



JPMorgan Chase Bank, National Association

\$720,000

EQUITY, COMMODITY AND FIXED INCOME LINKED CDs

CDs Linked to a Basket Consisting of the MSCI World IndexSM, the Dow Jones – UBS Commodity Index and the JPMorgan GBI Global Bond Index Total Return Hedged in US Dollars due May 31, 2016

General

- Certificates of deposit (the “CDs”) issued by JPMorgan Chase Bank, National Association (“JPMorgan Chase Bank”) maturing May 31, 2016*.
- The CDs are designed for investors who seek exposure to any appreciation of an equally-weighted and diversified basket composed of the MSCI World IndexSM, the Dow Jones – UBS Commodity Index and the JPMorgan GBI Global Bond Index Total Return Hedged in US Dollars over the term of the CDs. Investors should be willing to forgo interest and dividend payments while seeking full principal protection at maturity.
- The CDs are insured only within the limits and to the extent described in this disclosure supplement and in the accompanying disclosure statement. See “Selected Risk Considerations – Limitations on FDIC Insurance” herein. Any payment on the CDs in excess of FDIC insurance limits is subject to the credit risk of JPMorgan Chase Bank, National Association.
- Investing in the CDs is not equivalent to investing in a conventional CD, directly in the Basket, any of the Basket Indices or any of their component stocks, exchange-traded futures contracts or fixed-rate bonds. The respective performance of the three indices may not be correlated and, accordingly, your investment in the CDs may only yield a positive return if there occurs a broad based rise in equity, commodity and fixed income values across diverse markets over the term of the CDs.
- Minimum denominations of \$1,000 (and then in additional increments of \$1,000).
- The CDs priced on May 25, 2010 and are expected to settle on or about May 28, 2010.

Key Terms

Basket: The Basket will be composed of three equally weighted indices (each a “Basket Index” and together the “Basket Indices”). The Basket Indices and their initial weight in the Basket are as follows:

Basket Index	Basket Index Weighting	Basket Index Closing Level on the Pricing Date
MSCI World Index SM	1/3	1048.53
Dow Jones – UBS Commodity Index SM	1/3	122.3947
JPMorgan GBI Global Bond Index Total Return Hedged in US Dollars	1/3	297.775

Payment at Maturity: At maturity, you will receive a cash payment, for each \$1,000 CD, of \$1,000 plus the Additional Amount[†], which may be zero. You will receive no interest or dividend payments during the term of the CDs.

Additional Amount[†]: The Additional Amount[†] paid at maturity per \$1,000 CD will equal \$1,000 x the Basket Return x the Participation Rate; provided, that the Additional Amount[†] will not be less than zero.

Participation Rate: 100%.

Basket Return:
$$\frac{(\text{Ending Basket Level} - \text{Starting Basket Level})}{\text{Starting Basket Level}}$$

Starting Basket Level: Set equal to 100 on the pricing date, which was May 25, 2010.

Ending Basket Level: The arithmetic average of the Basket Closing Levels as calculated on each Averaging Date as set forth below.

Basket Closing Level: The Basket Closing Level on each Averaging Date will be calculated as follows:

$$100 \times [1 + (\text{MSCI World Return} + \text{DJ-UBS Return} + \text{JPM GBI Return}) / 3]$$

Each of the MSCI World Return, the DJ-UBS Return and the JPM GBI Return is the performance of the relevant Basket Index, expressed as a percentage, from its respective index closing level on the pricing date to its respective index closing level on the relevant Averaging Date. For additional information, see “Description of the CDs – Payment at Maturity” in the accompanying disclosure statement.

Averaging Dates*: May 25, 2011; May 25, 2012; May 28, 2013; May 27, 2014; May 26, 2015 and May 25, 2016 (the “Final Averaging Date”); provided, if any such day is not a business day, the Averaging Date will be the next following business day.

Maturity Date*: May 31, 2016

Fees and Discounts: J.P. Morgan Securities Inc., which we refer to as JPMSI, and its affiliates, will receive a commission of \$41.96 per \$1,000 CD and will use a portion of that commission to allow selling concessions to other affiliated or unaffiliated dealers of \$33.46 per \$1,000 CD. This commission includes projected profits that our affiliates expect to realize, some of which may be allowed to other unaffiliated dealers, in connection with hedging our obligations under the CDs. The concessions of \$33.46 per \$1,000 principal amount CD includes concessions to be allowed to selling dealers and concessions to be allowed to any arranging dealer.

Early Withdrawals: At par upon death or adjudication of incompetence of a beneficial holder of the CDs. For information about early withdrawals and the limitations on such early withdrawals, see “General Terms of the CDs – Survivor’s Option” in the accompanying disclosure statement.

CUSIP: 48123YKN5

Calculation Agent: J.P. Morgan Securities Inc.

*Subject to postponement in the event of a market disruption event and as described under “Description of CDs” in the accompanying disclosure statement.

†Subject to the impact of a commodity hedging disruption event as described under “General Terms of the CDs—Market Disruption Events” and “General Terms of the CDs—Consequences of a Commodity Hedging Disruption Event” in the accompanying disclosure statement. In the event of a commodity hedging disruption event, we have the right, but not the obligation, to cause the calculation agent to determine the value of the Additional Amount payable upon maturity prior to, and without regard to the level of the Index on, the Averaging Date.

Investing in the CDs involves a number of risks. See “Risk Factors” beginning on page 6 of the accompanying disclosure statement and “Selected Risk Considerations” beginning on page DS-2 of this disclosure supplement.

Our affiliate, JPMSI, certain of its affiliates and other broker-dealers may use this disclosure supplement and the accompanying disclosure statement in connection with offers and sales of the CDs after the date hereof.

May 25, 2010

J.P.Morgan

Additional Terms Specific to the CDs

You should read this disclosure supplement together with the disclosure statement dated February 1, 2010. This disclosure supplement, together with the disclosure statement that accompanies it, contains the terms of the CDs and supersedes all prior or contemporaneous oral statements as well as any other written materials, including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in the “Risk Factors” section in the accompanying disclosure statement as the CDs involve risks not associated with conventional certificates of deposit. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the CDs.

You may access the disclosure statement on our website at the following URL:
Disclosure statement dated February 1, 2010:

http://www.jpmorgan.com/directdoc/hybrid_index_basket_disclosure_statement_2_1_10.pdf

You may access information related to the audited, consolidated annual financial statements of the Bank for the three years ended December 31, 2009 at the following URL:

http://www.jpmorgan.com/directdoc/2007_2009_Financial_Statements.pdf

As used in this disclosure supplement, “we,” “us,” “our” or the “Bank” refers to JPMorgan Chase Bank, National Association.

Selected Purchase Considerations

- **PRESERVATION OF CAPITAL AT MATURITY** — You will receive at least the principal amount of your CDs if you hold the CDs to maturity, regardless of the performance of the Basket, subject to our creditworthiness for any amount in excess of FDIC insured limits.
- **APPRECIATION POTENTIAL** — At maturity, in addition to your principal, for each \$1,000 principal amount CD you will receive a payment equal to \$1,000 x the Basket Return x the Participation Rate of 100%, *provided* that this payment (the Additional Amount) will not be less than zero. The minimum investment in the CDs is \$1,000.
- **FDIC INSURED** — The CDs are deposit obligations of the Bank and are insured by the FDIC up to applicable limits set by federal law and regulation. Pursuant to the Emergency Economic Stabilization Act of 2008 (the “Economic Stabilization Act”), which was enacted on October 3, 2008, the maximum deposit insurance amount was temporarily raised from \$100,000 to \$250,000 for all deposits held by you in the same ownership capacity at the Bank. On May 20, 2009, the Emergency Economic Stabilization Act was amended by the Helping Families Save Their Homes Act of 2009 (the “Helping Families Save Their Homes Act”), extending the increased limit until December 31, 2013. The maximum amount of deposit insurance per participant in the case of certain retirement accounts remains \$250,000 as described in the disclosure statement under “Deposit Insurance.” The principal amount of any CDs owned in excess of these limits is not insured by the FDIC. Under federal legislation adopted in 1993, claims of depositors are entitled to a preference in right of payment over claims of general unsecured creditors in the event of a liquidation or other resolution of any FDIC-insured depository institution. However, there can be no assurance that a depositor would receive the entire uninsured principal amount of CDs in any such liquidation or other resolution.
- **DIVERSIFICATION AMONG THE BASKET INDICES** — The return on the CDs is linked to an equally weighted basket consisting of the MSCI World IndexSM, the Dow Jones — UBS Commodity Index and the JPMorgan GBI Global Bond Index Total Return Hedged in US Dollars. The MSCI World IndexSM is intended to measure the performance of twenty-three developed equity markets across the world. The Dow Jones — UBS Commodity Index is intended to provide a performance benchmark for commodities and is currently composed of the prices of nineteen exchange-traded futures contracts on physical commodities. The JPMorgan GBI Global Bond Index Total Return Hedged in US Dollars is composed of the regularly-traded, fixed-rate, domestic government bonds of countries with liquid government debt markets. For additional information about each Basket Index, see the information set forth under “The MSCI World IndexSM,” “Dow Jones — UBS Commodity Index” and “JPMorgan GBI Global Bond Index Total Return Hedged in US Dollars” in the accompanying disclosure statement.
- **TAXED AS CONTINGENT PAYMENT DEBT INSTRUMENTS** — You should review carefully the section entitled “Certain U.S. Federal Income Tax Consequences” in the accompanying disclosure statement. Unlike a traditional certificate of deposit that provides for periodic payments of interest at a single fixed rate with respect to which a cash-method holder generally recognizes income only upon payment of stated interest, the CDs will be treated as “contingent payment debt instruments” for U.S. federal income tax purposes and will therefore be subject to special tax rules. Under these rules, subject to the occurrence of a commodity hedging disruption event, you will generally 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. Generally, amounts received at maturity or earlier sale or exchange in excess of your basis will be treated as additional interest income while any loss will be treated as an ordinary loss to the extent of all previous inclusions with respect to your CDs, which will be deductible against other income (e.g., employment and interest income), with the balance treated as capital loss, which may be subject to limitations. Special rules may apply if the Additional Amount[†] is determined prior to the Averaging Date as a result of a commodity hedging disruption event. You should consult your tax adviser concerning the application of these rules. Purchasers who are not initial purchasers of CDs at the issue price should consult their tax advisers with respect to the tax consequences of an investment in CDs, including the treatment of the difference, if any, between their basis in their CDs and the CDs’ adjusted issue price. See the section entitled “Certain U.S. Federal Income Tax Consequences” in the accompanying disclosure statement for more detailed information. As discussed in the section entitled “Certain U.S. Federal Income Tax Consequences – No Reliance” in the accompanying disclosure statement, you cannot use the tax summaries herein for the purpose of avoiding penalties that may be asserted against you under the Internal Revenue Code.

- **COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE** — We have determined that the “comparable yield” is an annual rate of 2.85%, compounded semiannually. Based on our determination of the comparable yield, the “projected payment schedule” per \$1,000 CD consists of a single payment at maturity, equal to \$1,185.29.

Assuming a semiannual accrual period, the following table states the amount of OID that will accrue with respect to a CD during each calendar period, based upon our determination of the comparable yield and the projected payment schedule:

Calendar Period	Accrued OID During Calendar Period (per \$1,000 CD)	Total Accrued OID from Original Issue Date per \$1,000 CD as of End of Calendar Period
Original Issue Date through December 31, 2010	\$16.82	\$16.82
January 1, 2011 through December 31, 2011	\$29.19	\$46.01
January 1, 2012 through December 31, 2012	\$30.03	\$76.04
January 1, 2013 through December 31, 2013	\$30.88	\$106.92
January 1, 2014 through December 31, 2014	\$31.77	\$138.69
January 1, 2015 through December 31, 2015	\$32.69	\$171.38
January 1, 2016 through May 31, 2016	\$13.91	\$185.29

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

Selected Risk Considerations

An investment in the CDs involves significant risks. Investing in the CDs is not equivalent to investing directly in the Basket. These risks are explained in more detail in the “Risk Factors” section of the accompanying disclosure statement.

- **MARKET RISK** — The return on the CDs at maturity is linked to the performance of the Basket, and will depend on whether, and the extent to which, the Basket Return is positive. YOU WILL RECEIVE NO MORE THAN THE FULL PRINCIPAL AMOUNT OF YOUR CDs AT MATURITY IF THE BASKET RETURN IS ZERO OR NEGATIVE.
- **THE CDs MIGHT NOT PAY MORE THAN THE PRINCIPAL AMOUNT AT MATURITY** — You may receive a lower payment at maturity than you would have received if you had invested directly in the Basket, any of the Basket Indices, the securities, futures contracts or bonds underlying the Basket Indices or any of the Basket Indices for which there is an active secondary market. If the Ending Basket Level does not exceed the Starting Basket Level, the Additional Amount[†] will be zero and you will receive a payment at maturity of \$1,000 per \$1,000 CD. This will be true even if the value of the Basket was higher than the Starting Basket Level at some point during the life of the CDs but later falls below the Starting Basket Level.
- **CERTAIN BUILT-IN COSTS ARE LIKELY TO ADVERSELY AFFECT THE VALUE OF THE CDs PRIOR TO MATURITY** — While the payment at maturity described in this disclosure supplement is based on the full principal amount of your CDs, the original issue price of the CDs includes the agent’s commission and the cost of hedging our obligations under the CDs. As a result, the price, if any, at which our affiliate, JPMSI and certain of our other affiliates may be willing to purchase CDs from you in secondary market transactions, if at all, will likely be lower than the original issue price and could result in a substantial loss to you. The CDs are not designed to be short-term trading instruments. YOUR PRINCIPAL IS PROTECTED ONLY AT MATURITY.
- **THE CDs MAY BE SUBJECT TO THE CREDIT RISK OF JPMORGAN CHASE BANK, N.A.** — A depositor purchasing a principal amount of CDs 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 adversely affect 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 adversely affect the value of the CDs.

- **THE ANNUAL AVERAGING CONVENTION USED TO CALCULATE THE ENDING BASKET LEVEL COULD LIMIT RETURNS** – Your investment in the CDs may not perform as well as an investment in an instrument whose return is based solely on the performance of the Basket. Your ability to participate in the appreciation of the Basket may be limited by reference to the annual averaging used to calculate the Ending Basket Level, especially if there is a significant increase in the level of the Basket during the latter portion of the term of the CDs or if there is significant volatility in the Basket Closing Level during the term of the CDs. Accordingly, you may not receive the benefit of the full appreciation of the Basket between each of the Averaging Dates or between the pricing date and the Final Averaging Date.
- **CHANGES IN THE VALUE OF THE EQUALLY WEIGHTED BASKET INDICES MAY OFFSET EACH OTHER** — Price movements in the Basket Indices may not correlate with each other. As a result, your investment in the CDs may only yield a positive return if there occurs a broad based rise in equity, exchange-traded future contracts and fixed income values across diverse markets over the term of the CDs. Therefore, for example, in calculating the Ending Basket Level, an increase in the level of the MSCI World IndexSM may be moderated, or more than offset, by lesser increases or declines in the level of one or more of the other Basket Indices.
- **AN INVESTMENT IN THE CDs IS SUBJECT TO RISKS ASSOCIATED WITH NON-U.S. SECURITIES MARKETS, INCLUDING EMERGING MARKETS** – Some or all of the securities that compose the MSCI World IndexSM JPMorgan GBI Global Bond Total Return Index Hedged into U.S. Dollars have been issued by non-U.S. issuers. Investments in securities linked to the value of non-U.S. securities 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. The impact of any of these risks may enhance or offset some or all of any change resulting from another factor or factors. See “Risk Factors” in the accompanying disclosure statement for more information on these risks.
- **THE CDs ARE SUBJECT TO CURRENCY EXCHANGE RISK** — Because the prices of some or all of the components underlying the Basket Indices are converted into U.S. dollars for purposes of calculating the value of the relevant Basket Index, your CDs will be exposed to currency exchange rate risk with respect to each of the currencies in which the components underlying the Indices trade. Your 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 component underlying the Basket Index denominated in each such currency. If, taking into account such weighting, the U.S. dollar strengthens against such currencies, the value of the relevant Basket Indices will be adversely affected and the payment at maturity may be reduced.
- **JPMSI AND ITS AFFILIATES MAY HAVE PUBLISHED RESEARCH, EXPRESSED OPINIONS OR PROVIDED RECOMMENDATIONS THAT ARE INCONSISTENT WITH INVESTING IN OR HOLDING THE CDs. ANY SUCH RESEARCH, OPINIONS, OR RECOMMENDATIONS COULD AFFECT THE MARKET VALUE OF THE CDs** — JPMSI and its affiliates publish research from time to time on financial markets and other matters that may influence the value of the CDs, or express opinions or provide recommendations that are inconsistent with purchasing or holding the CDs. JPMSI and its affiliates may have published research or other opinions that call into question the investment view implicit in an investment in the CDs. Any research, opinions or recommendations expressed by JPMSI or its affiliates may not be consistent with each other and may be modified from time to time without notice. Investors should make their own independent investigation of the merits of investing in the CDs and the Basket Indices and the securities, futures contracts and fixed rate debt underlying the Basket Indices to which the CDs are linked.
- **THE COMMODITY FUTURES CONTRACTS UNDERLYING THE DOW JONES — UBS COMMODITY INDEX ARE SUBJECT TO LEGAL AND REGULATORY REGIMES** — The commodity futures contracts that underlie the Dow Jones — UBS Commodity Index are subject to legal and regulatory regimes in the United States and, in some cases, in other countries that may change in ways that could adversely affect our ability to hedge our obligations under the CDs and affect the value of the Basket. Such regimes may result in the CD calculation agent exercising its discretionary right to exclude or substitute constituents of the Basket, which may, in turn, have a negative effect on the level of the Basket and your payment at maturity. In addition, we or our affiliates may be unable as a result of such restrictions to effect transactions necessary to hedge our obligations under the CDs, in which case we may, in our sole and absolute discretion, cause the CD calculation agent to determine the value of the Additional Amount^t for your CDs early. If the Additional Amount^t for your CDs is determined early as the result of a commodity hedging disruption event, the amount due and payable on your CDs will be due and payable only at maturity and the amount you receive at maturity will not reflect any further appreciation of the Basket after such early determination. Please see “General Terms of CDs — Market Disruption Events” and “General Terms of the CDs — Consequences of a Commodity Hedging Disruption Event” in the accompanying disclosure statement for more information.
- **INVESTMENTS RELATED TO THE VALUE OF COMMODITIES TEND TO BE MORE VOLATILE THAN TRADITIONAL CD INVESTMENTS** — The market values of commodities tend to be highly volatile. Commodity market values are not related to the value of a future income or earnings stream, as tends to be the case with fixed-income and equity investments, but are subject to variables that are specific to commodities markets. These factors may have a larger impact on commodity prices and commodity-linked instruments than on traditional CDs. These variables may create additional investment risks that cause the value of the CDs to be more volatile than the values of traditional CDs. These and other factors may affect the levels of the constituents included from time to time in the Dow Jones — UBS Commodity Index, and thus the value of your CDs, in unpredictable or

unanticipated ways. The high volatility and cyclical nature of commodity markets may render these investments inappropriate as the focus of an investment portfolio.

- **HIGHER FUTURE PRICES OF THE COMMODITY FUTURES CONTRACTS CONSTITUTING THE DOW JONES — UBS COMMODITY INDEX RELATIVE TO THEIR CURRENT PRICES MAY DECREASE THE AMOUNT PAYABLE AT MATURITY** — As the exchange-traded futures contracts that compose the Dow Jones — UBS Commodity Index approach expiration, they are replaced by contracts that have a later expiration. If the market for these contracts is (putting aside other considerations) in “backwardation,” where the prices are lower in the distant delivery months than in the nearer delivery months, the sale of the October contract would take place at a price that is higher than the price of the November contract, thereby creating a “roll yield.” While many of the contracts included in the Dow Jones — UBS Commodity Index have historically exhibited consistent periods of backwardation, backwardation will most likely not exist at all times. The absence of backwardation in the commodity markets could result in negative “roll yields,” which could adversely affect the level of the Dow Jones — UBS Commodity Index and, therefore, the level of the Basket and the value of your CDs.
- **THE JPMORGAN GBI GLOBAL BOND TOTAL RETURN INDEX HEDGED INTO U.S. DOLLARS IS USED IN CALCULATING THE LEVEL OF THE BASKET** — The value of the GBI Total Return Index used to calculate the level of Basket and therefore the value of your CDs is such value hedged into U.S. dollars, and not the unhedged value of the JPMorgan GBI Global Bond Total Return Index. The unhedged value of the JPMorgan GBI Global Bond Total Return Index is publicly available. However, although the hedged value of the JPMorgan GBI Global Bond Total Return Index is currently available via Bloomberg (ticker “JHDCGBIG”), this value may not be publicly available on Bloomberg throughout the term of your CDs.
- **THE CONCENTRATION OF THE JPMORGAN GBI GLOBAL BOND TOTAL RETURN INDEX COMPONENTS MAY ADVERSELY AFFECT YOUR RETURN** — The methodology for calculating the JPMorgan GBI Global Bond Total Return Index could result in the JPMorgan GBI Global Bond Total Return Index comprising components concentrated from a particular region or country. Since the JPMorgan GBI Global Bond Total Return Index was created, JPMorgan GBI Global Bond Total Return Index securities have been concentrated in securities from the U.S. and Japan. As of June 1, 2009, the JPMorgan GBI Global Bond Total Return Index securities from the U.S. and Japan comprised approximately 57.31 % of the JPMorgan GBI Global Bond Total Return Index’s weighting. Such a concentration could have an aggregate adverse impact on the level of the JPMorgan GBI Global Bond Total Return Index if a region or a country that has issued a number of JPMorgan GBI Global Bond Total Return Index securities experiences adverse political, economic or market conditions. In particular, JPMorgan GBI Global Bond Total Return Index securities are debt instruments issued by sovereign issuers. Such instruments reflect risks which are influenced by, among other things, the political, economic and market conditions present in the country issuing such an instrument. An issuer may at any time experience budgetary shortfalls, high unemployment, an inability to attract foreign investment, high inflation, credit devaluation or high credit risk, or other negative macroeconomic effects beyond its control. If, as a result of any such factors or others, a government from a country that has JPMorgan GBI Global Bond Total Return Index securities outstanding were to default on its debt obligations, the level of the JPMorgan GBI Global Bond Total Return Index could be negatively affected.
- **CREDIT RATINGS OF THE JPMORGAN GBI GLOBAL BOND TOTAL RETURN INDEX COMPONENTS COULD ADVERSELY AFFECT YOUR RETURN** — The JPMorgan GBI Global Bond Total Return Index tracks the value of bonds and loans that are rated “Baa1” or below by Moody’s Investor Services, Inc. and “BBB+” or below by Standard & Poor’s, a division of the McGraw Hill Companies, Inc. which meet the rules for inclusion in the JPMorgan GBI Global Bond Total Return Index and are issued by countries deemed to be emerging markets. Emerging markets issuers of the JPMorgan GBI Global Bond Total Return Index securities with such ratings are considered by the major credit ratings agencies to have a comparatively high risk of default. If one or more of such issuers does in fact default, the level of the JPMorgan GBI Global Bond Total Return Index could decrease, which may adversely affect the value of the CDs.
- **NO INTEREST OR DIVIDEND PAYMENTS** — As a holder of the CDs, you will not receive interest payments, and you will not have voting rights or rights to receive cash dividends or other distributions or other rights that holders of components underlying any of the Basket Indices would have.
- **LACK OF LIQUIDITY** — The CDs will not be listed on an organized securities exchange. JPMSI and its affiliates may offer to purchase the CDs upon terms and conditions acceptable to them, but are not required to do so. For more information, see “General Terms of the CDs – Additions and Withdrawals” and “Discounts and Secondary Market” in the accompanying disclosure statement dated February 1, 2010.
- **POTENTIAL CONFLICTS** — We and our affiliates play a variety of roles in connection with the issuance of the CDs, including acting as CD calculation agent and hedging our obligations under the CDs. In performing these duties, the economic interests of the CD calculation agent and other affiliates of ours are potentially adverse to your interests as an investor in the CDs. In addition, JPMSI, one of our affiliates, is the sponsor of the JPMorgan GBI Global Bond Total Return Index Hedged in US Dollars. We will not have any obligation to consider your interests as a holder of the CDs in taking any corporate action that might affect the value of the JPMorgan GBI Global Bond Total Return Index Hedged in US Dollars and the CDs.
- **LIMITATIONS ON FDIC INSURANCE** — As a general matter, holders who purchase CDs in a principal amount greater than the applicable limits set by federal law and regulation will not be insured by the FDIC for the principal amount exceeding such limit. Before the Economic Stabilization Act, which came into effect on October 3, 2008, the maximum deposit insurance amount was \$100,000 per account or \$250,000 per participant in the case of certain retirement accounts. While the Economic Stabilization Act raised the

maximum deposit insurance amount from \$100,000 to \$250,000 per account (without changing limits for retirement accounts), and the Helping Families Save Their Homes Act extended the increased limit until December 31, 2013, that increase is scheduled to expire on December 31, 2013. Unless the increased coverage is extended further by law or regulation, the maximum deposit insurance amount will revert to \$100,000 per account after December 31, 2013, which is before the Maturity Date of the CDs. In addition, the FDIC may take the position that the return on the CDs, which is reflected in the form of the Additional Amount, is not insured until the Final Averaging Date. For more information, see "Deposit Insurance" in the accompanying disclosure statement.

Sensitivity Analysis — Hypothetical Payment at Maturity for Each \$1,000 CD

The table below illustrates the payment at maturity (including, where relevant, the payment of the Additional Amount^t) for an initial investment in \$1,000 principal amount of CDs for a hypothetical range of performances for the Basket Return from -80% to +80% and assumes a Starting Basket Level of 100 and reflects the Participation Rate of 100%. The following results are based solely on the hypothetical example cited. You should consider carefully whether the CDs are suitable to your investment goals. The numbers appearing in the table below have been rounded for ease of analysis.

Ending Basket Level	Basket Return	Basket Return x Participation Rate (100%)	Additional Amount	Principal	Payment at Maturity	Annual Percentage Yield
180.00	80.00%	80.000%	\$800.00	+	\$1,800	10.29%
170.00	70.00%	70.000%	\$700.00	+	\$1,700	9.25%
160.00	60.00%	60.000%	\$600.00	+	\$1,600	8.15%
150.00	50.00%	50.000%	\$500.00	+	\$1,500	6.99%
140.00	40.00%	40.000%	\$400.00	+	\$1,400	5.77%
130.00	30.00%	30.000%	\$300.00	+	\$1,300	4.47%
120.00	20.00%	20.000%	\$200.00	+	\$1,200	3.09%
115.00	15.00%	15.000%	\$150.00	+	\$1,150	2.36%
110.00	10.00%	10.000%	\$100.00	+	\$1,100	1.60%
105.00	5.00%	5.000%	\$50.00	+	\$1,050	0.82%
100.00	0.00%	0.000%	\$0.00	+	\$1,000	0.00%
95.00	-5.00%	0.000%	\$0.00	+	\$1,000	0.00%
90.00	-10.00%	0.000%	\$0.00	+	\$1,000	0.00%
85.00	-15.00%	0.000%	\$0.00	+	\$1,000	0.00%
80.00	-20.00%	0.000%	\$0.00	+	\$1,000	0.00%
70.00	-30.00%	0.000%	\$0.00	+	\$1,000	0.00%
60.00	-40.00%	0.000%	\$0.00	+	\$1,000	0.00%
50.00	-50.00%	0.000%	\$0.00	+	\$1,000	0.00%
40.00	-60.00%	0.000%	\$0.00	+	\$1,000	0.00%
30.00	-70.00%	0.000%	\$0.00	+	\$1,000	0.00%
20.00	-80.00%	0.000%	\$0.00	+	\$1,000	0.00%

Hypothetical Examples of Amounts Payable at Maturity

The following examples illustrate how the payments at maturity in the table on the previous page are calculated.

Example 1: The level of the Basket increases from the Starting Basket Level to an Ending Basket Level of 120.

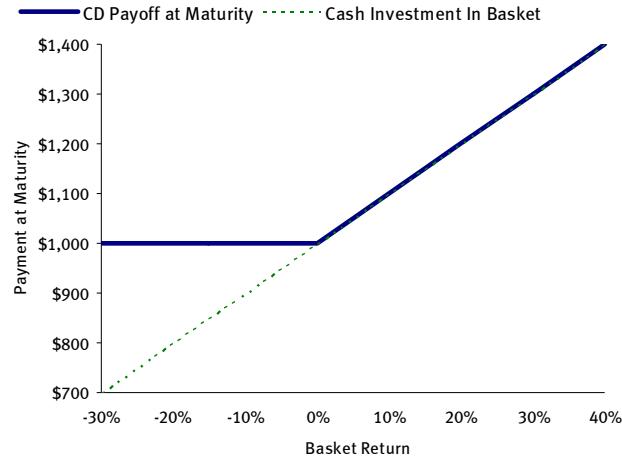
Because the Ending Basket Level of 120 is greater than the Starting Basket Level, the Additional Amount^t is equal to \$200 and the final payment at maturity is equal to \$1,200 per \$1,000 CD calculated as follows:

$$\$1,000 + (\$1,000 \times [(120 - 100) / 100] \times 100\%) = \$1,200$$

Example 2: The level of the Basket decreases from the Starting Basket Level to an Ending Basket Level of 80.

Because the Ending Basket Level of 80 is lower than the Starting Basket Level, the final payment at maturity is \$1,000, which is equal to the principal amount.

The following graph demonstrates a subset of the hypothetical returns detailed in the table on the previous page. The numbers appearing in the graph have been rounded for ease of analysis. We cannot give you assurance that the performance of the Index will result in the payment at maturity in excess of \$1,000 per \$1,000 CD.



Historical Information

The following graphs set forth the weekly historical performance of each Basket Index as well as the Basket as a whole from January 7, 2005 through May 21, 2010. The graph of the historical Basket performance assumes the Basket level on January 7, 2005 was 100 and the Basket Index Weightings specified on the cover of this term on that date. The Index closing level of the MSCI World Index SM on May 25, 2010 was 1048.53. The Index closing level of the Dow Jones – UBS Commodity Index on May 25, 2010 was 122.3947. The Index closing level of the JPMorgan GBI Global Bond Index Total Return Hedged in US Dollars on May 25, 2010 was 297.775.

We obtained the various Index closing levels and other information below from Bloomberg and accordingly, we make no representation or warranty as to their accuracy or completeness. The historical level of the each Basket Index should not be taken as an indication of future performance, and no assurance can be given as to the level of any Basket Index on any Averaging Date. We cannot give you assurance that the performance of the Basket Indices will result in a payment at maturity of more than the principal amount.

