reasonable manner, the Option Value (as defined below) as of the date on which the calculation agent determines that a commodity hedging disruption event has occurred (such date, a "**commodity hedging disruption date**"). The commodity hedging disruption event may occur prior to the final Valuation Date. We will provide, or cause the calculation agent to provide, written notice of our election to exercise this right to The Depository Trust Company ("**DTC**"). We (or the calculation agent) will deliver this notice as promptly as possible and in no event later than the fifth business day immediately following the commodity hedging disruption date. Additionally, we will specify in the notice the Option Value as determined on the commodity hedging disruption date.

If a commodity hedging disruption event occurs and we decide to exercise our right to adjust your payment at maturity, for purposes of this subsection, the "**Option Value**" will be a fixed amount equal to the forward price of the embedded option representing the Additional Amount payable on the CDs at maturity, *provided* that the Option Value will not be less than zero (or, if applicable, the Minimum Amount).

Notwithstanding the foregoing, the amount due and payable per $1,000 CD will not be less than $1,000 (plus the Minimum Amount, if applicable) for each $1,000 principal amount deposited and will be due and payable only at maturity. If we choose to exercise our right to determine the Option Value, for each $1,000 CD, we will pay you at maturity, instead of the amounts specified in the relevant term sheet, an amount equal to:

(1) an Additional Amount equal to the Option Value *plus*

(2) $1,000.

For the avoidance of doubt, the determination set forth above is only applicable to the amount due with respect to an early determination of the Additional Amount as a result of a commodity hedging disruption event.

A "**commodity hedging disruption event**," unless otherwise specified in the relevant term sheet, means that:

(a) due to (i) the adoption of, or any change in, any applicable law, regulation, rule or order (including, without limitation, any tax law); or (ii) the promulgation of, or any change in, the interpretation, application, exercise or operation by any court, tribunal, regulatory authority, exchange or trading facility or any other relevant entity with competent jurisdiction of any applicable law, rule, regulation, order, decision or determination (including, without limitation, as implemented by the U.S. Commodity Futures Trading Commission or any exchange or trading facility), in each case occurring on or after the pricing date, the calculation agent determines in good faith that it is contrary (or upon adoption, it will be contrary) to that law, rule, regulation, order, decision or determination for us to purchase, sell, enter into, maintain, hold, acquire or dispose of our or our affiliates' (A) positions or contracts in securities, options, futures, derivatives or foreign exchange or (B) other instruments or arrangements, in each case, in order to hedge our obligations under the CDs (in the aggregate on a portfolio basis or incrementally on a trade by trade basis) ("hedge positions"), including (without limitation) if those hedge positions (in whole or in part) are (or, but for the consequent disposal thereof, would otherwise be) in excess of any allowable position limit(s) in relation to any commodity traded on any exchange(s) or other trading facility (it being within the sole and absolute discretion of the calculation agent to determine which of the hedge positions are counted towards that limit); or

(b) for any reason, we or our affiliates are unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the calculation agent deems necessary to hedge the risk of entering into and performing our commodity-related obligations with respect to the CDs, or (ii) realize, recover or remit the proceeds of any of those transaction(s) or asset(s).

Please see "Risk Factors — Risks Relating to the Commodity Index — The commodity futures contracts underlying the Commodity Index are subject to legal and regulatory regimes that may change in ways that could have a substantial adverse effect on the value of the CDs and, for CDs linked to the Commodity Index, could lead to an early determination of the amount payable at maturity or a discontinuation of any interest payments and an adjustment to the amount payable at maturity" for more information.

Discontinuation of an Index; Alteration of Method of Calculation

Unless otherwise specified in the relevant term sheet, if the sponsor of an Index (an "**Index Sponsor**") discontinues publication of that Index and that Index Sponsor or another entity publishes a successor or substitute index that the calculation agent determines, in its sole discretion, to be comparable to the discontinued Index (such index being referred to herein as a "**successor index**"), then the closing level of that Index on any Valuation Date or any other relevant date on which the closing level of that Index is to be determined will be determined by reference to the level of that successor index published with respect to that day.

Upon any selection by the calculation agent of a successor index, the calculation agent will cause written notice thereof to be promptly furnished to us and to the holders of the CDs.

Unless otherwise specified in the relevant term sheet, if the Index Sponsor for an Index discontinues publication of that Index prior to, and that discontinuation is continuing on, a Valuation Date or any other relevant date on which the closing level of that Index is to be determined, and the calculation agent determines, in its sole discretion, that no successor index for that Index is available at such time, or the calculation agent has previously selected a successor index for that Index and publication of that successor index is discontinued prior to, and that discontinuation is continuing on, that Valuation Date or other relevant date, then the calculation agent will determine the closing level for that Index for that Valuation Date or that other relevant date on that date. Unless otherwise specified in the relevant term sheet, the closing level of that Index will be computed by the calculation agent in accordance with the formula for and method of calculating that Index or successor index, as applicable, last in effect prior to that discontinuation, using:

(a) with respect to the Commodity Index, the settlement price or fixing level, as applicable (or, if trading in the relevant commodities and/or commodity futures contracts has been materially suspended or materially limited, the calculation agent's good faith estimate of the settlement price or fixing level, as applicable, that would have prevailed but for that suspension or limitation) at the close of the principal trading session on that date of each commodity and/or commodity futures contract most recently composing that Index or successor index, as applicable, as well as any commodity futures contract required to roll any expiring commodity futures contract in accordance with the method of calculating that Index or successor index, as applicable; or

(b) with respect to the Cash Index, the deposit rates underlying the Cash Index (or, if such deposit rates are not published on such day, the calculation agent's good faith estimate of such deposit rates).

Notwithstanding these alternative arrangements, discontinuation of the publication of an Index or its successor index, as applicable, may adversely affect the value of the CDs.

If at any time the method of calculating an Index or a successor index, or the level thereof, is changed in a material respect, or if an Index or a successor index is in any other way modified so that it does not, in the opinion of the calculation agent, fairly represent the level of that Index or successor index, as applicable, had those changes or modifications not been made, then the calculation agent will, at the close of business in New York City on each date on which the closing level or Index level, if applicable, of that Index or successor index, as applicable, is to be determined, make such calculations and adjustments as, in the good faith judgment of the calculation agent, may be necessary in order to arrive at a level of an index comparable to that Index or successor index, as the case may be, as if those changes or modifications had not been made, and the calculation agent will calculate the closing level or

Index level, as applicable, of that Index or successor index, as applicable, with reference to that Index or successor index, as adjusted. Accordingly, if the method of calculating an Index or a successor index is modified so that the level of that Index or successor index is a fraction of what it would have been if there had been no such modification, then the calculation agent will adjust its calculation of that Index or successor index, as applicable, in order to arrive at a level of that Index or successor index, as applicable, as if there had been no modification.

Succession Events for the Reference Currencies and the Base Currency

A "**Succession Event**" means the occurrence of either of the following events:

(a) a Reference Currency or the Base Currency is lawfully eliminated and replaced with, converted into, redenominated as, or exchanged for, another currency; or

(b) any Relevant Country divides into two or more countries or economic regions, as applicable, each with a different lawful currency immediately after that event.

We refer to the applicable Reference Currency or the Base Currency with respect to which a Succession Event has occurred as the "**Former Currency**."

On and after the effective date of a Succession Event, the Former Currency will be deemed to be replaced with:

(i) in the case of clause (a) above, the currency that lawfully replaces the Former Currency, into which the Former Currency is converted or redenominated, or for which the Former Currency is exchanged, as applicable, or

(ii) in the case of clause (b) above, a currency selected by the calculation agent from among the lawful currencies resulting from the division that the calculation agent determines in good faith and in a commercially reasonable manner is most comparable to the Former Currency, taking into account the latest available quotation for the spot rate of the Former Currency relative to the Base Currency or the applicable Reference Currency relative to the Base Currency, as applicable, and any other information that it deems relevant.

We refer to the replacement currency determined as described in clause (i) or (ii) above as a "**Successor Currency**."

Upon the occurrence of a Succession Event, the Starting Spot Rate for any Reference Currency affected by the Succession Event (either because the Succession Event has occurred with respect to that Reference Currency or because the Succession Event has occurred with respect to the Base Currency) will be adjusted so that the new Starting Spot Rate will equal the product of:

- the original Starting Spot Rate; and
- a ratio of the Successor Currency to the Former Currency, which ratio will be calculated on the basis of the exchange rate set forth by the relevant country or economic region of the Former Currency for converting the Former Currency into the Successor Currency on the effective date of the Succession Event, as determined by the calculation agent.

In the event that the exchange rate is not publicly announced by the relevant country or economic region, the Starting Spot Rate will be adjusted by the calculation agent in good faith and in a commercially reasonable manner.

For example, assuming the CDs are linked to the European Union euro relative to the U.S. dollar and the Starting Spot Rate is equal to 1.4 U.S. dollars per European Union euro, if a Currency Successor Event occurs and the European Union euro is replaced with the Deutsche mark, the original Starting Spot Rate will be adjusted so that it is expressed in terms of Deutsche marks and U.S. dollars. If the exchange rate set forth by the European Union for converting European Union euros into Deutsche marks on the effective date of the Succession Event is 2.0 Deutsche marks for each European Union euro, the new Starting Spot Rate will be equal to 0.7 U.S. dollars per Deutsche mark (or 1.4 multiplied by the ratio of 1 over 2.0). On and after the effective date of a Succession Event, the Spot Rate (including the Final Spot Rate) will refer to the Deutsche mark relative to the U.S. dollar.

Notwithstanding the foregoing, if, as a result of a Succession Event, (a) in the case of a Former Currency that is a Reference Currency, the Successor Currency is the same as the Base Currency or, (b) in the case of a Former Currency that is the Base Currency, a Successor Currency is the same as the Reference Currency, in lieu of the adjustments to the relevant Starting Spot Rate described above, the Spot Rate for the affected Reference Currency on each relevant day occurring on and after the effective date of that Succession Event will be based on the exchange rate on the date of the Succession Event as announced by the relevant country or economic region (or if that country or economic region has not announced an exchange rate, an exchange rate as determined by the calculation agent in good faith and a commercially reasonable manner).

Upon the occurrence of a Succession Event, the calculation agent will select in good faith and in a commercially reasonable manner a substitute Reuters or Bloomberg page for purposes of determining the Spot Rate of any affected Reference Currencies. To the extent the market convention for quoting the exchange rate for the Successor Currency relative to the Base Currency or the Reference Currency relative to the Successor Currency, as applicable, is different from the market convention for the Reference Currency relative to the Base Currency, we will apply all calculations in a manner consistent with the original market convention in accounting for any adjustments resulting from a Succession Event.

Governing Law

The CDs will be governed by and interpreted in accordance with the laws of the State of New York.

Brokered CDs

The CDs may be offered and sold by JPMS and other dealers in the primary market. A dealer offering the CDs to its customers is doing so pursuant to an arrangement between such dealer and JPMS. Such dealer makes no representation or warranty about the accuracy of this disclosure and makes no guarantee in any way about the financial condition of the Bank.

Early Call at Our Option

If a CD is designated as a callable CD in the relevant term sheet (a "**Callable CD**"), the Callable CD generally will be callable at our option during the periods or on the specific dates specified in the relevant term sheet, on written notice given as provided in the relevant term sheet. Unless otherwise provided in the relevant term sheet, any such call will be effected in increments of $1,000 per Callable CD, at the call price or prices specified in the relevant term sheet (each, a "**Call Price**").

If any Callable CDs are called by us prior to the scheduled maturity date, you will be entitled to receive only the relevant Call Price and, unless the relevant term sheet specifies otherwise, you will not receive any interest. If we do not call a Callable CD prior to the maturity date, the principal amount plus the interest, if any, that you receive on the scheduled maturity date may be less than any of the Call Prices.

In the event we were to fail between the time a call notice is given and the time you receive the Call Price, the amount of the Call Price in excess of the principal amount deposited would not be insured.

Additions and Withdrawals

General

When you purchase a CD, you agree with us to keep your funds on deposit for the term of the CD. Accordingly, no additions are permitted to be made to any CD, and no withdrawals are permitted to be made from any CD, except that withdrawal will be permitted in the event of the death of the beneficial owner of a CD, which right we refer to as the "**Survivor's Option**," or in the event of the adjudication of incompetence of the beneficial owner of the CDs by a court or other administrative body of competent jurisdiction. In such event, and unless otherwise specified in "—Survivor's Option" with respect to the death of the owner of a CD, provided that prior written notice of such proposed withdrawal has been given to your broker and the Bank, together with appropriate documentation to support such request, the Bank will permit withdrawal of all CDs held by such beneficial owner (no partial withdrawals will be permitted). The amount payable by the Bank on any CDs upon such withdrawal will equal the principal amount of the withdrawn CDs. For information about the amount payable by the Bank upon early withdrawal after the death of the beneficial owner of a CD and the procedures and limitations on such early withdrawals of the CDs, please see "—Survivor's Option" below.

If the relevant term sheet provides for an election for early redemptions or withdrawals for any reason other than the death or adjudication of incompetence of a depositor, such term sheet will set forth the method for calculating the early redemption amount you will be entitled to receive. Upon early redemption or withdrawal of a CD, the amount you receive may be less, and possibly significantly less, than the principal amount of your CD.

In the event we were to fail between an early redemption date (as defined and specified in the relevant term sheet) and the time you receive the early redemption amount (as defined and specified in the relevant term sheet), the early redemption amount in excess of the principal amount of the CD, if any, may not be FDIC insured.

Survivor's Option

A holder of CDs will have the right to require us to repay such CDs prior to the maturity date, if requested by the authorized representative of the beneficial owner of such CDs following the death of the beneficial owner of such CDs. To exercise the Survivor's Option, the CDs must have been acquired by the deceased beneficial owner at least six months prior to the date of exercise of the Survivor's Option. Upon valid exercise of the Survivor's Option and the proper tender of CDs for repayment, and subject to the conditions set forth herein, we will repay such CDs, in whole but not in part, at a price equal to 100% of the principal amount of the deceased beneficial owner's beneficial interest in such CDs so tendered. For purposes of this section, a beneficial owner of a CD is a person who has the right, immediately prior to such person's death, to receive the proceeds from the disposition of that CD, as well as the right to receive payment of the principal of the CD at maturity.

To be valid, within one year of the date of death of the deceased beneficial owner, the Survivor's Option must be exercised by, or on behalf of, the person who has authority to act on behalf of the deceased beneficial owner of the applicable CDs (including, without limitation, the personal representative or executor of the estate of the deceased beneficial owner, or the surviving joint owner with the deceased beneficial owner) under the laws of the applicable jurisdiction.

The death of a person holding a beneficial ownership interest in a CD: (a) with any person in a joint tenancy with right of survivorship; or (b) with his or her spouse in tenancy by the entirety, tenancy in common, as community property or in any other joint ownership arrangement, will be deemed the death of a beneficial owner of that CD, and the entire principal amount of the CD held in this manner will be subject to repayment by us upon request as described in this section. However, the death of a person holding a beneficial ownership interest in a CD as tenant in common with a person other than his or her spouse will be deemed the death of a beneficial owner only with respect to such deceased person's interests in the CD, and only the deceased beneficial owner's percentage interest in the principal amount of the CD will be subject to repayment upon a valid exercise of the Survivor's Option.

If the ownership interest in a CD is held by a nominee for a beneficial owner or by a custodian under a Uniform Gifts to Minors Act or Uniform Transfer to Minors Act, or by a trustee of a trust that is wholly revocable by its beneficial owner, or by a guardian or committee for a beneficial owner, the death of such beneficial owner will be deemed the death of a beneficial owner for purposes of the Survivor's Option, if the beneficial ownership interest can be established to our satisfaction. In any of these cases, the death or dissolution of the nominee, custodian, trustee, guardian or committee will not be deemed the death of the beneficial owner of the CD for purposes of the Survivor's Option. For purposes of clarification, trustees of trusts originally established as irrevocable trusts are not eligible to exercise the Survivor's Option nor may the Survivor's Option be exercised where CDs have been transferred from the estate of the deceased owner by operation of a transfer on death.

A valid election to exercise the Survivor's Option may not be withdrawn. Tenders of CDs pursuant to an exercise of the Survivor's Option will be processed in the order received by us. CDs accepted for repayment pursuant to exercise of the Survivor's Option will be repaid on the 20th calendar day after the date of exercise of the Survivor's Option.

Because the CDs will be evidenced by one or more master certificates issued by us and held by or on behalf of DTC, DTC or its nominee will be treated as the holder of the CDs, will be the only entity that receives notices from us and, on behalf of the deceased beneficial owner's authorized representative, will be the only entity that can exercise the Survivor's Option for the CDs. Accordingly, to properly tender a CD for repayment pursuant to exercise of the Survivor's Option, the deceased beneficial owner's authorized representative must provide the following documentation and evidence to the broker or other DTC participant through which the beneficial interest in the CD is held by the deceased beneficial owner:

- appropriate evidence satisfactory to us that:

  (1) the deceased was the beneficial owner of the CD at the time of death and his or her interest in the CD was acquired by the deceased beneficial owner at least six months prior to the tender of the CD for repayment pursuant to the Survivor's Option,

  (2) the death of the beneficial owner has occurred and the date of death, and

  (3) the representative has authority to act on behalf of the deceased beneficial owner;

- if the beneficial interest in the CD is held by a nominee or trustee of, custodian for, or other person in a similar capacity to, the deceased beneficial owner, evidence satisfactory to us from the nominee, trustee, custodian or similar person attesting to the deceased's beneficial ownership of the tendered CD;

- a written request for repayment pursuant to the Survivor's Option signed by the authorized representative of the deceased beneficial owner with the signature guaranteed by a firm that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program (generally a member of a registered national securities exchange, a member of FINRA or a commercial bank or trust company having an office in the United States);

- tax waivers and any other instruments or documents that we reasonably require in order to establish the validity of the beneficial ownership of the CD and the claimant's entitlement to payment; and

- any additional information we may require to evidence satisfaction of any conditions to the exercise of the Survivor's Option or to document beneficial ownership or authority to make the election and to cause the repayment of the CD.

We expect that the broker or other DTC participant will deliver in turn these documents and evidence, through the appropriate DTC participant, if applicable, and the facilities of DTC, to us and will certify to us that the broker or other DTC participant represents the deceased beneficial owner. The broker or other DTC participant will be responsible for disbursing payments received from us, through the facilities of DTC, to the authorized representative.

All questions regarding the eligibility or validity of any exercise of the Survivor's Option generally will be determined by us, in our sole discretion, which determination will be final and binding on all parties.

Hypothetical Returns on Your CDs

The relevant term sheet may include a table, chart or graph showing various hypothetical returns on your CD based on a range of hypothetical closing levels of the Basket, in each case assuming the CD is held from the issue date until the scheduled maturity date.

Any table, chart or graph showing hypothetical returns will be provided for purposes of illustration only. It should not be viewed as an indication or prediction of future investment results. Rather, it is intended merely to illustrate the impact that various hypothetical levels of the Basket on the scheduled Valuation Date(s) could have on the hypothetical returns on your CD, if held to the scheduled maturity date, calculated in the manner described in the relevant term sheet and assuming all other variables remained constant. Any payments at maturity listed in the relevant term sheet will be entirely hypothetical. They will be based on closing levels of the Basket on any day during the term of the CD that may vary and on assumptions that may prove to be erroneous.

The return on your CD may bear little relation to, and may be much less than, the return that you might achieve were you to invest in the Basket directly. Among other things, the return on the Basket and an investment in the Basket is likely to have tax consequences that are different from an investment in your CD.

We describe various risk factors that may affect the market value of your CD, and the unpredictable nature of that market value, under "Risk Factors" above.

EVIDENCE OF THE CDs

The CDs will be evidenced by one or more master certificates issued by us, each representing a number of individual CDs. These master certificates will be held by or on behalf of The Depository Trust Company ("**DTC**"), a sub-custodian which is in the business of performing such custodial services. No evidence of ownership, such as a passbook or a certificate, will be provided to you. Your broker, as custodian, keeps records of the ownership of each CD and will provide you with a written confirmation (the "**Confirmation**") of your purchase. If applicable, the term sheet will set forth the proposed maturity date, the Basket, the Participation Rate, if any, upon which the Additional Amount on your CD may be calculated, the Minimum Amount, if applicable, and the terms of any withdrawal feature. The Confirmation will also state the original principal amount of your CD, from which you can determine how much premium, if any, you paid for the CD. You should retain the Confirmation and the account statement(s) for your records. Because you will not be provided with a certificate evidencing your CD, the purchase of a CD is not recommended for persons who wish to take physical possession of a certificate.

Payments on the CDs will be remitted by us to DTC when due. Upon payment in full of such amounts to DTC, we will be discharged from any further obligation with regard to such payments. Such payments will be credited through DTC's procedures to participant firms and thereafter will be remitted to your broker, so long as such broker acts as your nominee, authorized representative, agent or custodian, and credited to your account with such broker.

Each CD constitutes a direct obligation of us and is not, either directly or indirectly, an obligation of any broker. You will have the ability to enforce your rights in a CD directly against us. No deposit relationship shall be deemed to exist prior to the receipt and acceptance of your funds by us.

If you choose to remove your broker as your agent with respect to your CD, you may (i) transfer your CD to another agent; *provided* that the agent is a member of DTC (most major brokerage firms are members; many FDIC-insured depositories are not) or (ii) request that your ownership of the CD be evidenced directly on the books of JPMorgan Chase Bank, N.A., subject to applicable law and our terms and conditions, including those related to the manner of evidencing CD ownership.

WHERE YOU CAN FIND OUT MORE ABOUT US

This disclosure statement incorporates by reference the following documents, which have been filed previously (or may be filed in the future) with the SEC, into this disclosure statement and we encourage you to review them. SEC filings are available to the public over the Internet at the SEC's website at http://www.sec.gov. You may also read and copy any document filed with the SEC at the SEC's public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms.

Because we are incorporating by reference future filings with the SEC, this disclosure statement is continually updated and those future filings may modify or supersede some of the information included or incorporated in this disclosure statement. This disclosure statement incorporates by reference the documents below and any future filings made by JPMorgan Chase & Co. ("**JPMorgan Chase**"), which is the parent company of the Bank, with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the "**Exchange Act**") until we complete our offering of the CDs or, if later, the date on which any of our affiliates cease offering and selling the CDs:

- The annual report of JPMorgan Chase on Form 10-K for the year ended December 31, 2010 (filed on February 28, 2011);

- The quarterly reports of JPMorgan Chase on Form 10-Q for the quarters ended March 31, 2011 (filed on May 6, 2011), June 30, 2011 (filed on August 5, 2011) and September 30, 2011 (filed on November 4, 2011);

- The current reports of JPMorgan Chase on Form 8-K filed on November 4, 2011 containing revisions to the information contained in the annual report of JPMorgan Chase on Form 10-K for the year ended December 31, 2010 and the quarterly reports of JPMorgan Chase on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011, which reflect changes in JPMorgan Chase's business segments that became effective July 1, 2011; and

- The current reports of JPMorgan Chase on Form 8-K filed on January 14, 2011, February 17, 2011, February 24, 2011, March 18, 2011, March 23, 2011, March 24, 2011, April 13, 2011, April 14, 2011, April 29, 2011, May 10, 2011, May 23, 2011, May 24, 2011, June 16, 2011, June 21, 2011, June 29, 2011, July 14, 2011, July 21, 2011, July 27, 2011, August 5, 2011, August 10, 2011, August 24, 2011, September 13, 2011, September 26, 2011, September 30, 2011, October 13, 2011, October 26, 2011, November 4, 2011 and November 8, 2011 (other than, in each case, those documents or the portions of those documents not deemed to be filed).

In addition, this disclosure statement incorporates by reference the most recent quarterly Consolidated Reports of Condition and Income of the Bank filed with our primary federal regulator (the "**Call Reports**"), the Bank's Call Reports for the years ended December 31, 2010 and December 31, 2009, and any future Call Reports filed with our primary federal regulator until we complete our offering of the CDs, or if later, the date on which any of our affiliates ceases offering and selling the CDs. Call Reports are available at the FDIC's website at http://www.fdic.gov.

JPMorgan Chase makes available free of charge, through its website, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to those reports filed or furnished, pursuant to Section 13(a) or Section 15(d) of the Exchange Act, as soon as reasonably practicable after it electronically files such material with, or furnishes such material to, the SEC. You may also request, at no cost to you, a written copy of these documents and any documents incorporated by reference herein, including the most recent quarterly Call Report (other than exhibits to such documents) by writing or telephoning JPMorgan Chase at: Office of the Secretary, JPMorgan Chase, 270 Park Avenue, New York, NY 10017-2070 (Telephone: 212-270-4040).

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

JPMorgan Chase Bank, National Association is a wholly owned bank subsidiary of JPMorgan Chase & Co. ("**JPMorgan Chase**" or the "**Firm**"). JPMorgan Chase is incorporated in the State of Delaware in the United States and is headquartered in New York, New York. JPMorgan Chase Bank is chartered by the Office of the Comptroller of the Currency, a bureau of the United States Department of the Treasury. JPMorgan Chase Bank's main office is located in Columbus, Ohio. JPMorgan Chase Bank had been organized in the legal form of a banking corporation organized under the laws of the State of New York in 1968 for an unlimited duration. On November 13, 2004, JPMorgan Chase Bank converted from a New York State banking corporation to a national banking association.

JPMorgan Chase Bank is a national bank offering a wide range of banking services to its customers both domestically and internationally. Chase Bank USA, National Association is a principal bank subsidiary of JPMorgan Chase and serves as its credit card-issuing bank. JPMorgan Chase's principal nonbank subsidiary is J.P. Morgan Securities LLC, the Firm's U.S. investment banking firm.

JPMorgan Chase Bank's business is subject to examination and regulation by Office of the Comptroller of the Currency. We are a member of the Federal Reserve System and our deposits are insured by the Federal Deposit Insurance Corporation. Our Federal Reserve Bank Identification Number is 852218.

Business Activities

Principal Activities

The business activities of JPMorgan Chase Bank are organized, for management reporting purposes, into six business segments, as well as corporate / private equity. JPMorgan Chase's wholesale businesses comprise the Investment Bank, Commercial Banking, Treasury & Securities Services and Asset Management segments. JPMorgan Chase's consumer businesses comprise the Retail Finance Services and Card Services & Auto segments. A description of these business segments, and the products and services they provide to their respective client bases, follows.

INVESTMENT BANK

JPMorgan Chase is one of the world's leading investment banks, with deep client relationships and broad product capabilities. The clients of the Investment Bank ("**IB**") are corporations, financial institutions, governments and institutional investors. JPMorgan Chase offers a full range of investment banking products and services in all major capital markets, including advising on corporate strategy and structure, capital raising in equity and debt markets, sophisticated risk management, market-making in cash securities and derivative instruments, prime brokerage and research.

RETAIL FINANCIAL SERVICES

Retail Financial Services ("**RFS**") serves consumers and businesses through personal service at bank branches and through ATMs, online banking and telephone banking. Consumers can use bank branches and ATMs, as well as online and mobile banking around the clock. Branch sales people assist customers with checking and savings accounts, mortgages, home equity and business loans and investments across the 23-state footprint from New York and Florida to California.

Effective July 1, 2011, RFS is organized into two components: (1) Consumer & Business Banking and (2) Mortgage Banking, which includes Mortgage Production and Servicing and Real Estate Portfolios. Consumer & Business Banking includes branch banking and business banking activities. Mortgage Production and Servicing includes mortgage origination and servicing activities. Real Estate Portfolios comprises residential mortgages and home equity loans, including the purchased credit-impaired portfolio acquired in the Washington Mutual transaction.

CARD SERVICES & AUTO

Card Services is one of the nation's largest credit card issuers. Through its merchant acquiring business, Chase Paymentech Solutions, Card Services is a global leader in payment processing and merchant acquiring. Consumers can also obtain loans through auto dealerships and schools and universities nationwide.

COMMERCIAL BANKING

Commercial Banking ("**CB**") delivers extensive industry knowledge, local expertise and dedicated service to a variety of clients nationally, including corporations, municipalities, financial institutions, not-for-profit entities and real estate investors/owners. CB partners with JPMorgan Chase's other businesses to provide comprehensive solutions, including lending, treasury services, investment banking and asset management to meet its clients' domestic and international financial needs.

TREASURY & SECURITIES SERVICES

Treasury & Securities Services ("**TSS**") is a global leader in transaction, investment and information services. TSS is one of the world's largest cash management providers and a leading global custodian. Treasury Services ("**TS**") provides cash management, trade, wholesale card and liquidity products and services to small- and mid-sized companies, multinational corporations, financial institutions and government entities. TS partners with the Investment Bank, Commercial Banking, Retail Financial Services and Asset Management businesses to serve clients firm-wide. Certain TS revenue is included in other segments' results. Worldwide Securities Services holds, values, clears and services securities, cash and alternative investments for investors and broker-dealers, and manages depositary receipt programs globally.

ASSET & WEALTH MANAGEMENT

Asset Management ("**AM**") is a global leader in investment and wealth management. AM clients include institutions, retail investors and high-net-worth individuals in every major market throughout the world. AM offers global investment management in equities, fixed income, real estate, hedge funds, private equity and liquidity products, including money-market instruments and bank deposits. AM also provides trust and estate, banking and brokerage services to high-net-worth clients, and retirement services for corporations and individuals. The majority of AM's client assets are in actively managed portfolios.

CORPORATE / PRIVATE EQUITY

The Corporate/Private Equity sector comprises Private Equity, Treasury, the Chief Investment Office, corporate staff units and expense that is centrally managed. Treasury and the Chief Investment Office manage capital, liquidity and structural risks for JPMorgan Chase. The corporate staff units include Central Technology and Operations, Internal Audit, Executive Office, Finance, Human Resources, Marketing & Communications, Legal & Compliance, Corporate Real Estate and General Services, Risk Management, Corporate Responsibility and Strategy & Development. Other centrally managed expense includes JPMorgan Chase's occupancy and pension-related expense, net of allocations to the business.

The delivery of this disclosure statement shall not create any implication that there has been no change in our affairs since the date of this disclosure statement and the information with respect to us may only be accurate on the date of this document.

DEPOSIT INSURANCE

The CDs are protected by federal deposit insurance provided by the Deposit Insurance Fund (the "**DIF**"), which is administered by the FDIC and backed by the full faith and credit of the U.S. Government, up to a maximum amount of $250,000 for all deposits held in the same ownership capacity per depository institution (the "**Maximum Insured Amount**"). The maximum amount of deposit insurance available in the case of deposits in certain retirement accounts (the "**Maximum Retirement Account Amount**") as described below under "*Retirement Plans and Accounts – General*" is $250,000 per participant per insured depository institution.

Any accounts or deposits a holder maintains directly with JPMorgan Chase Bank, N.A. (the "**Bank**") in the same ownership capacity as such holder maintains its CDs would be aggregated with such CDs for purposes of the Maximum Insured Amount or the Maximum Retirement Account Amount, as applicable. Although FDIC insurance coverage includes both principal and accrued interest (subject to the applicable limit), if the FDIC was appointed conservator or receiver of the Bank prior to the maturity of the CDs, the FDIC likely would take the position that the Additional Amount payable at maturity was not insured because the amount is not calculated until the relevant determination date and would not be reflected as accrued interest on the books of the Bank at the time of such appointment. Accordingly, any Additional Amount would not be insured by the FDIC prior to the final Valuation Date. In addition, depending on the structure of the Minimum Amount, if applicable, that amount also may not be subject to FDIC insurance prior to the final Valuation Date. Any secondary market premium you pay for the CDs also will not be insured by the FDIC.

Each holder is responsible for monitoring the total amount of its deposits in order to determine the extent of deposit insurance coverage available to it on such deposits, including the CDs. In circumstances in which FDIC insurance coverage is needed, (a) the uninsured portion of the CDs or any other deposits will constitute unsecured claims on the receivership or conservatorship and (b) neither the Bank nor any broker will be responsible for any insured or uninsured portion of the CDs or any other deposits. Persons considering the purchase, ownership or disposition of a CD should consult their legal advisors concerning the availability of FDIC insurance.

The summary of FDIC deposit insurance regulations contained in this disclosure statement is not intended to be a full restatement of applicable FDIC regulations and interpretations, which may change from time to time. In certain instances, additional terms and conditions which are not described herein may apply. Accordingly, the discussion in this document is qualified in its entirety by such regulations and interpretations, and the holder is urged to discuss with its attorney the insurance coverage afforded to any CD that it may purchase. You may also obtain information by contacting the FDIC, Deposit Insurance Outreach, Division of Supervision and Consumer Protection, by mail at 550 17th Street, N.W., Washington, D.C. 20429, by phone at 877-275-3342 or by visiting the FDIC website at www.fdic.gov/deposit/index.html.

If the CDs or other deposits of a holder at the Bank are assumed by another depository institution pursuant to a merger or consolidation, such CDs or deposits will continue to be separately insured from the deposits that such holder might have established with the acquirer until (a) the maturity date of the CDs or other time deposit which were assumed or (b) with respect to deposits which are not time deposits, the expiration of a six-month period from the date of the acquisition. Thereafter any assumed deposits will be aggregated with the existing deposits with the acquirer held in the same legal capacity for purposes of federal deposit insurance. Any deposit opened at the acquired institution after the acquisition will be aggregated with deposits established with the acquirer for purposes of federal deposit insurance.

The application of the federal deposit insurance limitation per depository institution in certain common factual situations is illustrated below:

Individual Customer Accounts. Funds owned by an individual and held in an account in the name of an agent or nominee of such individual (such as the CDs held in a brokerage account) are not treated as owned by the agent or nominee, but are added to other deposits of such individual held in the same legal capacity and are insured up to the Maximum Insured Amount in the aggregate.

Custodial Accounts. Funds in accounts held by a custodian, guardian or conservator (for example, under the Uniform Gifts to Minors Act) are not treated as owned by the custodian, but are added to other deposits of the minor or other beneficiary held in the same legal capacity and are insured up to the Maximum Insured Amount in the aggregate.

Joint Accounts. The interests of co-owners in funds in an account held under any form of joint ownership valid under applicable state law may be insured up to the Maximum Insured Amount in the aggregate, separately and in addition to the Maximum Insured Amount allowed on other deposits individually owned by any of the co-owners of such account (hereinafter referred to as a "**Joint Account**"). Joint Accounts will be insured separately from such individually owned accounts only if each of the co-owners is an individual person and has a right of withdrawal on the same basis as the other co-owners. If the Joint Account meets the foregoing criteria then it will be deemed to be jointly owned; as long as the account records of the Bank are clear and unambiguous as to the ownership of the account. However, if the account records are ambiguous or unclear as to the manner in which the account is owned, then the FDIC may consider evidence other than such account records to determine ownership. The names of two or more persons on a Deposit Account will be conclusive evidence that the account is a Joint Account unless the deposit records as a whole are ambiguous and some other evidence indicates that there is a contrary ownership capacity.

In the event an individual has an interest in more than one Joint Account and different co-owners are involved, his interest in all of such Joint Accounts (subject to the limitation that such individual's insurable interest in any one account may not exceed the Maximum Insured Amount divided by the number of owners of such account) is then added together and insured up to the Maximum Insured Amount in the aggregate, with the result that no individual's insured interest in the joint account category can exceed the Maximum Insured Amount. For deposit insurance purposes, the co-owners of any Joint Account are deemed to have equal interests in the Joint Account unless otherwise stated in the Bank's records.

Entity Accounts. The deposit accounts of any corporation, partnership or unincorporated association that is operated primarily for some purpose other than to increase deposit insurance are added together and insured up to the Maximum Insured Amount in the aggregate per depository institution.

Revocable Trust Accounts. Funds owned by an individual and deposited into a deposit account with respect to which the individual evidences an intention that upon his/her death the funds will belong to his or her spouse, children, grandchildren, parents, or siblings (each, a "**Qualifying Beneficiary**") are insured up to the Maximum Insured Amount as to each Qualifying Beneficiary, separately from any other deposit accounts of the owner or any other Qualifying Beneficiary. The owner's intention must be manifested in the title of the account, by using such terms as "in trust for" or "payable upon death to," and the Qualifying Beneficiaries must be named in the deposit account records of the depository institution. A revocable trust account established by a husband and wife that names the husband and wife as sole beneficiaries will be treated as a joint account and insured as described above under "*Joint Accounts*."

Irrevocable Trust Accounts. Funds in an account for an irrevocable trust (as determined under applicable state law) will be insured for up to the Maximum Insured Amount for the interest of each beneficiary, provided that the beneficiary's interest in the account is non-contingent (*i.e.*, capable of determination without evaluation of contingencies) and certain other criteria are met. The FDIC treats Coverdell education savings accounts as irrevocable trust accounts for deposit insurance purposes. The deposit insurance of each beneficiary's interest is separate from the coverage provided for other accounts maintained by the beneficiary, the grantor, the trustee or beneficiaries. The interests of a beneficiary in all irrevocable trust accounts at the Bank created by the same grantor will be aggregated and insured up to the Maximum Insured Amount. When a bankruptcy trustee commingles the funds of two or more bankruptcy estates in the same trust account, the funds of each bankruptcy estate will receive separate pass-through coverage for up to the Maximum Insured Amount.

Retirement and Employee Benefit Plans and Accounts — Generally. You may have interests in various retirement and employee benefit plans and accounts that are holding deposits of the Bank. The amount of deposit insurance you will be entitled to will vary depending on the type of plan or account and on whether deposits held by the plan or account will be treated separately or aggregated with the deposits of the Bank held by other plans or accounts. It is therefore important to understand the type of plan or account holding the CD. The following sections entitled "Pass-Through Deposit Insurance for Retirement and Employee Benefit Plan Deposits" and "Aggregation of Retirement and Employee Benefit Plans and Accounts" generally discuss the rules that apply to deposits of retirement and employee benefit plans and accounts.

Pass-Through Deposit Insurance for Retirement and Employee Benefit Plan Deposits. Subject to the limitations discussed below, under FDIC regulations, an individual's non-contingent interest in the deposits of one depository institution held by certain types of employee benefit plans are eligible for insurance on a "pass-through" basis up to the applicable deposit insurance limits for that type of plan. This means that, instead of an employee benefit plan's deposits at one depository institution being entitled to deposit insurance based on its aggregated deposits in the Bank, each participant in the employee benefit plan is entitled to insurance of his or her interest in the employee benefit plan's deposits of up to the applicable deposit insurance limits per institution (subject to the aggregation of the participant's interests in different plans, as discussed below). The pass-through insurance provided to an individual as an employee benefit plan participant is in addition to the deposit insurance allowed on other deposits held by the individual at the issuing institution. However, pass-through insurance is aggregated across certain types of accounts. See the section entitled "Aggregation of Retirement and Employee Benefit Plans and Accounts."

A deposit held by an employee benefit plan that is eligible for pass-through insurance is **not** insured for an amount equal to the number of plan participants multiplied by the applicable deposit insurance limits. For example, assume an employee benefit plan that is a Qualified Retirement Account (defined below), *i.e.*, a plan that is eligible for deposit insurance coverage up to the Maximum Retirement Account Amount per qualified beneficiary, owns $500,000 in deposits at one institution and the plan has two participants, one with a vested non-contingent interest of $350,000 and one with a vested non-contingent interest of $150,000. In this case, the individual with the $350,000 interest would be insured up to the $250,000 Maximum Retirement Account Amount limit, and the individual with the $150,000 interest would be insured up to the full value of such interest.

Moreover, the contingent interests of employees in an employee benefit plan and overfunded amounts attributed to any employee defined benefit plan are **not** insured on a pass-through basis. Any interests of an employee in an employee benefit plan deposit which are not capable of evaluation in accordance with FDIC rules (*i.e.*, contingent interests) will be aggregated with the contingent interests of other participants and insured up to the applicable deposit insurance limits. Similarly, overfunded amounts are insured, in the aggregate for all participants, up to the applicable deposit insurance limits separately from the insurance provided for any other funds owned by or attributable to the employer or an employee benefit plan participant.

Aggregation of Retirement and Employee Benefit Plans and Accounts

Self-Directed Retirement Accounts. The principal amount of deposits held in Qualified Retirement Accounts, plus accrued but unpaid interest, if any, are protected by FDIC insurance up to a maximum of the Maximum Retirement Account Amount for all such deposits held by you at the issuing depository institution. "Qualified Retirement Accounts" consist of (i) any individual retirement account ("**IRA**"), (ii) any eligible deferred compensation plan described in section 457 of the Code, (iii) any individual account plan described in section 3(34) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), to the extent the participants and beneficiaries under such plans have the right to direct the investment of assets held in the accounts and (iv) any plan described in section 401(d) of the Code, to the extent the participants and beneficiaries under such plans have the right to direct the investment of assets held in the accounts. The FDIC sometimes generically refers to this group of accounts as "self-directed retirement accounts." Supplementary FDIC materials indicate that Roth IRAs, self-directed Keogh Accounts, Simplified Employee Pension plans, Savings Incentive Match Plans for Employees and self-directed defined contribution plans (such as 401(k) plans) are intended to be included within this group of Qualified Retirement Accounts.

Other Employee Benefit Plans. Any employee benefit plan, as defined in Section 3(3) of ERISA, plan described in Section 401(d) of the Code, or eligible deferred compensation plan under section 457 of the Code, that does not constitute a Qualified Retirement Account — for example, certain employer-sponsored profit sharing plans — can still satisfy the requirements for pass-through insurance with respect to non-contingent interests of individual plan participants, provided that FDIC requirements for recordkeeping and account titling are met ("**Non-Qualifying Benefit Plans**"). Defined contribution plan accounts and Keogh accounts that are not "self-directed" also generally would be treated as Non-Qualifying Benefit Plans. For Non-Qualifying Benefit Plans, the amount subject to federal deposit insurance is the Maximum Insured Amount. Under FDIC regulations, an individual's interests in Non-Qualifying Benefit Plans maintained by the same employer or employee organization (*e.g.*, a union) which are holding deposits at the same institution will be insured up to the Maximum Insured Amount in the aggregate, separate from other accounts held at the same depository institution in other ownership capacities.

This general rule regarding pass-though insurance is subject to the following limitations and exceptions:

- *Total Coverage Might Not Equal the Maximum Retirement Account Amount Times the Number of Participants*. Each deposit held by an Employee Benefit Plan may not necessarily be insured for an amount equal to the number of participants multiplied by the Maximum Retirement Account Amount. For example, suppose an Employee Benefit Plan owns $500,000 in CDs at one institution. Suppose, further, that the Employee Benefit Plan has two participants, one with a vested non-contingent interest of $300,000 and one with a vested non-contingent interest of $200,000. The individual with the $300,000 interest would be insured up to the $250,000 Maximum Retirement Account Amount limit and the individual with the $200,000 interest would be insured up to the full value of such interest.

- *Aggregation*. An individual's non-contingent interests in funds deposited with the same depository institution by different Employee Benefit Plans of the same employer or employee organization are aggregated for purposes of applying this pass-through Maximum Retirement Account Amount per participant deposit insurance limit, and are insured in aggregate only up to the Maximum Retirement Account Amount per participant.

- *Contingent Interests/Overfunding*. Any portion of an Employee Benefit Plan's deposits that is not attributable to the non-contingent interests of Employee Benefit Plan participants is not eligible for pass-through deposit insurance coverage, and is insured, in aggregate, only up to the Maximum Insured Amount.

To the extent that a CD purchaser expects its beneficial interest in the CDs to be fully covered by FDIC insurance, such purchaser, by purchasing a CD, is deemed to represent to the Bank and its broker that its beneficial interest (or if it is an agent, nominee, custodian or other person who is purchasing a CD for its beneficial owners, that each beneficial owner's beneficial interest) in other deposits in the Bank, when aggregated with the beneficial interest in the CD so purchased, to the extent that aggregation is required in determining insurance of accounts under the federal deposit insurance regulations, does not exceed the Maximum Insured Amount (or the Maximum Retirement Account Amount per participant in the case of certain retirement accounts as described above).

No broker will be obligated to any holder for amounts not covered by deposit insurance. Neither the Bank nor any broker will be obligated to make any payments to any holder in satisfaction of any loss such holder might incur, including losses that result from (a) a delay in insurance payouts applicable to its CD, (b) its receipt of a decreased rate of return on the reinvestment of the proceeds received as a result of a payment on a CD prior to its scheduled maturity, (c) payment in cash of the CD principal prior to maturity in connection with the liquidation of an insured institution or the assumption of all or a portion of its deposit liabilities at a lower interest rate or (d) its receipt of a decreased rate of return as compared to the Additional Amount.

Insurance of Certificates of Deposits Issued By Bank One, National Association

If you already own certificates of deposit issued by Bank One, National Association ("**Bank One CDs**"), which merged into the Bank on November 13, 2004, those Bank One CDs will continue to be separately insured from the CDs until (i) the earliest maturity date after the expiration of a six-month period from the date of the bank merger if the Bank One CD matures after the expiration of such six-month time period or if the Bank One CD matures prior to the expiration of such six-month time period and is renewed at the same dollar amount and for the same term as the original Bank One CD or (ii) the expiration of a six-month period from the date of the merger if the Bank One CD matures prior to the expiration of such six-month time period and is renewed on any other basis.

Insurance of Certificates of Deposits Issued By Washington Mutual Bank

If you already own certificates of deposit issued by Washington Mutual Bank ("**WaMu CDs**"), substantially all of the assets of which were purchased by JPMorgan Chase from the FDIC on September 25, 2008, those WaMu

CDs were separately insured from JPMorgan Chase Bank, N.A. accounts until March 24, 2009. Insurance for WaMu CDs existing on September 25, 2008 may be extended to WaMu CDs maturing before March 24, 2009 that roll over without any changes (such as amount, term, or title). In addition, WaMu CDs maturing after March 24, 2009, will be separately insured until their first maturity date after March 24, 2009. WaMu CDs opened on or after September 26, 2008, will be combined with all other JPMorgan Chase Bank, N.A. accounts of the same depositor to determine FDIC insurance coverage.

Preference in Right of Payment

Federal legislation adopted in 1993 provides for a preference in right of payment of certain claims made in the liquidation or other resolution of any FDIC-insured depository institution. The statute requires claims to be paid in the following order:

- first, administrative expenses of the receiver;
- second, any deposit liability of the institution;
- third, any other general or senior liability of the institution not described below;
- fourth, any obligation subordinated to depositors or general creditors not described below;
- fifth, any obligation to shareholders or members (including any depository institution holding company or any shareholder or creditor of such company).

For purposes of the statute, deposit liabilities include any deposit payable at an office of the insured depository institution in the United States. They do not include international banking facility deposits or deposits payable at an office of the insured depository institution outside the United States.

In addition, in the view of the FDIC, any obligation of an FDIC-insured depository institution that is contingent at the time of the insolvency of the institution may not provide a basis for a claim against the FDIC as receiver for the insolvent institution. For the CDs described in this disclosure statement, this limitation on claims against the FDIC only affects the Additional Amount, if any, payable on these instruments.

DISCOUNTS AND SECONDARY MARKET

Unless otherwise disclosed in the relevant term sheet, we will sell the CDs to brokers at discounts ranging from 1% of the principal amount of such CDs to a higher percentage provided in the relevant term sheet.

Each broker, though not obligated to do so, may maintain a secondary market in the CDs. Secondary market transactions may be expected to be effected at prices which reflect then-current interest rates, supply and demand, time remaining until maturity, and general market conditions. The foregoing means that secondary market transactions may be effected at prices greater or less than \$1,000 per \$1,000 CD, and the yield to maturity on a CD purchased in the secondary market may differ from the yield at the time of original issuance. The prices at which CDs may trade in secondary markets may fluctuate more than ordinary interest-bearing CDs.

Each broker may purchase and sell CDs for its own account, as well as for the accounts of customers. Accordingly, a broker may realize profits from mark-ups on transactions for its own account, and may charge customers commissions in brokerage transactions, which mark-ups or commissions will affect the yield to maturity of such CDs. Any commission on a brokered secondary market transaction may be reflected in a holder’s Confirmation.

Each broker may at any time, without notice, discontinue participation in secondary market transactions in CDs. Accordingly, a holder should not rely on the possible existence of a secondary market for any benefits, including liquidity, achieving trading profits, limiting trading or other losses, or realizing income prior to maturity.

BENEFIT PLAN INVESTOR CONSIDERATIONS

A fiduciary of a pension, profit-sharing or other employee benefit plan subject to ERISA, including entities such as collective investment funds, partnerships and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") should consider the fiduciary standards of ERISA in the context of the ERISA Plan's particular circumstances before authorizing an investment in the CDs. Among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the ERISA Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans, as well as plans (including individual retirement accounts and Keogh plans) subject to Section 4975 of the Code (together with ERISA Plans, "Plans"), from engaging in certain transactions involving the "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under Section 4975 of the Code (in either case, "Parties in Interest") with respect to such Plans. As a result of our business, we, and our current and future affiliates, may be Parties in Interest with respect to many Plans. Where we (or our affiliate) are a Party in Interest with respect to a Plan (either directly or by reason of our ownership interests in our directly or indirectly owned subsidiaries), the purchase and holding of the CDs by or on behalf of the Plan could be a prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless statutory or administrative exemptive relief were available.

Certain prohibited transaction class exemptions ("PTCEs") issued by the U.S. Department of Labor may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the CDs. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified asset managers). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code may provide a limited exemption for the purchase and sale of the CDs and related lending transactions, provided that neither the issuer of the CDs nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of the Plan involved in the transaction and provided further that the Plan pays no more, and receives no less, than adequate consideration in connection with the transaction (the so-called "service provider exemption"). There can be no assurance that any of these statutory or class exemptions will be available with respect to transactions involving the CDs.

Accordingly, the CDs may not be purchased or held by any Plan, any entity whose underlying assets include "plan assets" by reason of any Plan's investment in the entity (a "Plan Asset Entity") or any person investing "plan assets" of any Plan, unless such purchaser or holder is eligible for the exemptive relief available under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14 or the service-provider exemption or there is some other basis on which the purchase and holding of the CDs will not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code. Each purchaser or holder of the CDs or any interest therein will be deemed to have represented by its purchase or holding of the CDs that (a) it is not a Plan and its purchase and holding of the CDs is not made on behalf of or with "plan assets" of any Plan or (b) its purchase and holding of the CDs will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Certain governmental plans (as defined in Section 3(32) of ERISA), church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) ("Non-ERISA Arrangements") are not subject to these "prohibited transaction" rules of ERISA or Section 4975 of the Code, but may be subject to similar rules under other applicable laws or regulations ("Similar Laws"). Accordingly, each such purchaser or holder of the CDs shall be required to represent (and deemed to have represented by its purchase of the CDs) that such purchase and holding is not prohibited under applicable Similar Laws.

Due to the complexity of these rules, it is particularly important that fiduciaries or other persons considering purchasing the CDs on behalf of or with "plan assets" of any Plan consult with their counsel regarding the relevant provisions of ERISA, the Code or any Similar Laws and the availability of exemptive relief under PTCE 96-23, 95-60, 91-38, 90-1, 84-14, the service provider exemption or some other basis on which the acquisition and holding will not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a violation of any applicable Similar Laws.

The CDs are contractual financial instruments. The financial exposure provided by the CDs is not a substitute or proxy for, and is not intended as a substitute or proxy for, individualized investment management or advice for the benefit of any purchaser or holder of the CDs. The CDs have not been designed and will not be administered in a manner intended to reflect the individualized needs and objectives of any purchaser or holder of the CDs.

Each purchaser or holder of any CDs acknowledges and agrees that:

(i) the purchaser or holder or its fiduciary has made and shall make all investment decisions for the purchaser or holder and the purchaser or holder has not relied and shall not rely in any way upon us or our affiliates to act as a fiduciary or adviser of the purchaser or holder with respect to (A) the design and terms of the CDs, (B) the purchaser or holder's investment in the CDs, or (C) the exercise of or failure to exercise any rights we have under or with respect to the CDs;

(ii) we and our affiliates have acted and will act solely for our own account in connection with (A) all transactions relating to the CDs and (B) all hedging transactions in connection with our obligations under the CDs;

(iii) any and all assets and positions relating to hedging transactions by us or our affiliates are assets and positions of those entities and are not assets and positions held for the benefit of the purchaser or holder;

(iv) our interests are adverse to the interests of the purchaser or holder; and

(v) neither we nor any of our affiliates is a fiduciary or adviser of the purchaser or holder in connection with any such assets, positions or transactions, and any information that we or any of our affiliates may provide is not intended to be impartial investment advice.

Each purchaser and holder of the CDs has exclusive responsibility for ensuring that its purchase, holding and subsequent disposition of the CDs does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any applicable Similar Laws. The sale of any CDs to any Plan is in no respect a representation by us or any of our affiliates or representatives that such an investment is appropriate for, or meets all relevant legal requirements with respect to investments by, Plans or Non-ERISA Arrangements generally or any particular Plan or Non-ERISA Arrangement.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

No Reliance

This discussion is limited to the federal tax issues addressed herein. It does not address all aspects of the U.S. federal income and estate taxation of the CDs that may be relevant to you in light of your particular circumstances. This discussion was written in connection with the marketing of the CDs, and it cannot be used by you for the purpose of avoiding penalties that may be asserted against you under the Code. You should seek advice based on your particular circumstances from an independent tax adviser.

The following is a discussion of the material U.S. federal income tax consequences of the ownership and disposition of the CDs. It applies to you only if you are an initial investor who purchases a CD at its issue price for cash and hold it as a capital asset within the meaning of Section 1221 of the Code.

This discussion does not address all aspects of U.S. federal income and estate taxation that may be relevant to you in light of your particular circumstances or if you are subject to special treatment under the U.S. federal income tax laws, such as:

- a financial institution;
- a "regulated investment company" as defined in Code Section 851;
- a tax-exempt entity, including an "individual retirement account" or "Roth IRA" as defined in Code Section 408 or 408A, respectively;
- a dealer in securities;
- a person holding a CD as part of a "straddle," conversion transaction or integrated transaction, or who has entered into a "constructive sale" with respect to a CD;
- a U.S. Holder (as defined below) whose functional currency is not the U.S. dollar;
- a trader in securities who elects to apply a mark-to-market method of tax accounting; or
- a partnership or other entity classified as a partnership for U.S. federal income tax purposes.

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations as of the date of this disclosure statement, changes to any of which, subsequent to the date of this disclosure statement, may affect the tax consequences described herein, possibly with retroactive effect. As the law applicable to the U.S. federal income taxation of instruments such as the CDs is technical and complex, the discussion below necessarily represents only a general discussion. Moreover, the effects of any applicable state, local or foreign tax laws are not discussed. **You should consult your tax adviser concerning the application of U.S. federal income and estate tax laws to your particular situation, as well as any tax consequences arising under the laws of any state, local or foreign jurisdictions.**

The following discussion assumes the CDs are denominated in U.S. dollars. If your CDs are not denominated in U.S. dollars, the relevant term sheet will contain additional disclosure describing the tax consequences relating to your CDs.

Tax Treatment of the CDs

The CDs will be treated as debt instruments for U.S. federal income tax purposes. In addition, in the case of CDs with a term of more than one year (including either the issue date or the last possible date that the CDs could be outstanding, but not both), although the tax treatment of these CDs will depend upon the facts at the time of the relevant offering, we expect that these CDs will be treated as "contingent payment debt instruments" for U.S. federal income tax purposes, and the remainder of this discussion so assumes. The relevant term sheet will describe our or our counsel's level of comfort on this issue and/or alternative treatments.

Tax Consequences to U.S. Holders

You are a "U.S. Holder" if for U.S. federal income tax purposes you are a beneficial owner of a CD that is:

- a citizen or individual resident of the United States;

- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

CDs with a Term of Not More than One Year

If the term of the CDs is not more than one year (including either the issue date or the last possible date that the CDs could be outstanding, but not both), the following discussion applies. No statutory, judicial or administrative authority directly addresses the treatment of these CDs or instruments similar thereto for U.S. federal income tax purposes, and we do not intend to request a ruling from the IRS with respect to the CDs. As a result, certain aspects of the U.S. federal income tax consequences of an investment in these CDs are unclear.

Because the term of these CDs is not more than one year, they will be treated as "short-term obligations." Generally, a short-term obligation is treated for U.S. federal income tax purposes as issued at a discount equal to the difference between the payments due thereon and the instrument's issue price, and this discount is treated as interest income when received or accrued, in accordance with the owner's method of tax accounting. There is no authority, however, regarding the accrual of discount on short-term obligations, such as the notes, that provide for contingent payments, and no ruling will be requested from the IRS with respect to the notes. As a result, several aspects of the U.S. federal income tax consequences of an investment in these notes are uncertain, as discussed below.

Tax Treatment Prior to Maturity

If you are a cash-method holder, you will not be required to recognize income with respect to the CDs prior to maturity, other than pursuant to a sale or exchange, as described below. You may, however, elect to accrue discount into income on a current basis, in which case you would be subject to the rules described in the following paragraph. Generally, an owner of a short-term obligation that does not make this election is required to defer deductions with respect to any interest paid on indebtedness incurred to purchase or carry the short-term obligation, to the extent of accrued discount that the owner has not yet included in income (or accounted for in connection with a sale or exchange of the obligation). As noted above, however, there is no authority regarding the accrual of discount on short-term obligations such as the notes. It is therefore unclear how, if at all, the rules regarding deferral of interest deductions would apply to your notes.

Generally, accrual-method owners and certain other owners of a short-term obligation (including electing cash-method owners) are required to accrue discount on the obligation into income on a straight-line basis. As noted above, however, there is no authority regarding the accrual of discount on short-term obligations such as the notes. Consequently, the timing and amounts of the discount to be accrued on these notes is generally unclear. If the overall amount of discount that will be received has become fixed (or the likelihood of this amount not being a fixed amount has become remote) prior to maturity, it is likely that the amount of discount to be accrued will be determined based on the fixed amount.

Tax Treatment upon Sale, Exchange or Redemption

Upon a sale or exchange of a CD (including redemption at maturity), you will recognize gain or loss in an amount equal to the difference between the amount you receive and your adjusted basis in the CD. Your adjusted basis in the CD will equal the amount you paid to acquire the CD, increased by any discount that you have previously included in income but not received. The amount of any resulting loss will be treated as a capital loss. A loss may be subject to special reporting requirements if it exceeds certain thresholds, although this is unclear. Gain resulting from redemption at maturity should be treated as ordinary interest income. Generally, in the case of a cash-method owner of a short-term obligation that has not elected an accrual method of accounting, gain recognized on a sale or exchange prior to maturity is treated as ordinary interest income in an amount not exceeding the accrued but unpaid discount. As noted above, however, there is no authority regarding the accrual of discount on short-term obligations, such as the CDs. If the overall amount of discount that will be received at maturity has become fixed (or the likelihood of this amount not being a fixed amount has become remote) prior to the sale or exchange, it is likely that the portion of a cash-method U.S. Holder's gain on the sale or exchange that will be treated as accrued discount (and, therefore, taxed as interest income) will be determined based on the fixed amount.

Generally, in the case of an owner of a short-term obligation that is subject to an accrual method of tax accounting, gain recognized on a sale or exchange is short-term capital gain because accrued discount will already have been included in the owner's income. As noted above, however, there is no authority regarding the accrual of discount on short-term obligations such as the notes. Consequently, there is uncertainty regarding what portion, if any, of gain recognized on the sale or exchange prior to maturity of a note subject to an accrual method of accounting will be treated as short-term capital gain. Notwithstanding this uncertainty, an owner of notes subject to an accrual method of accounting will recognize interest income no later than, and in an amount not less than, if the notes were subject to cash-method accounting.

CDs with a Term of More than One Year

If the term of the CDs is more than one year (including either the issue date or the last possible date that the CDs could be outstanding, but not both), we generally expect that the CDs will be treated as "contingent payment debt instruments" for U.S. federal income tax purposes, and the remainder of this discussion so assumes. These CDs will generally be subject to the original issue discount ("**OID**") provisions of the Code and the Treasury regulations issued thereunder, and you will be required to accrue as interest income the OID on the CDs as described below.

We are required to determine a "comparable yield" for the CDs. The comparable yield is the yield at which we could issue a fixed-rate debt instrument with terms similar to those of the CDs, including the level of subordination, term, timing of payments and general market conditions, but excluding any adjustments for the riskiness of the contingencies or the liquidity of the CDs. Solely for purposes of determining the amount of interest income that you will be required to accrue, we are also required to construct a "projected payment schedule" in respect of the CDs representing a payment which would produce a yield to maturity on the CDs equal to the comparable yield.

Unless otherwise provided in the relevant term sheet, we will provide, and you may obtain, the comparable yield for a particular offering of CDs, and the related projected payment schedule, in the final disclosure supplement for these CDs.

Neither the comparable yield nor the projected payment schedule constitutes a representation by us regarding the actual Additional Amount, if any, that we will pay on the CDs.

For U.S. federal income tax purposes, you are required to use our determination of the comparable yield and projected payment schedule in determining interest accruals and adjustments in respect of your CDs, unless you timely disclose and justify the use of other estimates to the IRS. Regardless of your method of tax accounting, you will be required to accrue as interest income OID on your CDs in each taxable year at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of the contingent payment on the CDs.

Upon a sale or exchange of a CD (including redemption at maturity), you generally will recognize taxable income or loss equal to the difference between the amount received from the sale, exchange or redemption and your adjusted tax basis in the CD. Your adjusted tax basis in the CD will equal the amount you paid to acquire the CD, increased by the amount of interest income previously accrued by you in respect of the CD. You generally must treat any income as interest income and any loss as ordinary loss to the extent of previous interest inclusions, and the balance as capital loss. These ordinary losses are not subject to the limitation imposed on miscellaneous itemized deductions under Section 67 of the Code. The deductibility of capital losses, however, is subject to limitations. Additionally, if you recognize a loss above certain thresholds, you might be required to file a disclosure statement with the IRS.

Special rules may apply if the Additional Amount becomes fixed prior to maturity, including as a result of a commodity hedging disruption event in the case of CDs linked to the Commodity Index. Under these rules, you would be required to account for the difference between the originally projected payment at maturity and the fixed payment at maturity in a reasonable manner over the period to which the difference relates. In addition, you would be required to make adjustments to, among other things, your accrual periods and your adjusted basis in your CDs. The character of any gain or loss on a sale or exchange of your CDs would also be affected.

Tax Consequences to Non-U.S. Holders

You are a “Non-U.S. Holder” if for U.S. federal income tax purposes you are a beneficial owner of a CD that is:

- a nonresident alien individual;
- a foreign corporation; or
- a foreign estate or trust.

You are not a “Non-U.S. Holder” for purposes of this discussion if you are an individual present in the United States for 183 days or more in the taxable year of disposition. In this case, you should consult your tax adviser regarding the U.S. federal income tax consequences of the sale or exchange of a CD.

Income and gain from a CD will be exempt from U.S. federal income tax (including withholding tax), provided generally that these amounts are not effectively connected with your conduct of a U.S. trade or business.

If you are engaged in a U.S. trade or business and if income or gain from a CD is effectively connected with your conduct of that trade or business, although exempt from the withholding tax referred to above, you generally will be taxed in the same manner as a U.S. Holder. If this paragraph applies to you, you should consult your tax adviser with respect to other U.S. tax consequences of the ownership and disposition of CDs, including the possible imposition of a 30% branch profits tax if you are a corporation.

If you are an individual Non-U.S. Holder, your CDs will not be treated as U.S. situs property subject to U.S. federal estate tax, provided that your income from the CDs is not then effectively connected with your conduct of a U.S. trade or business.

Backup Withholding and Information Reporting

Interest (including OID) accrued or paid on your CDs and the proceeds received from a sale or exchange of your CDs will be subject to information reporting unless you are an “exempt recipient.” You may also be subject to backup withholding on payments in respect of your CDs unless you provide proof of an applicable exemption or a correct taxpayer identification number and otherwise comply with applicable requirements of the backup withholding rules. If you are a Non-U.S. Holder, you will not be subject to backup withholding if you provide a properly completed IRS Form W-8 appropriate to your circumstances. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against your U.S. federal income tax liability, provided the required information is furnished to the IRS.

THE TAX CONSEQUENCES TO YOU OF OWNING AND DISPOSING OF CDS ARE UNCLEAR. YOU SHOULD CONSULT YOUR TAX ADVISER REGARDING THE TAX CONSEQUENCES OF OWNING AND DISPOSING OF CDS, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN U.S. FEDERAL OR OTHER TAX LAWS.

THE DOW JONES-UBS COMMODITY INDEX^{SM}

We have derived all information contained in this disclosure statement regarding the Dow Jones-UBS Commodity Index^{SM}, including, without limitation, its make-up, method of calculation and changes in its components from (i) publicly available sources and (ii) a summary of the Dow Jones-UBS Commodity Index^{SM} Handbook (a document that is considered proprietary to UBS Securities LLC ("UBS") and CME Group Index Services LLC ("CME Indexes") and is available to those persons who enter into a license agreement available at www.djindexes.com/ubs/index.cfm?go=handbook). Such information reflects the policies of, and is subject to change by, UBS and CME Indexes. We have not independently verified this information. You, as an investor in the CDs, should make your own investigation into the Dow Jones-UBS Commodity Index^{SM}, UBS and CME Indexes. UBS and CME Indexes are not involved in the offer of the CDs in any way and have no obligation to consider your interests as a holder of the CDs. UBS and CME Indexes have no obligation to continue to publish the Dow Jones-UBS Commodity Index^{SM}, and may discontinue publication of the Dow Jones-UBS Commodity Index^{SM} at any time in their sole discretion. Information contained in the Dow Jones website is not incorporated by reference in, and should not be considered a part of, this disclosure statement or any term sheet.

In May 2009, UBS completed its acquisition of the commodity index business of AIG Financial Products Corp. ("AIG-FP"), including AIG-FP's rights to the Dow Jones — AIG Commodity Index^{SM}, the Dow Jones — AIG Commodity Index^{SM} was rebranded as "Dow Jones-UBS Commodity Index^{SM}" and UBS and Dow Jones & Company, Inc. ("Dow Jones") entered into an agreement to jointly market the Dow Jones-UBS Commodity Index^{SM}. Dow Jones subsequently assigned all its interest in the joint marketing agreement to CME Indexes.

On November 4, 2011, The McGraw-Hill Companies, Inc. ("McGraw-Hill"), the owner of the S&P Indices business, and CME Group Inc. ("CME Group"), the 90% owner of CME Indices, announced a new joint venture, S&P/Dow Jones Indices, which will own the S&P Indices business and the Dow Jones Indexes business. The ownership of the Dow Jones-UBS Commodity Index^{SM} may change as a result. McGraw-Hill and CME Group expect the S&P/Dow Jones Indices to be operational in the first half of 2012, subject to regulatory approval and other conditions.

Overview

The Dow Jones-UBS Commodity Index^{SM} was introduced in July of 1998 to provide a unique, diversified, economically rational and liquid benchmark for commodities as an asset class. The Dow Jones-UBS Commodity Index^{SM} currently is composed of the prices of nineteen exchange-traded futures contracts on physical commodities. A futures contract is a bilateral agreement providing for the purchase and sale of a specified type and quantity of a commodity or financial instrument during a stated delivery month for a fixed price. For a general description of the commodity futures markets, please see "— The Commodity Futures Markets" below. The commodities included in the Dow Jones-UBS Commodity Index^{SM} for 2011 and 2012 are as follows: aluminum, coffee, copper, corn, cotton, crude oil, unleaded gasoline, gold, heating oil, lean hogs, live cattle, natural gas, nickel, silver, soybean oil, soybeans, sugar, wheat and zinc. Futures contracts and options on futures contracts on the Dow Jones-UBS Commodity Index^{SM} are currently listed for trading on the Chicago Board of Trade ("CBOT"), New York Board of Trade ("NYBOT"), Commodities Exchange division of the New York Mercantile Exchange ("COMEX"), New York Mercantile Exchange ("NYMEX"), London Metals Exchange ("LME") and ICE Futures Europe.

The Dow Jones-UBS Commodity Index^{SM} is a proprietary index that AIG International, Inc. developed and that UBS and CME calculate. The methodology for determining the composition and weighting of the Dow Jones-UBS Commodity Index^{SM} and for calculating its value is subject to modification by UBS and CME Indexes at any time.

The Dow Jones-UBS Commodity Index^{SM} is composed of exchange-traded futures contracts on physical commodities and is designed to be a highly liquid and diversified benchmark for commodities as an asset class. Its component weightings are determined primarily based on liquidity data, which is the relative amount of trading activity of a particular commodity. The Dow Jones-UBS Commodity Index^{SM} is published by Bloomberg L.P. under the ticker symbol "DJUBS."

UBS and its affiliates actively trade futures contracts and options on futures contracts on the commodities that underlie the Dow Jones-UBS Commodity Index^{SM}, as well as commodities, including commodities included in the

Dow Jones-UBS Commodity Index^{SM}. For information about how this trading may affect the value of the Dow Jones-UBS Commodity Index^{SM}, see "Risk Factors — Risks Relating to the Commodity Index — For CDs linked to the Commodity Index, trading and other transactions by UBS and its affiliates in the futures contracts constituting the DJ-UBS Commodity Index^{SM} and the underlying commodities may affect the level of the DJ-UBS Commodity Index^{SM}."

The Dow Jones-UBS Commodity Index Supervisory and Advisory Committees

UBS and CME Indexes have established the Dow Jones-UBS Commodity Index Supervisory Committee (the "Supervisory Committee") and the Dow Jones-UBS Commodity Index Advisory Committee (the "Advisory Committee") to assist them in connection with the operation of the Dow Jones-UBS Commodity Index^{SM}. The Supervisory Committee is comprised of three members, two of whom are appointed by UBS and one of whom is appointed by CME Indexes, and makes all final decisions related to the Dow Jones-UBS Commodity Index^{SM}, with advice and recommendations from the Advisory Committee. The Advisory Committee includes six to twelve members drawn from the financial and academic communities. Both the Supervisory and Advisory Committees meet annually to consider any changes to be made to the Dow Jones-UBS Commodity Index^{SM} for the coming year. These committees may also meet at such other times as may be necessary.

Four Main Principles Guiding the Creation of the Dow Jones-UBS Commodity Index^{SM}

The Dow Jones-UBS Commodity Index^{SM} was created using the following four main principles:

- ECONOMIC SIGNIFICANCE. A commodity index should fairly represent the importance of a diversified group of commodities to the world economy. To achieve a fair representation, the Dow Jones-UBS Commodity Index^{SM} uses both liquidity data and dollar-weighted production data in determining the relative quantities of included commodities. The Dow Jones-UBS Commodity Index^{SM} primarily relies on liquidity data, or the relative amount of trading activity of a particular commodity, as an important indicator of the value placed on that commodity by financial and physical market participants. The Dow Jones-UBS Commodity Index^{SM} also relies on production data as a useful measure of the importance of a commodity to the world economy. Production data alone, however, may underestimate the economic significance of storable commodities (*e.g.*, gold) relative to non-storable commodities (*e.g.*, live cattle). Production data alone also may underestimate the investment value that financial market participants place on certain commodities, and/or the amount of commercial activity that is centered around various commodities. Accordingly, production statistics alone do not necessarily provide as accurate a blueprint of economic importance as the markets themselves. The Dow Jones-UBS Commodity Index^{SM} thus relies on data that is both endogenous to the futures market (liquidity) and exogenous to the futures market (production) in determining relative weightings.

- DIVERSIFICATION. A second major goal of the Dow Jones-UBS Commodity Index^{SM} is to provide diversified exposure to commodities as an asset class. Disproportionate weighting of any particular commodity or sector increases volatility and negates the concept of a broad-based commodity index. Instead of diversified commodities exposure, the investor is unduly subjected to micro-economic shocks in one commodity or sector. As described further below, diversification rules have been established and are applied annually. Additionally, the Dow Jones-UBS Commodity Index^{SM} is re-balanced annually on a price-percentage basis in order to maintain diversified commodities exposure over time.

- CONTINUITY. The third goal of the Dow Jones-UBS Commodity Index^{SM} is to be responsive to the changing nature of commodity markets in a manner that does not completely reshape the character of the Dow Jones-UBS Commodity Index^{SM} from year to year. The Dow Jones-UBS Commodity Index^{SM} is intended to provide a stable benchmark so that end-users may be reasonably confident that historical performance data (including such diverse measures as correlation, spot yield, roll yield and volatility) is based on a structure that bears some resemblance to both the current and future composition of the Dow Jones-UBS Commodity Index^{SM}.

- LIQUIDITY. Another goal of the Dow Jones-UBS Commodity Index^{SM} is to provide a highly liquid index. The explicit inclusion of liquidity as a weighting factor helps to ensure that the Dow Jones-UBS

Commodity Index^{SM} can accommodate substantial investment flows. The liquidity of an index affects transaction costs associated with current investments. It also may affect the reliability of historical price performance data.

These four principles represent goals of the Dow Jones-UBS Commodity Index^{SM} and its creators, and there can be no assurance that these goals will be reached by either UBS or CME Indexes.

Composition of the Dow Jones-UBS Commodity Index^{SM} — Commodities Available for Inclusion

A number of commodities have been selected which are believed to be sufficiently significant to the world economy to merit consideration for inclusion in the Dow Jones-UBS Commodity Index^{SM} and that are tradeable through a qualifying related futures contract. With the exception of several metals contracts (aluminum, lead, tin, nickel and zinc) that trade on the London Metal Exchange ("LME"), each of the potential commodities is the subject of a futures contract that trades on a U.S. exchange.

As of the date of this disclosure statement, the 23 commodities available for inclusion in the Dow Jones-UBS Commodity Index^{SM} were aluminum, cocoa, coffee, copper, corn, cotton, crude oil, gold, heating oil, lead, lean hogs, live cattle, natural gas, nickel, platinum, silver, soybean oil, soybeans, sugar, tin, unleaded gasoline, wheat and zinc.

The 19 Dow Jones-UBS Commodities for 2011 and 2012 are as follows: aluminum, coffee, copper, corn, cotton, crude oil, gold, heating oil, lean hogs, live cattle, natural gas, nickel, silver, soybean oil, soybeans, sugar, unleaded gasoline, wheat and zinc.

Designated Contracts for Each Commodity

A futures contract known as a Designated Contract is selected by UBS for each commodity available for inclusion in the Dow Jones-UBS Commodity Index^{SM}. UBS may select more than one Designated Contract for certain commodities or may select Designated Contracts that are traded outside of the United States or in currencies other than the U.S. Dollar in light of the principles of Index design set out in "— Four Main Principles Guiding the Creation of the Dow Jones-UBS Commodity Index^{SM}" above. Additionally, in the event that changes in regulations concerning position limits materially affect the ability of market participants to replicate the Dow Jones-UBS Commodity Index^{SM} in the underlying futures markets, it may become appropriate to include multiple Designated Contracts for one or more commodities in order to enhance liquidity.

Historically, through and including the composition of the Dow Jones-UBS Commodity Index^{SM} for 2011, UBS has chosen as the Designated Contract for each Commodity one contract that is traded in North America and denominated in U.S. dollars (with the exception of several LME contracts). Beginning with the composition of the Dow Jones-UBS Commodity Index^{SM} for 2012, UBS has added the Brent crude contract listed below as an additional Designated Contract with respect to the crude oil component.

The termination or replacement of a futures contract on an established exchange occurs infrequently; if a Designated Contract were to be terminated or replaced, a comparable futures contract, if available, would be selected to replace that Designated Contract. The Supervisory Committee may, however, terminate, replace or otherwise change a Designated Contract, or make other changes to the Dow Jones-UBS Commodity Index^{SM}, pursuant to special meetings. Please see "Risk Factors — Risks Relating to the Commodity Index — UBS and CME Indexes may be required to replace a contract underlying the DJ-UBS Commodity Index^{SM}, if the existing futures contract is terminated or replaced."

The Designated Contracts for the 2012 Dow Jones-UBS Commodities are set forth below. The Designated Contracts for the 2011 Dow Jones-UBS Commodities are the same as the 2012 Dow Jones-UBS Commodities set forth below except that the weighting of the crude oil component will be determined by reference to the NYMEX contract for WTI (West Texas Intermediate) Crude Oil only.

Dow Jones-UBS Commodity Index^{SM} Breakdown by Commodity

Commodity	Designated Contract	Exchange	Units	Price quote
Aluminum	High Grade Primary Aluminum	LME	25 tonnes	$/tonne
Coffee	Coffee "C"	NYBOT*	37,500 lbs	cents/ pound
Copper**	Copper	COMEX***	25,000 lbs	cents/ pound
Corn	Corn	CBOT	5,000 bushels	cents/ bushel
Cotton	Cotton	NYBOT	50,000 lbs	cents/ pound
Crude Oil	WTI (West Texas Intermediate) Crude Oil	NYMEX	1,000 barrels	$/barrel
Crude Oil	Brent Crude Oil	ICE Futures Europe	1,000 barrels	$/barrel
Gold	Gold	COMEX	100 troy oz.	$/troy oz.
Heating Oil	Heating Oil	NYMEX	42,000 gallons	cents/ gallon
Live Cattle	Live Cattle	CME^	40,000 lbs	cents/ pound
Lean Hogs	Lean Hogs	CME^	40,000 lbs	cents/ pound
Natural Gas	Henry Hub Natural Gas	NYMEX	10,000 mmbtu	$/mmbtu
Nickel	Primary Nickel	LME	6 tonnes	$/tonne
Silver	Silver	COMEX	5,000 troy oz.	$/troy oz.
Soybeans	Soybeans	CBOT	5,000 bushels	cents/ bushel
Soybean Oil	Soybean Oil	CBOT	60,000 lbs	cents/ pound
Sugar	World Sugar No. 11	NYBOT	112,000 lbs	cents/ pound
Unleaded Gasoline (RBOB)	Reformulated Gasoline Blendstock for Oxygen Blending†	NYMEX	42,000 gal	cents/gallon
Wheat	Wheat	CBOT	5,000 bushels	cents/ bushel
Zinc	Special High Grade Zinc	LME	25 tonnes	$/tonne

* The New York Board of Trade ("NYBOT") located in New York City.

** The Dow Jones-UBS Commodity Index^{SM} uses the High Grade Copper Contract traded on the COMEX division of the New York Mercantile Exchange for copper contract prices and LME volume data in determining the weighting for the Dow Jones-UBS Commodity Index^{SM}.

*** The New York Commodities Exchange ("COMEX") located in New York City.

^ The Chicago Mercantile Exchange ("CME") located in Chicago, Illinois.

† Represents a replacement of the New York Harbor Unleaded Gasoline contract. This replacement occurred during the regularly scheduled roll of futures contracts comprising the Dow Jones-UBS Commodity Index^{SM} in April 2006.

In addition to the commodities set forth in the above table, cocoa, lead, platinum and tin also are considered annually for inclusion in the Dow Jones-UBS Commodity Index^{SM}.

Commodity Groups

For purposes of applying the diversification rules discussed above and below, the commodities available for inclusion in the Dow Jones-UBS Commodity Index^{SM} are assigned to Commodity Groups. The Commodity Groups, and the commodities currently included in each Commodity Group, are as follows:

Commodity Group:	Commodities:	Commodity Group:	Commodities:
Energy	Crude Oil Heating Oil Natural Gas Unleaded Gasoline (RBOB)	Livestock	Lean Hogs Live Cattle
Precious Metals	Gold Silver Platinum	Grains	Corn Soybeans Soybean Oil Wheat
Industrial Metals	Aluminum Copper Lead Nickel Tin Zinc	Softs	Cocoa Coffee Cotton Sugar

Dow Jones-UBS Commodity Index^{SM} Breakdown by Commodity Group

The Commodity Group Breakdown set forth below is based on the weightings and composition of the Dow Jones-UBS Commodity Index^{SM} set forth under "The Dow Jones-UBS Commodity Index^{SM} 2012 Commodity Index Percentages" below.

Energy	32.63%
Precious Metals	12.56%
Industrial Metals	18.64%
Livestock	5.75%
Grains	22.09%
Softs	8.33%

The Commodity Group Breakdown set forth below is based on the weightings and composition of the Dow Jones-UBS Commodity Index^{SM} set forth under "The Dow Jones-UBS Commodity Index^{SM} 2011 Commodity Index Percentages" below.

Energy	33.00%
Precious Metals	13.74%

Industrial Metals	17.84%
Livestock	5.36%
Grains	22.38%
Softs	7.68%

Annual Reweightings and Rebalancings of The Dow Jones-UBS Commodity Index^{SM}

The Dow Jones-UBS Commodity Index^{SM} is reweighted and rebalanced each year in January on a price-percentage basis. The annual weightings for the Dow Jones-UBS Commodity Index^{SM} are determined each year in the third or fourth quarter by UBS under the supervision of the Supervisory Committee following advice from the Advisory Committee and are published as promptly as practicable following the calculation. The annual weightings for the next calendar year are implemented the following January.

For example, the composition of the Dow Jones-UBS Commodity Index^{SM} for 2012 was approved by the Dow Jones-UBS Index Oversight Committee in October of 2010 and published on October 11, 2011. The January 2012 reweighting and rebalancing will be based on the following percentages:

The Dow Jones-UBS Commodity Index^{SM} 2012 Commodity Index Percentages

Commodity	Weighting
Crude Oil	15.000000%
WTI Crude Oil: 9.687164%	
Brent Crude Oil: 5.312836%	
Natural Gas	10.765109%
Gold	9.793633%
Soybeans	7.084197%
Copper	7.063949%
Corn	6.670520%
Aluminum	5.876747%
Wheat	4.961809%
Sugar	3.758390%
Live Cattle	3.634988%
Heating Oil	3.459529%
Unleaded Gasoline	3.405982%
Soybean Oil	3.372386%
Zinc	3.118735%
Silver	2.769133%
Nickel	2.579840%
Coffee	2.572395%
Lean Hogs	2.112660%
Cotton	2.000000%

In addition, the composition of the Dow Jones-UBS Commodity Index^{SM} for 2011 was approved by the Dow Jones-UBS Index Oversight Committee in October of 2010 and published on October 29, 2010. The January 2011 reweighting and rebalancing was based on the following percentages:

The Dow Jones-UBS Commodity Index^{SM} 2011 Commodity Index Percentages

Commodity	Weighting
Crude Oil	14.709297%
Natural Gas	11.218962%
Gold	10.449067%
Soybeans	7.856815%
Copper	7.539090%
Corn	6.978537%
Aluminum	5.203285%
Wheat	4.605238%
Heating Oil	3.575070%
Unleaded Gasoline	3.496671%
Live Cattle	3.359133%
Sugar	3.326014%
Silver	3.289633%
Soybean Oil	2.937244%
Zinc	2.849355%
Coffee	2.355773%
Nickel	2.250815%
Lean Hogs	2.000000%
Cotton	2.000000%

Information concerning the Dow Jones-UBS Commodity Index^{SM}, including weightings and composition, may be obtained at the Dow Jones web site. Information contained in the Dow Jones web site is not incorporated by reference in, and should not be considered part of, this disclosure statement or any term sheet.

Determination of Relative Weightings

The relative weightings of the Dow Jones-UBS Commodities are determined annually according to both liquidity and dollar-adjusted production data in 2/3 and 1/3 shares, respectively. Each June, for each commodity designated for potential inclusion in the Dow Jones-UBS Commodity Index^{SM}, liquidity is measured by the Commodity Liquidity Percentage ("CLP") and production by the Commodity Production Percentage ("CPP"). The CLP for each commodity is determined by taking a five-year average of the product of trading volume and the historical dollar value of the Designated Contract for that commodity, and dividing the result by the sum of such products for all commodities which were designated for potential inclusion in the Dow Jones-UBS Commodity Index^{SM}. The CPP is determined for each commodity by taking a five-year average of annual world production figures, adjusted by the historical dollar value of the Designated Contract, and dividing the result by the sum of such production figures for all the commodities which were designated for potential inclusion in the Dow Jones-UBS Commodity Index^{SM}. The CLP and the CPP are then combined (using a ratio of 2:1) to establish the Commodity Index Percentage ("CIP") for each commodity. This CIP is then adjusted in accordance with certain diversification rules in order to determine the commodities which will be included in the Dow Jones-UBS Commodity Index^{SM} (the "Dow Jones-UBS Commodities") and their respective percentage weights.

Diversification Rules

The Dow Jones-UBS Commodity Index^{SM} is designed to provide diversified exposure to commodities as an asset class. To ensure that no single commodity or commodity sector dominates the Dow Jones-UBS Commodity Index^{SM}, the following diversification rules are applied to the annual reweighting and rebalancing of the Dow Jones-UBS Commodity Index^{SM} as of January of each year:

- No single commodity (*e.g.*, natural gas or silver) may constitute more than 15% of the Dow Jones-UBS Commodity Index^{SM}.

- No single commodity, together with its derivatives (*e.g.*, crude oil, together with heating oil and unleaded gasoline), may constitute more than 25% of the Dow Jones-UBS Commodity Index^{SM}.

- No related group of commodities designated as a "Commodity Group" (*e.g.*, energy, precious metals, livestock or grains) may constitute more than 33% of the Dow Jones-UBS Commodity Index^{SM}.

- No single commodity included in the Dow Jones-UBS Commodity Index^{SM} may constitute less than 2% of the Dow Jones-UBS Commodity Index^{SM}.

Following the annual reweighting and rebalancing of the Dow Jones-UBS Commodity Index^{SM} in January, the percentage of any commodity included in The Dow Jones-UBS Commodity Index^{SM} (the "Index Commodity") or Commodity Group at any time prior to the next reweighting or rebalancing will fluctuate and may exceed or be less than the percentages established in January.

Commodity Index Multipliers

Following application of the diversification rules discussed above, CIPs are incorporated into the Dow Jones-UBS Commodity Index^{SM} by calculating the new unit weights for each Index Commodity. Near the beginning of each new calendar year, the CIPs, along with the settlement prices determined on that date for Designated Contracts included in the Dow Jones-UBS Commodity Index^{SM}, are used to determine a Commodity Index Multiplier ("CIM") for each Index Commodity. This CIM is used to achieve the percentage weightings of the Dow Jones-UBS Commodities, in dollar terms, indicated by their respective CIPs. After the CIMs are calculated, they remain fixed throughout the year. As a result, the observed price percentage of each Index Commodity will float throughout the year, until the CIMs are reset the following year based on new CIPs.

Calculations

The Dow Jones-UBS Commodity Index^{SM} is calculated by Dow Jones, in conjunction with UBS, by applying the impact of the changes to the futures prices of commodities included in the Dow Jones-UBS Commodity Index^{SM} (based on their relative weightings). Once the CIMs are determined as discussed above, the calculation of the Dow Jones-UBS Commodity Index^{SM} is a mathematical process whereby the CIMs for the Dow Jones-UBS Commodities are multiplied by the prices in U.S. dollars for the applicable Designated Contracts. These products are then summed. The percentage change in this sum is then applied to the prior Dow Jones-UBS Commodity Index^{SM} level to calculate the new Dow Jones-UBS Commodity Index^{SM} level.

Dissemination and Publication

Dow Jones disseminates the Dow Jones-UBS Commodity Index^{SM} level approximately every fifteen (15) seconds (assuming the Dow Jones-UBS Commodity Index^{SM} level has changed within such fifteen-second interval) from 8:00 a.m. to 3:30 p.m. (New York time), and publishes the final Dow Jones-UBS Commodity Index^{SM} level for each DJ-UBS Business Day at approximately 4:00 p.m. (New York time) on each such day. Dow Jones-UBS Commodity Index^{SM} levels can also be obtained from the official websites of both UBS and Dow Jones Indexes and are also published in *The Wall Street Journal*.

A “DJ-UBS Business Day” is a day on which the sum of the Commodity Index Percentages (as defined below in “Annual Reweightings and Rebalancings of the Dow Jones-UBS Commodity Index^{SM}”) for the Dow Jones-UBS Commodities that are open for trading is greater than 50%. For example, based on the weighting of the Dow Jones-UBS Commodities for 2011, if the CBOT and the New York Mercantile Exchange (“NYMEX”) are closed for trading on the same day, a DJ-UBS Business Day will not exist.

The Dow Jones-UBS Commodity Index^{SM} Is a Rolling Index

The Dow Jones-UBS Commodity Index^{SM} is composed of futures contracts on physical commodities. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, commodity futures contracts normally specify a certain date for the delivery of the underlying commodity. In order to avoid delivering the underlying physical commodities and to maintain exposure to the underlying physical commodities, periodically futures contracts on physical commodities specifying delivery on a nearby date must be sold and futures contracts on physical commodities that have not yet reached the delivery period must be purchased. The rollover for each contract occurs over a period of five DJ-UBS Business Days each month according to a pre-determined schedule. This process is known as “rolling” a futures position. The Dow Jones-UBS Commodity Index^{SM} is a “rolling index.”

Dow Jones-UBS Commodity Index^{SM} Calculation Disruption Events

From time to time, disruptions can occur in trading futures contracts on various commodity exchanges. The daily calculation of the Dow Jones-UBS Commodity Index^{SM} will be adjusted in the event that UBS determines that any of the following index calculation disruption events exists:

(a) the termination or suspension of, or material limitation or disruption in the trading of any futures contract used in the calculation of the Dow Jones-UBS Commodity Index^{SM} on that day;

(b) the settlement price of any futures contract used in the calculation of the Dow Jones-UBS Commodity Index^{SM} reflects the maximum permitted price change from the previous day’s settlement price;

(c) the failure of an exchange to publish official settlement prices for any futures contract used in the calculation of the Dow Jones-UBS Commodity Index^{SM}; or

(d) with respect to any futures contract used in the calculation of the Dow Jones-UBS Commodity Index^{SM} that trades on the LME, a business day on which the LME is not open for trading.

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This disclosure statement and the relevant term sheet relate to the CDs only and do not relate to the exchange-traded physical commodities underlying any of the Dow Jones-UBS Commodity Index^{SM} components. Purchasers of the CDs should not conclude that the inclusion of a futures contract in the Dow Jones-UBS Commodity Index^{SM} is any form of investment recommendation of the futures contract or the underlying exchange-traded physical commodity by Dow Jones, UBS AG, UBS Securities, CME Indexes or any of their subsidiaries or affiliates. The information in this disclosure statement regarding the Dow Jones-UBS Commodity Index^{SM} components has been derived solely from publicly available documents. None of Dow Jones, UBS AG, UBS Securities, CME Indexes or any of their subsidiaries or affiliates has made any due diligence inquiries with respect to the Dow Jones-UBS Commodity Index^{SM} components in connection with the CDs. None of Dow Jones, UBS AG, UBS Securities, CME Indexes or any of their subsidiaries or affiliates makes any representation that these publicly available documents or any other publicly available information regarding the Dow Jones-UBS Commodity Index^{SM} components, including without limitation a description of factors that affect the prices of such components, are accurate or complete.

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The Commodity Futures Markets

Contracts on physical commodities are traded on regulated futures exchanges, in the over-the-counter market and on various types of physical and electronic trading facilities and markets. As of the date of this disclosure statement, all of the contracts included in the Dow Jones-UBS Commodity Index^{SM} are exchange-traded futures contracts. An exchange-traded futures contract is a bilateral agreement providing for the purchase and sale of a specified type and quantity of a commodity or financial instrument during a stated delivery month for a fixed price. A futures contract on an index of commodities typically provides for the payment and receipt of a cash settlement based on the value of such commodities. A futures contract provides for a specified settlement month in which the commodity or financial instrument is to be delivered by the seller (whose position is described as "short") and acquired by the purchaser (whose position is described as "long") or in which the cash settlement amount is to be made.

There is no purchase price paid or received on the purchase or sale of a futures contract. Instead, an amount of cash or cash equivalents must be deposited with the broker as "initial margin." This amount varies based on the requirements imposed by the exchange clearing houses, but may be as low as 5% or less of the value of the contract. This margin deposit provides collateral for the obligations of the parties to the futures contract.

By depositing margin in the most advantageous form (which may vary depending on the exchange, clearing house or broker involved), a market participant may be able to earn interest on its margin funds, thereby increasing the potential total return that may be realized from an investment in futures contracts. The market participant normally makes to, and receives from, the broker subsequent payments on a daily basis as the price of the futures contract fluctuates. These payments are called "variation margin" and make the existing positions in the futures contract more or less valuable, a process known as "marking to market."

Futures contracts are traded on organized exchanges, known as "contract markets" in the United States, through the facilities of a centralized clearing house and a brokerage firm which is a member of the clearing house. The clearing house guarantees the performance of each clearing member which is a party to the futures contract by, in effect, taking the opposite side of the transaction. At any time prior to the expiration of a futures contract, subject to the availability of a liquid secondary market, a trader may elect to close out its position by taking an opposite position on the exchange on which the trader obtained the position. This operates to terminate the position and fix the trader's profit or loss.

U.S. contract markets, as well as brokers and market participants, are subject to regulation by the Commodity Futures Trading Commission. Futures markets outside the United States are generally subject to regulation by comparable regulatory authorities. However, the structure and nature of trading on non-U.S. exchanges may differ from the foregoing description. From its inception to the present, the Dow Jones-UBS Commodity Index℠ has been composed exclusively of futures contracts traded on regulated exchanges.

JPMORGAN CASH INDEX USD 6 MONTH

We have derived all information contained in this disclosure statement regarding the JPMorgan Cash Index USD 6 Month ("**JPM Cash Index**"), including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information and information supplied by J.P. Morgan Securities LLC ("**JPMS**"). Such information reflects the policies of, and is subject to change by, JPMS. The JPM Cash Index was developed by JPMS and is calculated, maintained and published by JPMS. JPMS has no obligation to continue to publish, and may discontinue the publication of, the JPM Cash Index.

The JPM Cash Index is reported by Bloomberg L.P. under the ticker symbol "JPCAUS6M."

The JPM Cash Index measures the total return performance of constant maturity euro-currency deposits from rolling over a euro-currency deposit every business day. The JPM Cash Index is calculated daily for six-month deposits for the United States. The JPM Cash Index has been constructed from December 31, 1985 using daily data. From September 1, 1990 forward, the JPM Cash Index has used quotes for the LIBOR rates for the United States from the British Bankers Association (see Reuters page LIBOR01). To calculate 6-month LIBOR, the BBA collects U.S. dollar offered rates for deposits in the London interbank market with maturities of 6 months between 11:00 a.m. and 11:10 a.m., London time on each London business day from 19 designated banks, including us. The top quartile and bottom quartile market quotes are disregarded and the middle two quartiles are averaged: the resulting "spot fixing" is the BBA 6-month LIBOR rate for that business day.

The returns to euro-currency deposits are highly correlated with the returns to domestic money market instruments because the two markets are well arbitraged. Therefore, the euro-currency indices are representative of the domestic money markets returns.

JPMS only includes deposits with standard maturities because other quotes are typically a linear interpolation between two standard maturity deposits. Therefore, adding deposits with non-standard maturities offers no additional information.

The JPM Cash Index has a relatively constant maturity. The JPM Cash Index assumes JPMS rolls over the corresponding deposit every business day. The maturity or duration of the JPM Cash Index is always equal to the term of the deposit; the actual number of days to maturity can vary due to settlement rules (*e.g.*, a one-month index can vary from 28 to 33 days). The more common index approach is to notionally buy, for example, a six-month deposit, hold it for one month, and then roll it over into the new six-month deposit. The maturity of such an index would be six months at the beginning of the month and five months at the end. The JPM Cash Index does not use that approach. It is more useful to attribute daily cash returns to particular maturities rather than confuse the measurement of returns by varying the maturity.

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We have not authorized anyone to provide any information other than that contained or incorporated by reference in this disclosure statement and the accompanying term sheet. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. The information in this disclosure statement and the accompanying term sheet may be accurate only on the date of the term sheet.

The CDs described in this disclosure statement and accompanying term sheet are not appropriate for all investors, and involve important legal and tax consequences and investment risks, which should be discussed with your professional advisers. You should be aware that the regulations of the Financial Industry Regulatory Authority, or FINRA, and the laws of certain jurisdictions (including regulations and laws that require brokers to ensure that investments are suitable for their customers) may limit the availability of CDs. Neither this disclosure statement nor the accompanying term sheet constitutes an offer to sell or a solicitation of an offer to buy the CDs in any circumstances in which such offer or solicitation is unlawful.