**DISCLOSURE STATEMENT**

**Certificates of Deposit Linked to a Basket, an Index or a Fund**
**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. A separate underlying supplement or the relevant term sheet will describe any index or fund to which the CDs are linked. If the terms described in the relevant term sheet are inconsistent with those described in this disclosure statement or in any relevant underlying supplement, 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**REDEMPTION:** The CDs may be either callable by us or withdrawn early by you in limited circumstances.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 funds or to a single index or fund.

**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 10.**

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 Underlying (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 CD 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 value of the Underlying on any Valuation Date.

Our affiliate, J.P. Morgan Securities LLC, and other broker-dealers may use this disclosure statement, any relevant underlying supplement 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

September 21, 2012

***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 level of a weighted basket (the "**Basket**") composed of indices (each, an "**Index**" and collectively, the "**Indices**") and or funds (each, a "**Fund**" and collectively, the "**Fund**") or to the change in the level of a single Index or the price of a single Fund, as specified in the relevant term sheet, over the term of the CDs. In this disclosure statement, we refer to:

- the Basket, the single Index or the single Fund to which the CDs are linked as the "**Underlying**";
- each Index or Fund to which the CDs are linked or that is included in a basket as a "**Component**" and, collectively, as the "**Components**";
- an Index that is designed to track equity securities as an "**Equity Index**";
- an Index that is designed to track commodities or commodity futures contracts as a "**Commodity Index**";
- a fund that is designed to track a commodity index or primarily invests in commodities or commodity futures contracts as a "**Commodity Fund**"; and
- an index underlying a Fund (or any relevant Successor Fund), if applicable, as an "**Underlying Index**."

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 Underlying. 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 Amount, the Knock-Out Event, the Knock-Out Level, the Knock-Out Rate, the Monitoring Period or Monitoring Day(s), the Fixed Payment, the Initial

Averaging Dates, the Observation Date or Ending 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 composed of two or more Indices and/or Funds or to the performance during the term of the CDs of a single Index or a single Fund. A separate underlying supplement or the relevant term sheet will describe any Index to which the CDs are linked.

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. **For CDs linked in whole or in part to a Commodity Index or if so specified in the relevant term sheet or any relevant underlying supplement, 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."**

***Additional Amount for CDs with neither a Knock-Out Level nor a Fixed Payment***

Subject to the impact of a commodity hedging disruption event, for CDs with neither a Knock-Out Level nor a Fixed Payment, the "**Additional Amount**" per $1,000 CD paid at maturity will equal, unless otherwise specified in the relevant term sheet, $1,000 × the Underlying 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 Amount, if applicable.

*For CDs linked in whole or in part to a Commodity Index or if so specified in the relevant term sheet or any relevant underlying supplement, 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. If the participation rate is greater than 100% you will participate in the change in value of the Underlying 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 Amount**," if applicable, will be a fixed dollar amount per $1,000 CD and will be specified in the relevant term sheet.

***Additional Amount for CDs with a Knock-Out Level***

Subject to the impact of a commodity hedging disruption event, for CDs with a Knock-Out Level, the "**Additional Amount**" per $1,000 CD paid at maturity will equal, unless otherwise specified in the relevant term sheet:

(a) if a Knock-Out Event has not occurred, $1,000 × the Underlying 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 Amount, if applicable; or

(b) if a Knock-Out Event has occurred, $1,000 × the Knock-Out Rate.

*For CDs linked in whole or in part to a Commodity Index or if so specified in the relevant term sheet or any relevant underlying supplement, 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."*

Unless otherwise specified in the relevant term sheet, a "**Knock-Out Event**" occurs when the Underlying Closing Level is greater than the Knock-Out Level on any day during the Monitoring Period or on any Monitoring Day, as applicable.

The "**Knock-Out Level**" will be a percentage of the Starting Underlying Level or a fixed value of the Underlying as specified in the relevant term sheet.

The "**Monitoring Period**" or "**Monitoring Day(s)**" will be specified in the relevant term sheet. For example, the relevant term sheet may specify a Monitoring Period consisting of each day from but excluding the pricing date to and including the Observation Date. Alternatively, the relevant term sheet may specify a single Monitoring Day or may specify that Monitoring Days consisting of the last calendar day of each month, commencing on a specified date and ending on the Observation Date.

The "**Knock-Out Rate**" will be a percentage as specified in the relevant term sheet.

***Additional Amount for CDs with a Fixed Payment***

Subject to the impact of a commodity hedging disruption event, for CDs with a Fixed Payment, the "**Additional Amount**" per $1,000 CD paid at maturity will equal:

(a) if the Ending Underlying Level is greater than or equal to the Starting Underlying Level, the Fixed Payment; or

(b) if the Ending Underlying Level is less than the Starting Underlying Level, zero (or the Minimum Amount, if applicable).

*For CDs linked in whole or in part to a Commodity Index or if so specified in the relevant term sheet or any relevant underlying supplement, 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 "**Fixed Payment**" is a fixed dollar amount per $1,000 CD as specified in the relevant term sheet.

***Other Terms***

In this disclosure statement, we refer to:

- the Basket Return, the Index Return or the Fund Return, as applicable, as the "**Underlying Return**";
- the Starting Basket Level, the Starting Index Level or the Initial Share Price, as applicable, as the "**Starting Underlying Level**";
- the Ending Basket Level, the Ending Index Level or the Final Share Price, as applicable, as the "**Ending Underlying Level**"; and
- the Basket Closing Level, the closing level of the Index or the closing price of one share of the Fund, as applicable, as the "**Underlying Closing Level**."

If applicable, unless otherwise set forth in the relevant term sheet, the "**Basket Return**" will be calculated as follows:

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

If applicable, unless otherwise set forth in the relevant term sheet, 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.

If applicable, unless otherwise set forth 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 Level on each of the Ending Averaging Dates, if so specified in the relevant term sheet.

If applicable, unless otherwise set forth in the relevant term sheet, the "**Basket Closing Level**" on any Valuation Date will reflect the weighted returns of the Indices on that Valuation Date:

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

where $n$ is the number of Indices included in the Basket.

If applicable, unless otherwise set forth in the relevant term sheet, the "**Component Weight**" of each Index 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, with respect to a Component, the "**Component Return**" is the Index Return or the Fund Return, as applicable, of that Component.

Unless otherwise set forth in the relevant term sheet, with respect to an Index, the "**Index Return**" on any Valuation Date is calculated as follows:

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

Unless otherwise set forth in the relevant term sheet, with respect to an Index, the "**Starting Index Level**" will be set to equal the closing level of that Index on the pricing date or such other date specified in the relevant term sheet, or the arithmetic average of the closing levels of that Index on each of the Initial Averaging Dates, if so specified in the relevant term sheet, or such other value as specified in the relevant term sheet.

Unless otherwise set forth in the relevant term sheet, with respect to an Index, the "**Ending Index Level**" will be the closing level of that Index on the Observation Date or such other date as specified in the relevant term sheet, or, if the relevant term sheet specifies Ending Averaging Dates, (a) for CDs linked to a single Index, the arithmetic average of the closing levels of that Index on each of the Ending Averaging Dates, and (b) for CDs linked to a Basket (where the Ending Basket Level is based on the weighted Index Returns calculated on each Ending Averaging Date), the closing level of that Index on the relevant Ending Averaging Date.

Unless otherwise set forth 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" in this disclosure statement) 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 described under "— Postponement of a Determination Date" or "General Terms of the CDs — Discontinuation of an Index; Alteration of Method of Calculation."

Unless otherwise set forth in the relevant term sheet, with respect to a Fund, the "**Fund Return**" on any Valuation Date is calculated as follows:

$$\frac{\text{Final Share Price} - \text{Initial Share Price}}{\text{Initial Share Price}}$$

Unless otherwise specified in the relevant term sheet, with respect to a Fund, the "**Initial Share Price**" will be (a)(i) the closing price of one share of that Fund on the pricing date or such other date as specified in the relevant term sheet, or (ii) the arithmetic average of the closing prices of one share of that Fund on each of the Initial Averaging Dates, if so specified in the relevant term sheet, *divided by* (b) the Share Adjustment Factor for that Fund.

Notwithstanding the foregoing, if the relevant term sheet specifies that the Initial Share Price of a Fund will be determined based on the arithmetic average of the closing prices of one share of that Fund on each of the Initial Averaging Dates and an adjustment to the Share Adjustment Factor for that Fund would have become effective in accordance with "General Terms of the CDs — Anti-Dilution Adjustments" on any day (with respect to a Fund, an "**Adjustment Effective Date**") after the first Initial Averaging Date but on or prior to the final Initial Averaging Date, then the closing price of one share of that Fund on each Initial Averaging Date occurring prior to the applicable Adjustment Effective Date to be used to determine the applicable Initial Share Price will be deemed to equal that closing price, *divided by* the Share Adjustment Factor for that Fund, as adjusted (assuming that the Share Adjustment Factor prior to the applicable adjustment is equal to 1.0). See "General Terms of the CDs — Anti-Dilution Adjustments."

Unless otherwise specified in the relevant term sheet, with respect to a Fund, the "**Final Share Price**" will be the closing price of one share of that Fund on the Observation Date or such other date as specified in the relevant term sheet, or, if the relevant term sheet specifies Ending Averaging Dates, (a) for CDs linked to a single Fund, the arithmetic average of the closing prices of one share of that Fund on each of the Ending Averaging Dates, and (b) for CDs linked to a Basket (where the Ending Basket Level is based on the weighted Component Returns calculated on each Ending Averaging Date), the closing price of one share of that Fund on the relevant Ending Averaging Date.

Notwithstanding the foregoing, for CDs linked to a single Fund, if the relevant term sheet specifies that the Final Share Price of a Fund will be determined based on the arithmetic average of the closing prices of one share of that Fund on each of the Ending Averaging Dates and an adjustment to the Share Adjustment Factor for that Fund would have become effective in accordance with "General Terms of the CDs — Anti-Dilution Adjustments" after the first Ending Averaging Date but on or prior to the final Ending Averaging Date, then the closing price of one share of that Fund on each Ending Averaging Date occurring prior to the applicable Adjustment Effective Date to be used to determine the applicable Final Share Price will be deemed to equal that closing price, *divided by* the Share Adjustment Factor for that Fund, as adjusted (assuming that the Share Adjustment Factor prior to the applicable adjustment is equal to 1.0). See "General Terms of the CDs — Anti-Dilution Adjustments."

Unless otherwise specified in the relevant term sheet, with respect to a Fund, the "**Share Adjustment Factor**" will be set initially at 1.0, subject to adjustment upon the occurrence of certain events affecting that Fund. See "General Terms of the CDs — Anti-Dilution Adjustments."

Unless otherwise specified in the relevant term sheet, the "**closing price**" of one share of the Fund or any relevant Successor Fund (as defined under "General Terms of the CDs — Discontinuation of a Fund; Alternate Calculation of Closing Price") on any relevant day means:

- if that Fund (or that Successor Fund) is listed or admitted to trading on a national securities exchange, the last reported sale price, regular way (or, in the case of The NASDAQ Stock Market, the official closing price), of the principal trading session on that day on the principal U.S. securities exchange registered under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), on which that Fund (or that Successor Fund) is listed or admitted to trading;

- if that Fund (or that Successor Fund) is not listed or admitted to trading on any national securities exchange but is included in the OTC Bulletin Board Service (or any successor service) operated by Financial Industry Regulatory Authority, Inc. (the "**FINRA**") (the "**OTC Bulletin Board**"), the last reported sale price of the principal trading session on the OTC Bulletin Board on that day; or

- if, because of a market disruption event or otherwise, the last reported sale price or official closing price, as applicable, for that Fund (or that Successor Fund) is not available pursuant to the preceding bullet points, the mean, as determined by the CD calculation agent, of the bid prices for the shares of that Fund (or that Successor Fund) obtained from as many recognized dealers in that Fund (or that Successor Fund), but not exceeding three, as will make those bid prices available to the CD calculation agent. Bids of any of our affiliates may be included in the calculation of the mean, but only to the extent that any of those bids is not the highest or the lowest of the bids obtained, in each case subject to the provisions of "— Postponement of a Determination Date" and "General Terms of the CDs — Discontinuation of a Fund; Alternate Calculation of Closing Price."

The "**Initial Averaging Dates**," if applicable, will be specified in the relevant term sheet, and any such date is subject to adjustment as described under "— Postponement of a Determination Date" below. 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 "**Ending Averaging Date**," will be specified in the relevant term sheet, and any such date is subject to adjustment as described under "— Postponement of a Determination Date" below. In this disclosure statement, we refer to the Initial Averaging Dates and the Valuation Dates as "**Determination Dates**."

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 "**CD 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 — CD Calculation Agent" below. 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 JPMS' role as CD calculation agent."

**Postponement of a Determination Date**

***CDs Linked to a Basket***

If a Determination Date is not a trading day with respect to any Component or if there is a market disruption event with respect to any Component on that Determination Date (any such day, a "**Disrupted Day**" and any Component affected by a non-trading day or a market disruption event, a "**Disrupted Component**"), the applicable Determination Date will be postponed to the earliest day on which the closing level or closing price, as applicable,(the "**Component Value**"), of each Component has been established as described below:

(a) for each Component that is not a Disrupted Component (an "**Unaffected Component**"), the Component Value on the postponed Determination Date will be deemed to be the Component Value on the originally scheduled Determination Date; and

(b) for each Disrupted Component, the Component Value on the postponed Determination Date will be deemed to be the Component Value on the first business day immediately following the originally scheduled Determination Date that is not a Disrupted Day for that Disrupted Component.

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

For example, assume that the CDs are linked to a Basket consisting of three Components, Component A, Component B and Component C, and that:

(a) Business Day 1, a scheduled Determination Date, is not a Disrupted Day for Component A but is a Disrupted Day for Components B and C;

(b) Business Day 2 is not a Disrupted Day for Component B but is a Disrupted Day for Component C; and

(c) Business Day 3 is not a Disrupted Day for Component C.

Under these circumstances, the Determination Date originally scheduled to occur on Business Day 1 would be postponed to Business Day 3 and, with respect to that Determination Date, as postponed, the Component Values would be deemed to be (a) for Component A, the Component Value on Business Day 1; (b) for Component B, the Component Value on Business Day 2 and (c) for Component C, the Component Value on Business Day 3.

In no event, however, will any Determination Date be postponed to a date that is after the applicable Final Disrupted Determination Date. If a Determination Date is or has been postponed to the applicable Final Disrupted Determination Date and on that day, the Component Value for any Disrupted Component has not been determined in accordance with the first paragraph under this "— CDs Linked to a Basket" section (a "**Final Disrupted Component**"), the Component Value for that Determination Date will be determined by the CD calculation agent on that Final Disrupted Determination Date and will be deemed to be:

(a) for each Unaffected Component, the Component Value on the originally scheduled Determination Date;

(b) for each Disrupted Component that is not a Final Disrupted Component, the Component Value determined in the manner described in the first paragraph under this "— CDs Linked to a Basket" section; and

(c) for each Final Disrupted Component that is an Index, unless otherwise specified in the relevant term sheet or any relevant underlying supplement, the closing level of that Component determined by the CD calculation agent in accordance with the formula for and method of calculating the closing level of that Index last in effect prior to the commencement of the market disruption event (or prior to the non-trading day), using:

  (i) with respect to an Equity Index, the closing price (or, if trading in the relevant securities has been materially suspended or materially limited, the CD calculation agent's good faith estimate of the closing price that would have prevailed but for that suspension or limitation or non-trading day) on that Final Disrupted Determination Date of each security most recently constituting that Index; or

  (ii) with respect to a 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 CD 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 or non-trading day) on that Final Disrupted Determination Date of each commodity and/or commodity futures contract most recently composing that Index, as well as any commodity futures contract required to roll any expiring commodity futures contract in accordance with the method of calculating that Index; and

(d) for each Final Disrupted Component that is a Fund, the closing price of one share of that Fund, determined by the CD calculation agent in good faith based on the CD calculation agent's assessment of the market value of one share of that Fund on that Final Disrupted Determination Date.

With respect to a Determination Date, unless otherwise specified in the relevant term sheet or any relevant underlying supplement, the "**Final Disrupted Determination Date**" means:

(a) for CDs with a maturity of more than one year, the tenth business day after that Determination Date, as originally scheduled; and

(b) for CDs with a maturity of not more than one year, the earlier of (i) the last date that could serve as the final Determination 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, but not both) after the issue date and (ii) the tenth business day after that Determination Date, as originally scheduled.

Unless otherwise specified in the relevant term sheet or any relevant underlying supplement, a "**trading day**" is:

(a) with respect to an Equity Index or any relevant Successor Index, a day, as determined by the CD calculation agent, on which trading is generally conducted on (i) the relevant exchanges (as defined below) for securities underlying that Index or Successor Index, as applicable, and (ii) the exchanges on which futures or options contracts related to that Index or Successor Index, if applicable, are traded;

(b) with respect to a Commodity Index or any relevant Successor Index, a day, as determined by the CD calculation agent, on which that Index or Successor Index, as applicable, is published by the index sponsor of that Index or Successor Index, as applicable, in accordance with the index rules or methodology that governs that Index or Successor Index, as applicable; and

(c) with respect to a Fund or any relevant Successor Fund, a day, as determined by the CD calculation agent, on which trading is generally conducted on (i) the relevant exchange (as defined below) for that Fund or Successor Fund, as applicable, and (ii) the exchanges on which futures or options contracts related to that Fund or Successor Fund, as applicable, are traded.

Unless otherwise specified in the relevant term sheet or any relevant underlying supplement, "**relevant exchange**" means:

(a) with respect to an Equity Index, any relevant Successor Index or any Underlying Index, the primary exchange or market of trading for any security (or any combination thereof) then included in that Index, Successor Index or Underlying Index, as applicable;

(b) with respect to any commodity futures contract included in a Commodity Index or any relevant Successor Index, as applicable, the primary exchange or market of trading for that futures contract; and

(c) with respect to a Fund or any Successor Fund, the primary exchange or market of trading for the shares of that Fund or that Successor Fund, as applicable.

***CDs Linked to a Single Component***

If a Determination Date is a Disrupted Day, the applicable Determination Date will be postponed to the immediately succeeding business day that is not a Disrupted Day. In no event, however, will any Determination Date be postponed to a date that is after the applicable Final Disrupted Determination Date.

If a Determination Date has been postponed to the applicable Final Disrupted Determination Date and that day is a Disrupted Day, the CD calculation agent will determine the Component Value of the Component for that Determination Date on that Final Disrupted Determination Date:

(a) for CDs linked to an Index, unless otherwise specified in the relevant term sheet or any relevant underlying supplement, in accordance with the formula for and method of calculating the closing level of the Index last in effect prior to the commencement of the market disruption event (or prior to the non-trading day), using:

  (i) with respect to an Equity Index, the closing price (or, if trading in the relevant securities has been materially suspended or materially limited, the CD calculation agent's good faith estimate of the closing price that would have prevailed but for that suspension or limitation or non-trading day) on that Final Disrupted Determination Date of each security most recently constituting the Index; or

  (ii) with respect to a 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 CD 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 or non-trading day) on that Final Disrupted Determination Date of each commodity and/or commodity futures contract most recently composing the Index, as well as any commodity futures contract required to roll any expiring commodity futures contract in accordance with the method of calculating the Index; and

(b) for CDs linked to a Fund, unless otherwise specified in the relevant term sheet or any relevant underlying supplement, in good faith based on the CD calculation agent's assessment of the market value of one share of the Fund on that Final Disrupted Determination Date.

## RISK FACTORS

*Your investment in the CDs will involve certain risks. Investing in the CDs is not equivalent to investing directly in any Index or any securities, commodities, futures contracts or other assets or financial measures underlying any Index 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 Underlying Level does not exceed, or in certain cases, equal, the Starting Underlying Level, and if the Underlying Closing Level is less than the Knock-Out Level, if any, on each day during the Monitoring Period or on each Monitoring Day, as applicable, at maturity you may receive only $1,000 (plus the Minimum Amount, if any) for each $1,000 CD. See "— At maturity, the CDs may not pay more than the principal amount plus the Minimum Amount, if any, per $1,000 CD" below. 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 any payments on the CDs 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 Index, any Fund or the securities, commodities, futures contracts or other assets or financial measures underlying any Index or Fund.**

You should not take our offering of the CDs as an expression of our views about how any Index, any Fund or the securities, commodities, futures contracts or other assets or financial measures underlying any Index or Fund will perform in the future or as a recommendation to invest (directly or indirectly, by taking a long or short position) in any Index, any Fund or the securities, commodities, futures contracts or other assets or financial measures underlying any Index or Fund, 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 Indices or Funds or the securities, commodities, futures contracts or other assets or financial measures underlying one or more Indices or Funds 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 Indices or Funds or the securities, commodities, futures contracts or other assets or financial measures underlying one or more Indices or Funds. We may also adjust our hedge by, among other things, purchasing or selling instruments the value of which is derived from one or more Indices or Funds or the securities, commodities, futures contracts or other assets or financial measures underlying one or more Indices or Funds 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 value of the Underlying 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, this 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 Funds, the securities, commodities, futures contracts or other assets underlying the Indices and the Funds and other financial instruments related to the Indices, the Funds and the securities, commodities, futures contracts or other assets or financial measures underlying the Indices and Funds 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 Underlying Value on the pricing date or any Initial Averaging Dates, as applicable, and/or decrease the Underlying Value on any Valuation Date, which could adversely affect your payment at maturity.

It is possible that these 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.**

We or our affiliates may currently or from time to time engage in business with companies the securities of which are underlying an Index, a Fund or any relevant Underlying Index (the "**underlying companies**"), including extending loans to, making equity investments in or providing advisory services to the underlying companies, including merger and acquisition advisory services. In the course of this business, we or our affiliates may acquire nonpublic information about the underlying companies, and we will not disclose any such information to you. In addition, we or one or more of our affiliates may publish research reports or otherwise express views about the underlying companies. Any prospective purchaser of the CDs should undertake an independent investigation of each of the underlying companies as in its judgment is appropriate to make an informed decision with respect to an investment in the CDs. We do not make any representation or warranty to any purchaser of the CDs with respect to any matters whatsoever relating to our business with the underlying companies.

In the course of our business, we or our affiliates may acquire non-public information about movements in the price levels of the securities, commodities, futures contracts or other assets or financial measures underlying an Index or Fund, 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 securities, commodities, futures contracts or other assets or financial measures underlying an Index or Fund. Any prospective purchaser of the CDs should undertake an independent investigation of the securities, commodities, futures contracts or other assets or financial measures underlying an Index or Fund 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 issuances of other securities or financial instruments with returns linked or related to changes in the level or price, as applicable, of one or more Indices or Funds or the securities, commodities, futures contracts or other assets or financial measures underlying one or more Indices or Funds. To the extent that we or one of our affiliates serves as issuer, agent or underwriter for these securities or financial instruments, our or their interests with respect to these securities or financial instruments may be adverse to those of the holders of the CDs. 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 one of our affiliates may currently or from time to time engage in trading activities related to the currencies in which the securities underlying a foreign Index or a foreign Fund are denominated. If currency exchange rate calculations are involved in the calculation of the closing levels of a foreign Index or the net asset values of a foreign Fund, these trading activities could potentially affect the exchange rates with respect to the currencies in which the securities underlying that foreign Index or foreign Fund are denominated, the closing levels of that foreign Index or the closing prices of that foreign Fund and, accordingly, the value of the CDs. A "**foreign Index**" or a "**foreign Fund**" is one that is composed primarily of securities issued by non-U.S. companies.

In the course of our or our affiliates' currency trading activities, we or our affiliates may acquire material nonpublic information with respect to currency exchange rates, and we will not disclose any such information to you. In addition, one or more of our affiliates may produce and/or publish research reports, or otherwise express views, with respect to expected movements in currency exchange rates. We do not make any representation or warranty to any purchaser of the CDs with respect to any matters whatsoever relating to future currency exchange rate movements and, if the CDs are linked to a foreign Index or a foreign Fund, any prospective purchaser of the CDs should undertake an independent investigation of the currencies in which the securities underlying a foreign Index or a foreign Fund are denominated and their related exchange rates as, in its judgment, is appropriate to make an informed decision with respect to an investment in the CDs.

**We or our affiliates may have economic interests that are adverse to those of the holders of the CDs due to JPMS' role as CD calculation agent.**

JPMS, one of our affiliates, will act as the CD calculation agent. The CD calculation agent will determine, among other things, as applicable, the Starting Basket Level, the Ending Basket Level, the Basket Return, any Basket Closing Level, any Starting Index Level, any Ending Index Level, any Index Return, any closing level, any Initial Share Price, any Final Share Price, any Fund Return, any closing price, any Share Adjustment Factor and the Additional Amount, if any, payable at maturity as well as whether the Underlying Closing Level is greater than or equal to the Knock-Out Level (for CDs with a Knock-Out Level) and whether the Ending Underlying Level is equal to or greater than the Starting Underlying Level. The CD calculation agent will also be responsible for determining:

- whether a market disruption event has occurred;
- adjustments to any Share Adjustment Factor;
- 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;
- whether a Fund has been delisted, liquidated or otherwise terminated or whether there has been a material change in a Fund or its Underlying Index, if applicable;

- the Option Value (as defined herein) of your CDs on the commodity hedging disruption date in the event of a commodity hedging disruption event, if applicable.

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 CD 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, and may do so in the future. Any such research, opinions or recommendations could affect the value of any relevant Component, and, therefore, the market value of the CDs.**

JPMS and its affiliates publish research from time to time on underlying companies, 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 or may publish 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 any Index or Fund and the securities, commodities, futures contracts and other assets or financial measures underlying any Index or Fund.

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

Unless otherwise specified in the relevant term sheet, at maturity you will receive only $1,000 (plus the Minimum Amount, if any) for each $1,000 CD if:

- for CDs with neither a Knock-Out Level nor a Fixed Payment, the Ending Underlying Level is less than or equal to the Starting Underlying Level;

- for CDs with a Knock-Out Level, the Ending Underlying Level is less than or equal to the Starting Underlying Level and the Underlying Closing Level is less than or equal to the Knock-Out Level on each day during the Monitoring Period or on each Monitoring Day, as applicable; or

- for CDs with a Fixed Payment, the Ending Underlying Level is less than the Starting Underlying Level.

This will be true even if the Underlying Closing Level was higher than the Starting Underlying Level at some time during the term of the CDs before later falling to or below the Starting Underlying Level, as applicable.

**The appreciation potential of the CDs may be limited by the Knock-Out Level, if applicable.**

If the CDs have a Knock-Out Level, the appreciation potential of the CDs is limited by the Knock-Out Level and the corresponding Knock-Out Rate. For example, if the Knock-Out Level equals 125% of the Starting Underlying Level, the appreciation potential of the CDs will be limited to 24.99%. If the Underlying Closing Level on any day during the Monitoring Period or on any Monitoring Day, as applicable, is greater than or equal to the Knock-Out Level, the appreciation potential of the CDs will be limited to the Knock-Out Rate, even if the product of the Underlying Return and the Participation Rate is ultimately greater than the Knock-Out Rate. Under these circumstances, the return on the CDs will equal the Knock-Out Rate multiplied by the principal amount of the CDs and will not be determined by reference to the Underlying Return. This return may not compensate you for any loss in value due to inflation and other factors relating to the value of money over time. Therefore, your return may be less than the return you would have otherwise received if you had invested directly in one or more Indices or any securities, commodities, futures contracts or other assets or financial measures underlying one or more Indices or any futures contracts or exchange-traded or over-the-counter instruments based on, or other instruments linked to, any of the foregoing. Under these circumstances, your return will not reflect any potential increase in the Ending Underlying Level as compared to the Starting Underlying Level that is greater than the Knock-Out Rate.

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

If the CDs have a Maximum Amount, 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 Amount. The Additional Amount will be no greater than the Maximum Amount. Accordingly, the appreciation potential of the CDs will be limited to the Maximum Amount even if the Additional Amount calculated with reference to the Underlying Return and Participation Rate would otherwise be greater than the Maximum Amount.

**The appreciation potential of the CDs will be limited by the Fixed Payment, if applicable.**

If the CDs have a Fixed Payment, the appreciation potential of the CDs is limited to the appreciation represented by such Fixed Payment, even if the appreciation in the Underlying would, but for the Fixed Payment, result in the payment of a greater Additional Amount at maturity. If the Ending Underlying Level is greater than or equal to the Starting Underlying Level, the return on the CDs will equal the Fixed Payment and will not be determined by reference to the Underlying Return and the Participation Rate. This return will be limited regardless of the appreciation of the Underlying, which may be significant. Therefore, under certain circumstances, your return may be less than the return you would have otherwise received if you had invested directly in one or more Indices or any securities, commodities, futures contracts or other assets or financial measures underlying one or more Indices or any futures contracts or exchange-traded or over-the-counter instruments based on, or other instruments linked to, any of the foregoing.

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

Because the Ending Underlying Level used to calculate the Underlying Return will equal either (i) the Underlying 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 Underlying Closing Levels on a specified number of Ending Averaging Dates near the end of the term of the CDs or throughout the term of the CDs, the Underlying 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 Underlying Level.

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

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

Similarly, if the CDs have only one Observation Date or if the CDs have Ending Averaging Dates only near the end of the term of the CDs and the Underlying Closing Level increases during the first part of the term and then decreases back to the Starting Underlying Level by maturity, the Ending Underlying Level will be significantly less than the Underlying 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 one or more Indices or any securities, commodities, futures contracts or other assets or financial measures underlying one or more Indices or any futures contracts or exchange-traded or over-the-counter instruments based on, or other instruments linked to, any of the foregoing.

**The Starting Index Level or Initial Share Price, as applicable, of any Component may be determined after the issue date of the CDs.**

If so specified in the relevant term sheet, the Starting Index Level or Initial Share Price, as applicable, of any Component may be determined based on the arithmetic average of the Component Values on the Initial Averaging Dates specified in that relevant term sheet. One or more of the Initial Averaging Dates specified may occur on or following the issue date of the CDs; as a result, the Starting Index Level or Initial Share Price, as applicable, of any Component may not be determined, and you may therefore not know the value of that Starting Index Level or Initial Share Price, as applicable, until after the issue date. If there are any increases in the Component Values on the Initial Averaging Dates that occur after the issue date and those increases result in the Initial Underlying Value being higher than the Underlying Value on the issue date, this may establish a higher level that the Underlying must achieve for you to receive at maturity more than the principal amount of your CDs and, if applicable, the Minimum Amount.

**If one or more Components is volatile, there is a greater likelihood that a Knock-Out Event will occur.**

For CDs with a Knock-Out Level, the likelihood that the Underlying Closing Level will be greater than the Knock-Out Level on any day during the Monitoring Period or on any Monitoring Day, as applicable, will depend in large part on the volatility (the frequency and magnitude of changes in value) of any relevant Component. Any Component may have experienced significant volatility since inception.

**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 Underlying Level exceeds the Starting Underlying 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 Underlying above the Starting Underlying Level. Under these circumstances, the Additional Amount you receive at maturity will not fully reflect the performance of the Underlying.

**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 Underlying 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 any 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 value of the Underlying 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 value of the Underlying. The value of the CDs will be affected by a number of other factors that may either offset or magnify each other, including, but not limited to:

- the actual and expected frequency and magnitude of changes in the level of any Index (*i.e.*, volatility);
- the time to maturity of the CDs;
- the dividend rate on the equity securities underlying an Index or a Fund (while not paid to holders of the CDs, dividend payments on any equity securities underlying an Index or a Fund may influence the value of the Underlying and the market value of related options and therefore affect the market value of the CDs);
- the occurrence of certain events to the shares of a Fund that may or may not require an adjustment to the applicable Share Adjustment Factor;
- supply and demand trends and market prices at any time for the commodities upon which the futures contracts that compose any Commodity Index or Commodity Fund or the exchange-traded futures contracts on those commodities;
- interest and yield rates in the market generally as well as in the markets of the securities, commodities, futures contracts or other assets or financial measures underlying an Index or a Fund;
- economic, financial, political, regulatory and judicial events that affect the equity securities underlying an Equity Index or a Fund (other than a Commodity Fund) or stock markets generally;
- economic, financial, political, regulatory, geographical, agricultural, meteorological or judicial events that affect a Commodity Index or a Commodity Fund or commodity markets generally;
- for CDs linked to a Basket, 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;
- the exchange rates and the volatility of the exchange rates between the U.S. dollar and the currencies in which the securities underlying a foreign Index or a foreign Fund are traded, and, if a foreign Index or a foreign Fund is calculated in one currency and the securities underlying that foreign Index or foreign Fund are traded in one or more other currencies, the correlation between those rates and the value of that foreign Index or foreign Fund; and
- our creditworthiness, including actual or anticipated downgrades in our credit ratings.

You cannot predict the future performance of any Index or the Basket based on their historical performance. The Ending Underlying Level may be less than the Starting Underlying 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 or includes a Knock-Out Level and a Knock-Out Event has occurred.

**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 Underlying 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.

**If the Component Value of a Component changes, the market value of your CDs may not change in the same manner.**

Owning the CDs is not the same as owning any Fund or the securities, commodities, futures contracts or other assets or financial measures included in any Index. Accordingly, changes in the Component Value of a Component may not result in a comparable change in the market value of the CDs. If the Component Value of any Component on any day has increased, the value of the CDs may not increase comparably, if at all. It is also possible for Component Value of a Component to increase moderately while the value of the CDs declines.

**You will have no rights with respect to the securities, commodities, futures contracts or other assets or financial measures underlying any Index or Fund.**

As a holder of the CDs, you will not have voting rights or other rights that holders of any Fund or the securities, commodities, futures contracts or other assets or financial measures underlying any Index or Fund would have.

**Concentration risks may adversely affect the value of the CDs.**

If the CDs are linked to a single Component or to a small number of Components that are concentrated in a single or a limited number of industry or commodity sectors or geographical regions, you will not benefit, with respect to the CDs, from the advantages of a diversified investment, and will bear the risks of a concentrated investment, including the risk of greater volatility than may be experienced in connection with a diversified investment. You should be aware that other investments may be more diversified than the CDs in terms of the number and variety of industry or commodity sectors or geographical regions.

**Market disruptions may adversely affect your return.**

The CD calculation agent may, in its sole discretion, determine that the markets have been affected in a manner that prevents it from determining the Component Value of any Component on any Determination Date and, consequently, the Underlying 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. If the CD calculation agent, in its sole discretion, determines that these events prevent us or any of our affiliates from properly hedging our obligations under the CDs, it is possible that any Determination Date and/or the maturity date will be postponed and your return will be adversely affected. See "Description of the CDs — Market Disruption Events." Moreover, if any Determination Date is postponed to the last possible day and the Component Value of any Component is not available on that day because of a market disruption event or if that day is not a trading day, the CD calculation agent will nevertheless determine the Component Value of that Component on such last possible day. See "Description of the CDs — Postponement of a Determination Date" for more information.

**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 CD 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 CD calculation agent deems necessary to hedge our obligations under the CDs, we may, in our sole and absolute discretion, cause the CD 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 CD calculation agent. In making such adjustment, the CD 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 CD 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 Underlying 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 (including either the issue date or the last possible date that the CDs could be outstanding, but not both) is not more than one year, 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 these CDs or similar instruments 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 these CDs. As a result, certain aspects of the U.S. federal income tax consequences of an investment in these 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 that the CDs will be treated as contingent payment debt instruments for U.S. federal income tax purposes. Under this treatment, subject to the occurrence of a commodity hedging disruption event or a Knock-Out Event, 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 treated as becoming fixed prior to maturity. 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, which may be subject to limitations. 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 any Index should not be taken as an indication of the future performance of that Index during the terms of the CDs.**

The actual performance of any Index over the term of the CDs, as well as the amount payable at maturity, may bear little relation to the historical performance of that Index. The trading prices of the securities, commodities, futures contracts or other assets or financial measures underlying an Index will determine the level of that Index. As a result, it is impossible to predict whether the level of any Index 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 a 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 three Components and that the Component Weights are 50%, 30% and 20%, 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 the 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 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 or includes a Knock-Out Level and a Knock-Out Event has occurred.

**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. 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.

**Risks Relating to an Index**

**The sponsor of an Index (an "Index Sponsor") may adjust that Index in a way that affects its level, and the Index Sponsor has no obligation to consider your interests.**

The applicable Index Sponsor is responsible for maintaining an Index. The Index Sponsor can add, delete or substitute the securities, commodities, futures contracts or other assets or financial measures underlying the applicable Index or make other methodological changes that could change the level of that Index. You should realize that the changing of securities, commodities, futures contracts or other assets or financial measures included in an Index may affect that Index, as a newly added security, commodity, futures contract or other asset or financial measure may perform significantly better or worse than the asset or assets it replaces. Additionally, the Index Sponsor may alter, discontinue or suspend calculation or dissemination of the applicable Index. Any of these actions could adversely affect the value of the CDs. The Index Sponsor of an Index has no obligation to consider your interests in calculating or revising that Index. See the relevant index description section in any relevant underlying supplement or the relevant term sheet for additional information.

**Unless otherwise specified in the relevant term sheet or any relevant underlying supplement, to our knowledge, we are not currently affiliated with any other company the equity securities of which are included in an Index.**

Unless otherwise specified in the relevant term sheet or any relevant underlying supplement, to our knowledge, we are not currently affiliated with any issuers the equity securities of which are included in an Index. As a result, we will have no ability to control the actions of the issuers of those equity securities, including actions that could affect the value of the equity securities underlying an Index or your CDs. Unless otherwise specified in the relevant term sheet or any relevant underlying supplement, none of the money you pay us will go to any Index Sponsor or any of the issuers of the equity securities included in any Index, and none of those issuers will be involved in the offering of the CDs in any way. Neither those issuers nor we will have any obligation to consider your interests as a holder of the CDs in taking any corporate actions that might affect the value of your CDs. See any relevant underlying supplement or the relevant term sheet for additional information about whether we are one of the companies included in an Index.

In the event we become affiliated with any issuer of equity securities that are included in an Index, we will have no obligation to consider your interests as a holder of the CDs in taking any action with respect to such issuer that might affect the value of your CDs.

**Your return on the CDs will not reflect dividends or other distributions on the equity securities underlying any Equity Index that is not a total return index.**

Your return on the CDs will not reflect the return you would realize if you actually owned the equity securities underlying any Equity Index that is not a total return index and received the dividends or other distributions paid on those equity securities. This is because the CD calculation agent will calculate the amount payable to you at maturity of the CDs by reference to the Ending Underlying Level. The Ending Underlying Level will reflect the prices of the equity securities underlying any relevant Equity Index that is not a total return index on the Determination Date(s) without taking into consideration the value of dividends or other distributions paid on those equity securities.

**For CDs linked in whole or in part to a foreign Index, the CDs will be subject to risks associated with foreign Indices.**

For CDs linked in whole or in part to a foreign Index, the CDs will be subject to risks associated with foreign Indices. See "— Risks Relating to a Foreign Index or a Foreign Fund" below.

**For CDs linked in whole or in part to a Commodity Index, the CDs will be subject to risks associated with Commodity Indices.**

For CDs linked in whole or in part to a Commodity Index, the CDs will be subject to risks associated with Commodity Indices. See "— Risks Relating to a Commodity Index or a Commodity Fund" below.

**Risks Relating to a Fund**

**The policies of the investment adviser or commodity pool operator, as applicable, for a Fund, and the sponsor of its Underlying Index, if applicable, could affect the value and the amount payable on the CDs.**

The policies of the investment adviser or commodity pool operator, as applicable, for a Fund concerning the calculation of the Fund's net asset value; additions, deletions or substitutions of securities, commodities, futures contracts or other assets or financial measures underlying the Fund; substitutions of its Underlying Index, if applicable; and manner in which changes affecting an Underlying Index, if applicable, are reflected in the Fund, could affect the market price of the shares of such Fund and, therefore, affect the amount payable on the CDs at maturity, if any, and the value of the CDs before maturity. The amount payable on the CDs and their value could also be affected if the investment adviser or commodity pool operator, as applicable, changes these policies, for example, by changing the manner in which it calculates the Fund's net asset value, or if the investment adviser or commodity pool operator, as applicable, discontinues or suspends calculation or publication of the Fund's net asset value, in which case it may become difficult to determine the value of the CDs.

In addition, the sponsor of an Underlying Index, if applicable, is responsible for the design and maintenance of the Underlying Index. The policies of the sponsor concerning the calculation of the Underlying Index, including decisions regarding the addition, deletion or substitution of the securities, commodities, futures contracts or other assets or financial measures included in the Underlying Index, if applicable, could affect the value of the Underlying Index and, consequently, the market prices of the shares of the Fund and, therefore, the amount payable on the CDs at maturity and the value of the CDs before maturity.

**There are risks associated with a Fund.**

A Fund may have a limited operating history. Although the shares of a Fund may be listed for trading on NYSE Arca, Inc. ("**NYSE Arca**") and a number of similar products have been traded on NYSE Arca or other securities exchanges for varying periods of time, there is no assurance that an active trading market will continue for the shares of any Fund or that there will be liquidity in the trading market.

In addition, a Fund is subject to management risk, which is the risk that the applicable investment adviser's investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. These constraints could adversely affect the market prices of the shares of a Fund and, consequently, the value of the CDs. See any applicable Fund description in the relevant term sheet or any relevant underlying supplement for additional information.

**The anti-dilution protection is limited.**

The CD calculation agent will make adjustments to the Share Adjustment Factor for a Fund, which will be set initially at 1.0 in each case, for certain events affecting the shares of such Fund See "General Terms of the CDs — Anti-Dilution Adjustments." The CD calculation agent is not required, however, to make those adjustments in response to all events that could affect the shares of a Fund. If an event occurs that does not require the CD calculation agent to make an adjustment, the value of the CDs may be materially and adversely affected.

**For CDs linked in whole or in part to a Fund that is designed to track an Underlying Index, the performance of the Fund may not correlate with the performance of its Underlying Index.**

Unless otherwise specified in the relevant term sheet or any relevant underlying supplement, a Fund that is designed to track an Underlying Index uses a representative sampling strategy or a replication or indexing strategy to attempt to track the performance of its Underlying Index. Pursuant to a representative sampling strategy, a Fund invests in a representative sample of securities that collectively has an investment profile similar to its Underlying Index; however, a Fund may not hold all or substantially all of the securities, commodities, futures contracts or other assets or financial measures included in its Underlying Index. Even if a Fund uses a replication or indexing strategy, the Fund may not hold all of the securities, commodities, futures contracts or other assets or financial measures included in its Underlying Index. Therefore, while the performance of a Fund is linked principally to the performance of its Underlying Index, its performance is also generally linked in part to assets other than the securities, commodities, futures contracts or other assets or financial measures included in its Underlying Index because, unless otherwise specified in the relevant term sheet, its investment adviser generally may invest a portion of a Fund's assets in securities not included in the Underlying Index and in other assets, including potentially shares of money market funds affiliated with or advised by the investment adviser.

In addition, the performance of a Fund will reflect additional transaction costs and fees that are not included in the calculation of its Underlying Index. Also, the component securities, commodities, futures contracts or other assets or financial measures of a Fund may be unavailable in the secondary market due to other extraordinary circumstances. Corporate actions with respect to any securities (such as mergers and spin-offs) also may impact the variance between a Fund and its Underlying Index. Finally, because the shares of a Fund may be traded on NYSE Arca and may be subject to market supply and investor demand, the market value of one share of a Fund may differ from the net asset value per share of the Fund.

For all of the foregoing reasons, the performance of a Fund that is designed to track an Underlying Index may not correlate with the performance of its Underlying Index. Consequently, the return on the CDs will not be the same as investing directly in any Fund or any relevant Underlying Index or in the securities, commodities, futures contracts or other assets or financial measures held by any Fund or included in any relevant Underlying Index, and will not be the same as investing in a debt security with a payment at maturity linked to the performance of any relevant Underlying Index.

**We cannot assure you that the public information provided on any Fund is accurate or complete.**

All disclosures contained in the relevant term sheet regarding any Fund will be derived from publicly available documents and other publicly available information, without independent verification. We have not participated, and will not participate, in the preparation of such documents or made any due diligence inquiry with respect to any Fund in connection with the offering of the CDs. We do not make any representation that such publicly available documents or any other publicly available information regarding any Fund is accurate or complete, and are not responsible for public disclosure of information by any Fund, whether contained in filings with the SEC or otherwise. Furthermore, we cannot give any assurance that all events occurring prior to the date of the relevant term sheet, including events that would affect the accuracy or completeness of the public filings of any Fund or the value of any Fund will have been publicly disclosed. Subsequent disclosure of any of those events or the disclosure of or failure to disclose material future events concerning any Funds could affect the amount you will receive at maturity and, therefore, the market value of the CDs. Any prospective purchaser of the CDs should undertake an independent investigation of any relevant Fund as in its judgment is appropriate to make an informed decision with respect to an investment in the CDs.

**For CDs linked in whole or in part to a foreign Fund, the CDs will be subject to risks associated with foreign funds.**

For CDs linked in whole or in part to a foreign Fund, the CDs will be subject to risks associated with foreign funds. See "— Risks Relating to a Foreign Index or a Foreign Fund" below.

**For CDs linked in whole or in part to a Commodity Fund, the CDs will be subject to risks associated with Commodity Funds.**

For CDs linked in whole or in part to a Commodity Fund, the CDs will be subject to risks associated with Commodity Funds. See "— Risks Relating to a Commodity Index or a Commodity Fund" below.

**For CDs linked in whole or in part to a Fund that primarily invests in debt securities, the CDs will be subject to risks associated with bond funds.**

For CDs linked in whole or in part to a Fund that primarily invests in debt securities, the CDs will be subject to risks associated with bond funds. See the relevant term sheet or any relevant underlying supplement for risk factors relating to any relevant Fund that holds debt securities.

**Risks Relating to a Foreign Index or a Foreign Fund**

**For CDs linked in whole or in part to a foreign Index or a foreign Fund, if the prices of its component non-U.S. securities are not converted into U.S. dollars for purposes of calculating the value of that foreign Index or foreign Fund, the amount payable on the CDs at maturity will not be adjusted for changes in exchange rates that might affect that foreign Index or foreign Fund.**

If the prices of the non-U.S. securities underlying the applicable foreign Index or foreign Fund are not converted into U.S. dollars for purposes of calculating the value of that foreign Index or foreign Fund and although the non-U.S. securities underlying that foreign Index or foreign Fund are traded in currencies other than U.S. dollars, and the CDs, which are linked in whole or in part to that foreign Index or foreign Fund, are denominated in U.S. dollars, the amount payable on the CDs at maturity, if any, will not be adjusted for changes in the exchange rate between the U.S. dollar and each of the currencies in which the non-U.S. securities underlying that foreign Index or foreign Fund are denominated. Changes in exchange rates, however, may reflect changes in various non-U.S. economies that in turn may affect the payment on the CDs. The amount we pay in respect of the CDs on the maturity date, if any, will be determined solely in accordance with the procedures described in "Description of the CDs — Payment at Maturity."

**For CDs linked in whole or in part to a foreign Index or a foreign Fund, if the prices of its component non-U.S. securities are converted into U.S. dollars for purposes of calculating the value of that foreign Index or foreign Fund, the CDs will be subject to currency exchange risk.**

If the prices of the non-U.S. securities underlying the applicable foreign Index or foreign Fund are converted into U.S. dollars for the purposes of calculating the value of that foreign Index or foreign Fund, the holders of the CDs will be exposed to currency exchange rate risk with respect to each of the currencies in which the non-U.S. securities underlying that foreign Index or foreign Fund trade. An investor's net exposure will depend on the extent to which such currencies strengthen or weaken against the U.S. dollar and the relative weight of the non-U.S. securities underlying that foreign Index or foreign Fund denominated in each applicable currency. If, taking into account the weighting, the U.S. dollar strengthens against those currencies, the value of that foreign Index or foreign Fund will be adversely affected and the payment at maturity of the CDs may be reduced.

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;
- political, civil or military unrest; and
- the extent of governmental surpluses or deficits in the component countries and the United States.

All of these factors are, in turn, sensitive to the monetary, fiscal and trade policies pursued by the governments of various component countries, the United States and other countries important to international trade and finance.

**For CDs linked in whole or in part to a foreign Index or a foreign Fund, if the prices of its component non-U.S. securities are converted into U.S. dollars for purposes of calculating the value of that foreign Index or foreign Fund, changes in the volatility of exchange rates and the correlation between those rates and the values of that foreign Index or foreign Fund are likely to affect the market value of the CDs.**

The exchange rate between the U.S. dollar and each of the currencies in which the non-U.S. securities underlying the applicable foreign Index or foreign Fund are denominated refers to a foreign exchange spot rate that measures the relative values of two currencies — the particular currency in which an equity security composing that foreign Index or foreign Fund is denominated and the U.S. dollar. This exchange rate reflects the amount of the particular currency in which an equity security composing a foreign Index or foreign Fund is denominated that can be purchased for one U.S. dollar and thus increases when the U.S. dollar appreciates relative to the particular currency in which that equity security is denominated. The volatility of the exchange rate between the U.S. dollar and each of the currencies in which the non-U.S. securities underlying a foreign Index or foreign Fund are denominated refers to the size and frequency of changes in that exchange rate.

Because the applicable foreign Index or foreign Fund is calculated, in part, by converting the closing prices of the non-U.S. securities underlying that foreign Index or foreign Fund into U.S. dollars, the volatility of the exchange rate between the U.S. dollar and each of the currencies in which those non-U.S. securities are denominated could affect the market value of the CDs.

The correlation of the exchange rate between the U.S. dollar and each of the currencies in which the non-U.S. securities underlying a foreign Index or foreign Fund are denominated and the value of that foreign Index or foreign Fund refers to the relationship between the percentage changes in that exchange rate and the percentage changes in the value of that foreign Index or foreign Fund. The direction of the correlation (whether positive or negative) and the extent of the correlation between the percentage changes in the exchange rate between the U.S. dollar and each of the currencies in which the non-U.S. securities underlying a foreign Index or foreign Fund are denominated and the percentage changes in the value of that foreign Index or foreign Fund could affect the value of the CDs.

**For CDs linked in whole or in part to a foreign Index or a foreign Fund, an investment in the CDs is subject to risks associated with non-U.S. securities markets.**

Unless otherwise specified in the relevant term sheet, the securities that compose a foreign Index or foreign Fund have been issued by non-U.S. companies. Investments in securities linked to the value of securities of non-U.S. issuers involve risks associated with the securities markets in those countries, including risks of volatility in those markets, governmental intervention in those markets and cross shareholdings in companies in certain countries. Also, there is generally less publicly available information about companies in some of these jurisdictions than about U.S. companies that are subject to the reporting requirements of the SEC, and generally non-U.S. companies are subject to accounting, auditing and financial reporting standards and requirements and securities trading rules different from those applicable to U.S. reporting companies.

The prices of securities in non-U.S. markets may be affected by political, economic, financial and social factors in such markets, including changes in a country's government, economic and fiscal policies, currency exchange laws or other laws or restrictions. Moreover, the economies of these countries may differ favorably or unfavorably from the economy of the United States in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency. These countries may be subjected to different and, in some cases, more adverse economic environments.

The economies of emerging market countries in particular face several concerns, including relatively unstable governments that may present the risks of nationalization of businesses, restrictions on foreign ownership and prohibitions on the repatriation of assets, and which may have less protection of property rights than more developed countries. These economies may also be based on only a few industries, be highly vulnerable to changes in local and global trade conditions and may suffer from extreme and volatile debt burdens or inflation rates. In addition, local securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of holdings difficult or impossible at times. The risks of the economies of emerging market countries are relevant for CDs linked to a foreign Index or foreign Fund composed of securities traded in one or more emerging market countries.

Some or all of these factors may influence the closing level for a foreign Index or the closing price for a foreign Fund. The impact of any of the factors set forth above may enhance or offset some or all of any change resulting from another factor or factors. You cannot predict the future performance of an Index or a Fund based on its historical performance. The level of an Index or the price of a Fund may decrease, which may adversely affect your payment at maturity.

**Risks Relating to a Commodity Index or a Commodity Fund**

**The commodity futures contracts underlying a Commodity Index or a Commodity Fund 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 a Commodity Index, could lead to the early determination of the amount payable at maturity.**

Futures contracts and options on futures contracts markets, including the futures contracts underlying a Commodity Index or a Commodity Fund, 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 a Commodity Index or held by a Commodity Fund, 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 a Commodity Index, upon the occurrence of legal or regulatory changes that the CD 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 CD 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 may not offer direct exposure to physical commodities.**

If the CDs are linked to a Commodity Index or a Commodity Fund 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 any Commodity Index or the price of any Commodity Fund and, therefore, the value of your CDs.

**An increase in the margin requirements for any commodity futures contracts underlying a Commodity Index or a Commodity Fund 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 any Commodity Index or Commodity Fund, market participants who are unwilling or unable to post additional collateral may liquidate their positions, which may cause the level of that Commodity Index or the price of that Commodity Fund, as applicable, to decline significantly. As a result, the value of the CDs may be adversely affected.

**A Commodity Index or a Commodity Fund 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. In respect of a Commodity Index or a Commodity Fund that represents energy, it should be noted that 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 a Commodity Index or the price of a Commodity Fund and your payment at maturity.

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

The CDs may 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). If the CDs are linked to a Commodity Index that is an excess return index, then 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 a Commodity Index or held by a Commodity Fund relative to their current prices may lead to a decrease in the payment at maturity on your CDs.**

A Commodity Index is composed of, and a Commodity Fund holds, futures contracts on physical commodities. As the contracts underlying a Commodity Index or a Commodity Fund 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 a Commodity Index or the price of a Commodity Fund and, accordingly, the amount payable at maturity.

**Prices for the physical commodities upon which the futures contracts underlying a Commodity Index or a Commodity Fund 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 a Commodity Index or a Commodity Fund 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 a Commodity Index or a Commodity Fund 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 a Commodity Index or a Commodity Fund. It is not possible to predict the aggregate effect of all or any combination of these factors. A Commodity Index or a Commodity Fund each provide 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. The relevant term sheet or any relevant underlying supplement may provide additional risk factors relating to any relevant Commodity Index or Commodity Fund.

*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.

**A separate underlying supplement or the relevant term sheet may provide additional risk factors relating to any Component to which the CDs are linked.**

## 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, this 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 Indices or Funds or the securities, commodities, futures contracts or other assets or financial measures underlying one or more Indices or Funds. To accomplish this, we, through our affiliates or others, may take positions in one or more Indices or Funds, the securities, commodities, futures contracts or other assets or financial measures underlying one or more Indices or Funds, or instruments the value of which is derived from one or more Indices or Funds or the securities, commodities, futures contracts or other assets or financial measures underlying one or more Indices or Funds. 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 Underlying Value on the pricing date or any Initial Averaging Dates, as applicable, and/or decrease the Underlying Value 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 Funds or the securities, commodities, futures contracts or other assets or financial measures underlying one or more Indices or Funds. 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.

## THE COMPONENTS

A separate underlying supplement or the relevant term sheet will provide additional information relating to any Index or Fund to which the CDs are linked.

**Conflicts of Interest**

See the relevant term sheet, any relevant underlying supplement and "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 as a result of our business activities" for information about economic interests with respect to any Component that we or our affiliates may have that are adverse to your interests.

**Historical performance of the Components**

We will provide historical price or level information on any Component in the relevant term sheet. You should not take any of those historical prices or levels as an indication of future performance. Neither we nor any of our affiliates makes any representation to you as to the performance of any Component.

## GENERAL TERMS OF THE CDs

### CD Calculation Agent

JPMS, one of our affiliates, will act as the CD calculation agent. The CD calculation agent will determine, among other things, as applicable, the Starting Basket Level, the Ending Basket Level, the Basket Return, any Basket Closing Level, any Starting Index Level, any Ending Index Level, any Index Return, any closing level, any Initial Share Price, any Final Share Price, any Fund Return, any closing price, any Share Adjustment Factor and the Additional Amount, if any, payable at maturity as well as whether the Underlying Closing Level is greater than or equal to the Knock-Out Level (for CDs with a Knock-Out Level) and whether the Ending Underlying Level is equal to or greater than the Starting Underlying Level. The CD calculation agent will also be responsible for determining:

- whether a market disruption event has occurred;
- adjustments to any Share Adjustment Factor;
- 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;
- whether a Fund has been delisted, liquidated or otherwise terminated or whether there has been a material change in a Fund or its Underlying Index, if applicable;
- the Option Value (as defined herein) of your CDs on the commodity hedging disruption date in the event of a commodity hedging disruption event, if applicable.

All determinations made by the CD calculation agent will be in the sole discretion of the CD 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 CD 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 the Starting Basket Level, the Ending Basket Level, the Basket Return, any Basket Closing Level, any Starting Index Level, any Ending Index Level, any Index Return, any closing level, any Initial Share Price, any Final Share Price, any Fund Return and any closing price, as applicable, will be rounded to the nearest one hundred-thousandth, with five one-millionths rounded upward (*e.g.*, 0.876545 would be rounded to 0.87655); 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.*, 0.76545 would be rounded up to 0.7655); and all dollar amounts payable 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 CD calculation agent from determining the closing level of any Index on any Determination Date and, consequently, the Underlying 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 for an Equity Index*

With respect to an Equity Index (or any relevant Successor Index), a "**market disruption event**," unless otherwise specified in the relevant term sheet or any relevant underlying supplement, means:

- the occurrence or existence of a suspension, absence or material limitation of trading of equity securities then constituting 20% or more of the level of that Index (or that Successor Index) on the relevant exchanges (as defined below) for those securities for more than two hours of trading during, or during the one-hour period preceding the close of, the principal trading session on that relevant exchange;
- a breakdown or failure in the price and trade reporting systems of any relevant exchange as a result of which the reported trading prices for equity securities then constituting 20% or more of the level of that

Index (or that Successor Index) during the one hour preceding the close of the principal trading session on that relevant exchange are materially inaccurate;

- the occurrence or existence of a suspension, absence or material limitation of trading on the primary exchange or market for trading in futures or options contracts related to that Index (or that Successor Index) for more than two hours of trading during, or during the one-hour period preceding the close of, the principal trading session on that exchange or market; or
- a decision to permanently discontinue trading in those related futures or options contracts,

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

- a determination by the CD 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.

For purposes of determining whether a market disruption event with respect to an Equity Index (or any relevant Successor Index) exists at any time, if trading in a security included in that Index (or that Successor Index) is materially suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of that Index (or that Successor Index) will be based on a comparison of:

- the portion of the level of that Index (or that Successor Index) attributable to that security relative to
- the overall level of that Index (or that Successor Index),

in each case immediately before that suspension or limitation.

For purposes of determining whether a market disruption event with respect to an Equity Index (or any relevant Successor Index) has occurred, unless otherwise specified in the relevant term sheet:

- a limitation on the hours or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the relevant exchange, or the primary exchange or market for trading in futures or options contracts related to that Index (or that Successor Index);
- limitations pursuant to the rules of any relevant exchange similar to New York Stock Exchange ("**NYSE**") Rule 80B (or any applicable rule or regulation enacted or promulgated by any other self-regulatory organization or any government agency of scope similar to NYSE Rule 80B as determined by the CD calculation agent) on trading during significant market fluctuations will constitute a suspension, absence or material limitation of trading;
- a suspension of trading in futures or options contracts on that Index (or that Successor Index) by the primary exchange or market for trading in those contracts by reason of:
  - a price change exceeding limits set by that exchange or market,
  - an imbalance of orders relating to those contracts or
  - a disparity in bid and ask quotes relating to those contracts

  will, in each case, constitute a suspension, absence or material limitation of trading in futures or options contracts related to that Index (or that Successor Index); and
- a "suspension, absence or material limitation of trading" on any relevant exchange or on the primary exchange or market on which futures or options contracts related to that Index (or that Successor Index) are traded will not include any time when that exchange or market is itself closed for trading under ordinary circumstances.

*Market Disruption Events for a Commodity Index*

With respect to a Commodity Index (or any relevant Successor Index), a "**market disruption event**," unless otherwise specified in the relevant term sheet or any relevant underlying supplement, means:

- a material limitation, suspension, or disruption of trading in any commodity futures contract included in that 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 that 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 that Index (or that Successor Index),

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

- a determination by the CD 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.

*Market Disruption Events for a Fund*

With respect to a Fund (or any relevant Successor Fund), a "**market disruption event**," unless otherwise specified in the relevant term sheet or any relevant underlying supplement, means:

- the occurrence or existence of a suspension, absence or material limitation of trading of the shares of that Fund (or that Successor Fund) on the relevant exchange for the shares of that Fund (or that Successor Fund) for more than two hours of trading during, or during the half-hour period preceding the close of, the principal trading session on that relevant exchange;
- a breakdown or failure in the price and trade reporting systems of the relevant exchange for the shares of that Fund (or that Successor Fund) as a result of which the reported trading prices for the shares of that Fund (or that Successor Fund) during the last half-hour preceding the close of the principal trading session on that relevant exchange are materially inaccurate;
- the occurrence or existence of a suspension, absence or material limitation of trading on the primary exchange or market for trading in futures or options contracts related to the shares of that Fund (or that Successor Fund), if available, during the half-hour period preceding the close of the principal trading session in that exchange or market;
- if applicable, the occurrence or existence of a suspension, absence or material limitation of trading of securities, commodities, futures contracts or other assets or financial measures then constituting 20% or more of the level of the applicable Underlying Index on the relevant exchanges for those securities for more than two hours of trading during, or during the half-hour period preceding the close of, the principal trading session on that relevant exchange; or
- the occurrence or existence of a suspension, absence or material limitation of trading on the primary exchange or market for trading in futures or options contracts related to the applicable Underlying Index, if any, or shares of that Fund (or that Successor Fund) for more than two hours of trading during, or during the half-hour period preceding the close of, the principal trading session on that exchange or market,

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

- a determination by the CD 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.

For purposes of determining whether a market disruption event with respect to a Fund (or any relevant Successor Fund) exists at any time, unless otherwise specified in the relevant term sheet, if trading in a security, commodity, futures contract or other asset or financial measure included in the applicable Underlying Index, if any, is materially suspended or materially limited at that time, then the relevant percentage contribution of that security, commodity, futures contract or other asset or financial measure to the level of the applicable Underlying Index, if any, will be based on a comparison of (x) the portion of the level of the applicable Underlying Index, if any, attributable to that security, commodity, futures contract or other asset or financial measure relative to (y) the overall level of the applicable Underlying Index, if any, in each case immediately before that suspension or limitation.

For purposes of determining whether a market disruption event with respect to a Fund (or any relevant Successor Fund) has occurred, unless otherwise specified in the relevant term sheet:

- a limitation on the hours or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the relevant exchange or the primary exchange or market for trading in futures or options contracts related to the shares of that Fund (or that Successor Fund);

- a decision to permanently discontinue trading in the relevant futures or options contract or exchange traded fund will not constitute a market disruption event;

- limitations pursuant to the rules of any relevant exchange similar to NYSE Rule 80B (or any applicable rule or regulation enacted or promulgated by any other self-regulatory organization or any government agency of scope similar to NYSE Rule 80B as determined by the CD calculation agent) on trading during significant market fluctuations will constitute a suspension, absence or material limitation of trading;

- a suspension of trading in futures or options contracts on the applicable Underlying Index, if any, or shares of that Fund (or that Successor Fund) by the primary exchange or market for trading in those contracts by reason of:

    - a price change exceeding limits set by that exchange or market,

    - an imbalance of orders relating to those contracts or

    - a disparity in bid and ask quotes relating to those contracts

  will, in each case, constitute a suspension, absence or material limitation of trading in futures or options contracts related to the applicable Underlying Index, if any, or the shares of that Fund (or that Successor Fund); and

- a "suspension, absence or material limitation of trading" on any relevant exchange or on the primary exchange or market on which futures or options contracts related to the applicable Underlying Index, if any, or the shares of that Fund (or that Successor Fund) are traded will not include any time when that exchange or market is itself closed for trading under ordinary circumstances.

**Consequences of a Commodity Hedging Disruption Event**

Unless otherwise specified in the relevant term sheet or any relevant underlying supplement, for CDs linked in whole or in part to a Commodity Index or if so specified in the relevant term sheet or any relevant underlying supplement, 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 CD calculation agent. If we choose to exercise this right, in making this adjustment, the CD 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 CD 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 CD calculation agent to provide, written notice of our election to exercise this right to The Depository Trust Company ("**DTC**"). We (or the CD 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, 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 applicable only 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 or any relevant underlying supplement, 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 CD 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 CD 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 CD 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 a Commodity Index — The commodity futures contracts underlying a 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 a Commodity Index, could lead to the early determination of 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 or any relevant underlying supplement, 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 CD 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 Determination 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 closing level of that Successor Index published with respect to that day.

Upon any selection by the CD calculation agent of a Successor Index, the CD 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 or any relevant underlying supplement, if the Index Sponsor for an Index discontinues publication of that Index prior to, and that discontinuation is continuing on, a Determination Date or any other relevant date on which the closing level of that Index is to be determined, and the CD calculation agent determines, in its sole discretion, that no Successor Index for that Index is available at such time, or the CD 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 Determination Date or other relevant date, then the CD calculation agent will determine the closing level for that Index for that Determination Date or that other relevant date on that date. Unless otherwise specified in the relevant term sheet or any relevant underlying supplement, the closing level of that Index will be computed by the CD 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 an Equity Index, the closing price (or, if trading in the relevant securities has been materially suspended or materially limited, the CD calculation agent's good faith estimate of the closing price that would have prevailed but for that suspension or limitation) at the close of the principal trading session on that date of each security most recently composing that Index or Successor Index, as applicable; or

(b) with respect to a 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 CD 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.

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 CD calculation agent, fairly represent the level of that Index or Successor Index, as applicable, had those changes or modifications not been made, then the CD calculation agent will, at the close of business in New York City on each date on which the closing level 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 CD 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 CD calculation agent will calculate the closing level 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 (*e.g.*, due to a split in such Index), then the CD 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 (*e.g.*, as if such split had not occurred).

**Discontinuation of a Fund; Alternate Calculation of Closing Price**

Unless otherwise specified in the relevant term sheet, if a Fund (or a Successor Fund (as defined herein)) is delisted from the relevant exchange for that Fund (or that Successor Fund), liquidated or otherwise terminated, the CD calculation agent will substitute an exchange-traded fund that the CD calculation agent determines, in its sole discretion, to be comparable to the discontinued Fund (or that Successor Fund) (such substitute fund being referred to herein as a "**Successor Fund**"). If a Fund (or a Successor Fund) is delisted, liquidated or otherwise terminated and the CD calculation agent determines that no Successor Fund is available, then the CD calculation agent will, in its sole discretion, calculate the appropriate closing price of one share of that Fund by a computation methodology that the CD calculation agent determines will as closely as reasonably possible replicate that Fund. If a Successor Fund is selected or if the CD calculation agent calculates a closing price by a computation methodology that the CD calculation agent determines will as closely as reasonably possible replicate that Fund, that Successor Fund or closing price will be substituted for that Fund (or that Successor Fund) for all purposes of the CDs.

Upon any selection by the CD calculation agent of a Successor Fund, the CD 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 at any time, a Fund (or a Successor Fund) or an Underlying Index, if applicable, is changed in a material respect, or a Fund or (a Successor Fund) in any other way is modified so that it does not, in the opinion of the CD calculation agent, fairly represent the price of the shares of that Fund (or that Successor Fund) had those changes or modifications not been made, then the CD calculation agent will, at the close of business in New York City on each date on which the closing price of one share of that Fund (or that Successor Fund) is to be determined, make such calculations and adjustments as, in the good faith judgment of the CD calculation agent, may be necessary in order to arrive at a closing price of one share of an exchange-traded fund comparable to that Fund (or that Successor Fund) as if those changes or modifications had not been made, and calculate the closing price with reference to that Fund (or that Successor Fund), as adjusted. The CD calculation agent may also determine that no adjustment is required by the modification of the method of calculation.

The CD calculation agent will be solely responsible for the method of calculating the closing price of one share of a Fund (or any Successor Fund) and of any related determinations and calculations, and its determinations and calculations with respect thereto will be conclusive in the absence of manifest error.

The CD calculation agent will provide information as to the method of calculating the closing price of the shares of a Fund upon written request by any CD holder.

**Anti-Dilution Adjustments**

The Share Adjustment Factor for a Fund (or any relevant Successor Fund) is subject to adjustment by the CD calculation agent as a result of the anti-dilution adjustments described in this section.

Unless otherwise specified below, no adjustments to the Share Adjustment Factor for a Fund (or any relevant Successor Fund) will be required unless the Share Adjustment Factor adjustment would require a change of at least 0.1% in the applicable Share Adjustment Factor then in effect. The applicable Share Adjustment Factor resulting from any of the adjustments specified in this section will be rounded to the nearest ten-thousandth with five one hundred-thousandths being rounded upward. The CD calculation agent will not be required to make any adjustments to the Share Adjustment Factor for a Fund (or any relevant Successor Fund) after the close of business on the business day immediately preceding the maturity date.

No adjustments to the Share Adjustment Factor for a Fund (or any relevant Successor Fund) will be required other than those specified below. The required adjustments specified in this section do not cover all events that could affect the closing price of one share of a Fund (or any relevant Successor Fund) on any relevant day during the term of the CDs.

With respect to a Fund (or any relevant Successor Fund), anti-dilution adjustments will be calculated as follows:

*Share Splits and Reverse Share Splits*

If the shares of a Fund (or any relevant Successor Fund) are subject to a share split or reverse share split, then once that split has become effective, the applicable Share Adjustment Factor will be adjusted so that the new Share Adjustment Factor will equal the product of:

- the prior Share Adjustment Factor, and
- the number of shares that a holder of one share of that Fund (or that Successor Fund) before the effective date of the share split or reverse share split would have owned immediately following the applicable effective date.

*Share Dividends or Distributions*

If a Fund (or any relevant Successor Fund) is subject to (i) a share dividend, *i.e.*, an issuance of additional shares of that Fund (or that Successor Fund) that is given ratably to all or substantially all holders of shares of that Fund (or that Successor Fund) or (ii) a distribution of shares of that Fund (or that Successor Fund) as a result of the triggering of any provision of the corporate charter of that Fund (or that Successor Fund), then, once the dividend or distribution has become effective and the shares of that Fund (or that Successor Fund) are trading ex-dividend, the applicable Share Adjustment Factor will be adjusted so that the new Share Adjustment Factor will equal the prior Share Adjustment Factor *plus* the product of:

- the prior Share Adjustment Factor, and
- the number of additional shares issued in the share dividend or distribution with respect to one share of that Fund (or that Successor Fund).

*Non-Cash Dividends or Distributions*

If a Fund (or any relevant Successor Fund) distributes shares of capital stock, evidences of indebtedness or other assets or property of that Fund (or that Successor Fund) to all or substantially all holders of shares of that Fund (or that Successor Fund) (other than (i) share dividends or distributions referred to under "— Share Splits and Reverse Share Splits" or "— Share Dividends or Distributions" above and (ii) cash dividends referred under "— Cash Dividends or Distributions" below), then, once the distribution has become effective and the shares of that Fund (or that Successor Fund) are trading ex-dividend, the applicable Share Adjustment Factor will be adjusted so that the new Share Adjustment Factor will equal the product of:

- the prior Share Adjustment Factor, and
- a fraction, the numerator of which is the Current Market Price of that Fund (or that Successor Fund) and the denominator of which is the amount by which the Current Market Price exceeds the Fair Market Value of that distribution.

The "**Current Market Price**" of a Fund (or any relevant Successor Fund) means the closing price of one share of that Fund (or that Successor Fund) on the trading day immediately preceding the ex-dividend date of the dividend or distribution requiring an adjustment to the applicable Share Adjustment Factor.

With respect to a Fund, the "**Fair Market Value**" of any distribution means the value of that distribution on the ex-dividend date for that distribution, as determined by the CD calculation agent. If that distribution consists of property traded on the ex-dividend date on a U.S. national securities exchange, the Fair Market Value will equal the closing price of that distributed property on that ex-dividend date.

"**Ex-dividend date**," with respect to a dividend or other distribution for a Fund (or any relevant Successor Fund), means the first trading day on which transactions in the shares of that Fund (or that Successor Fund) trade on the relevant exchange without the right to receive that dividend or other distribution.

*Cash Dividends or Distributions*

If a Fund (or any relevant Successor Fund) pays dividends or makes other distributions consisting exclusively of cash to all or substantially all holders of shares of that Fund (or that Successor Fund) during any dividend period during the term of the CDs, in an aggregate amount that, together with other cash dividends or distributions made previously during that dividend period with respect to which an adjustment to the Share Adjustment Factor has not previously been made under this "— Cash Dividends or Distributions" section, exceeds the Dividend Threshold, then, once the dividend or distribution has become effective and the shares of that Fund (or that Successor Fund) are trading ex-dividend, the applicable Share Adjustment Factor will be adjusted so that the new Share Adjustment Factor will equal the product of:

- the prior Share Adjustment Factor, and
- a fraction, the numerator of which is the Current Market Price of that Fund (or that Successor Fund) and the denominator of which is the amount by which the Current Market Price exceeds the aggregate amount in cash per share of that Fund (or that Successor Fund) distributed in that cash dividend or distribution together with any cash dividends or distributions made previously during that dividend period with respect to which an adjustment to the Share Adjustment Factor has not previously been made under this "— Cash Dividends or Distributions" section to holders of shares of that Fund (or that Successor Fund) in excess of the Dividend Threshold.

For the avoidance of doubt, the Share Adjustment Factor for a Fund (or any relevant Successor Fund) may be adjusted more than once in any particular dividend period because of cash dividends or distributions that exceed the Dividend Threshold. If the applicable Share Adjustment Factor has been previously adjusted in a particular dividend period because of cash dividends or distributions that exceed the Dividend Threshold, subsequent adjustments will be made if the relevant Fund (or any relevant Successor Fund) pays cash dividends or makes other distributions during that dividend period in an aggregate amount that, together with other cash dividends or distributions since the last adjustment to the Share Adjustment Factor (because of cash dividends or distributions that exceed the Dividend Threshold) exceeds the Dividend Threshold. Those subsequent adjustments to the applicable Share Adjustment Factor will only take into account the cash dividends or distributions during that dividend period made since the last adjustment to that Share Adjustment Factor because of cash dividends or distributions that exceed the Dividend Threshold.

The "**Dividend Threshold**" of a Fund (or any relevant Successor Fund) is equal to the sum of (x) the immediately preceding cash dividend(s) or other cash distribution(s) paid in the preceding dividend period, if any, per share of that Fund (or that Successor Fund) *plus* (y) 10% of the closing price of one share of that Fund (or that Successor Fund) on the trading day immediately preceding the ex-dividend date, unless otherwise specified in the relevant term sheet.

The "**dividend period**" of a Fund (or any relevant Successor Fund) means any period during the term of the CDs for which dividends are paid on a regular and consistent basis to shareholders of that Fund (or that Successor Fund).

The CD calculation agent will be solely responsible for the determination and calculation of any adjustments to the Share Adjustment Factor for a Fund (or any relevant successor fund) and of any related determinations and calculations, and its determinations and calculations with respect thereto will be conclusive in the absence of manifest error.

The CD calculation agent will provide information as to any adjustments to the Share Adjustment Factor for a Fund (or any relevant Successor Fund) upon written request by any investor in the CDs.

**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 Underlying Closing Levels, 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 Underlying Closing Levels 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 on the CDs listed in the relevant term sheet will be entirely hypothetical. They will be based 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 one or more Indices directly. Among other things, the return on one or more Indices and an investment in one or more Indices 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 or the Index, as applicable, 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 (other than, in each case, those documents or the portions of those documents not deemed to be filed) 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, 2011 (filed on February 29, 2012);
- the quarterly report of JPMorgan Chase on Form 10-Q for the quarter ended March 31, 2012 (filed on May 10, 2012), as amended by Amendment No. 1 on Form 10-Q/A for the quarter ended March 31, 2012 (filed on August 9, 2012) and the quarterly report of JPMorgan Chase on Form 10-Q for the quarter ended June 30, 2012 (filed on August 9, 2012); and
- the current reports of JPMorgan Chase on Form 8-K filed on January 13, 2012 (but only with respect to the exhibits included in the report furnished under Item 2.02), January 23, 2012, February 9, 2012, March 14, 2012, March 27, 2012, March 29, 2012, April 4, 2012, April 13, 2012 (but only with respect to the exhibits included in the report furnished pursuant to Item 2.02), May 15, 2012, May 18, 2012, June 12, 2012, July 13, 2012 (but only with respect to (1) the report filed pursuant to Item 4.02(a) (excluding any information furnished under Item 2.02 in the same report) and (2) Exhibits 99.1 and 99.2 included in the report furnished solely pursuant to Item 2.02 relating to JPMorgan Chase's 2012 second quarter earnings), July 27, 2012, August 20, 2012, August 27, 2012 and September 19, 2012.

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, 2011 and December 31, 2010, 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. The bank and nonbank subsidiaries of JPMorgan Chase operate nationally as well as through overseas branches and subsidiaries, representative offices and subsidiary foreign banks. One of JPMorgan Chase's principal operating subsidiaries in the United Kingdom is J.P. Morgan Securities plc (formerly J.P. Morgan Securities Ltd.), a subsidiary of JPMorgan Chase Bank, National Association.

JPMorgan Chase Bank's business is subject to examination and regulation by the 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 were organized, for management reporting purposes, into six business segments, as well as corporate / private equity. On July 27, 2012, JPMorgan Chase announced that it will be reorganizing its business segments to reflect the manner in which the segments will be managed. As a result, Retail Financial Services and Card Services & Auto businesses will be combined to form the Consumer & Community Banking segment. The Investment Bank and Treasury & Securities Services businesses will be combined to form the Corporate & Investment Bank segment. Asset Management and Commercial Banking will remain unchanged. In addition, Corporate/Private Equity will not be affected.

A description of the pre-reorganization 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 and mobile banking and telephone banking. RFS is organized into Consumer & Business Banking and Mortgage Banking, which includes Mortgage Production and Servicing and Real Estate Portfolios. Consumer & Business Banking offers deposit and investment products and services to consumers and lending, deposit and cash management, and payment solutions to small businesses. 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.

Customers 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. As one of the largest mortgage originators in the United States, JPMorgan Chase Bank helps customers buy or refinance homes and also services mortgages and home equity loans.

**CARD SERVICES & AUTO**

Card Services is one of the nation's largest credit card issuers. Through its merchant services 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 U.S. and U.S. multinational clients, including corporations, municipalities, financial institutions and not-for-profit entities. In addition, CB provides financing to real estate investors and owners. Partnering with JPMorgan Chase's other businesses, CB provides 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 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 of JPMorgan Chase. The corporate staff units include Central Technology and Operations, Audit, Executive, Finance, Human Resources, Corporate Marketing, Legal & Compliance, Global Real Estate, General Services, Risk Management and Corporate Responsibility & Public Policy. Other centrally managed expense includes JPMorgan Chase's occupancy and pension-related expense that are subject to allocation to the businesses.

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-through 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.

## MATERIAL 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, nor does it address the potential application of the provision of the Code known as the Medicare contribution tax. 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 owning and disposing 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 an investor 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 does not apply to CDs with a Fixed Payment. The tax consequences of these CDs will be described in the relevant term sheet.

### 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. The relevant term sheet will describe our or our counsel's level of comfort on this issue and/or alternative treatments. Additionally, the relevant term sheet may indicate other issues applicable to a particular offering of CDs.

### 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 (including either the issue date or the last possible date that the CDs could be outstanding, but not both) is not more than one year, 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, the CDs 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 CDs, that provide for contingent payments, and no ruling will be requested from the IRS with respect to the CDs. As a result, several aspects of the U.S. federal income tax consequences of an investment in these CDs are uncertain, as discussed below.

***Tax Treatment Prior to Maturity***

If you are a cash-method taxpayer, 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 CDs. It is therefore unclear how, if at all, the rules regarding deferral of interest deductions would apply to your CDs.

Generally, accrual-method taxpayers and certain other owners of a short-term obligation (including electing cash-method taxpayers) 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 CDs. Consequently, the timing and amounts of the discount to be accrued on these CDs 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 early redemption or 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, if you are a cash-method taxpayer who has not elected an accrual method of accounting, gain recognized on a sale or exchange prior to maturity will be 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 you will receive 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 your 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 CDs. Consequently, there is uncertainty regarding what portion, if any, of gain recognized upon the sale or exchange prior to maturity of a CD subject to an accrual method of accounting will be treated as short-term capital gain. Notwithstanding this uncertainty, if you are an accrual-method taxpayer you will recognize interest income no later than, and in an amount not less than, if the CDs were subject to cash-method accounting.

**CDs with a Term of More than One Year**

If the term of the CDs (including either the issue date or the last possible date that the CDs could be outstanding, but not both) is more than one year, 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 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 that 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 Additional Amount.

Upon a sale or exchange of a CD (including early redemption or 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 you have accrued 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 is, or is treated as becoming, fixed prior to maturity. For purposes of the preceding sentence, the Additional Amount will be treated as fixed if (and when) all remaining contingencies with respect to it are remote or incidental within the meaning of the applicable Treasury regulations. 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 remaining term of your CD. 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 could 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 (including early redemption or redemption at maturity).

Subject to the discussion below, income and gain from a CD generally will be exempt from U.S. federal income tax (including withholding tax), if 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 (and, if an applicable treaty so requires, is attributable to a permanent establishment in the United States), 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.

***Recently Proposed Regulations***

Recently proposed Treasury regulations, if finalized in their current form, could impose a withholding tax at a rate of 30% (subject to reduction under an applicable income tax treaty) on amounts attributable to U.S.-source dividends (including, potentially, adjustments to account for extraordinary dividends) that are paid or "deemed paid" after December 31, 2013 under certain financial instruments, if certain other conditions are met. While significant aspects of the application of these proposed regulations to the CDs are uncertain, if these proposed regulations were finalized in their current form, depending on, among other things, the characteristics of the Underlying, we (or other withholding agents) might determine that withholding is required with respect to your CDs or that you must provide information to establish that withholding is not required. You should consult your tax adviser regarding the potential application of these proposed regulations. If withholding is required, we will not be required to pay additional amounts with respect to amounts so withheld.

***Recent Legislation***

Recent legislation as modified by published guidance from Treasury and the IRS, including recently proposed regulations, generally would impose a withholding tax of 30% on payments to certain foreign entities (including financial intermediaries) with respect to, among other things, debt instruments issued after December 31, 2012, unless various U.S. information reporting and due diligence requirements (that are in addition to, and potentially significantly more onerous than, the requirement to deliver an IRS Form W-8BEN) have been satisfied. Pursuant to the proposed regulations, this legislation would apply to payments of interest made after December 31, 2013 and to payments of gross proceeds of the sales of debt instruments made after December 31, 2014. These rules would apply to payments on, and gross proceeds from the sales of, a CD issued after December 31, 2012.

***Federal Estate Tax***

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.**

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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, any relevant underlying supplement 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 is accurate only on its date.**

**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 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. None of this disclosure statement, any relevant underlying supplement and the accompanying term sheet constitute 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.**