



From: JPMorgan Chase & Co. (as **Issuer**)

270 Park Avenue
New York, New York 10017-2070
United States of America

To: The holders of the Notes

22 June 2010

Amendment Notice

JPMorgan Chase & Co.

**U.S.\$20,000,000 Notes Linked to the Credit of Swiss Reinsurance due 2010 (the "Notes")
(Series Number: 2009-1876) (ISIN: XS0434647524)**

**Under the J.P. Morgan Structured Products B.V., J.P. Morgan Bank Dublin plc, JPMorgan Chase Bank,
N.A. and JPMorgan Chase & Co. Structured Products Programme for the issuance of Notes, Warrants and
Certificates**

We refer to the Prospectus dated 22 June 2009 (the "**Prospectus**") setting out the terms of the Notes, subject to the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 14 May 2009 (as amended and supplemented from time to time) for the purposes of Article 5.3 of the Prospectus Directive (Directive 2003/71/EC), including the registration documents and other documents incorporated by reference therein.

Capitalised terms used but not otherwise defined herein will have the meanings ascribed to them in the Prospectus.

In accordance with Condition 23.1 (b)(ii), and pursuant to the Extraordinary Resolution passed on 10 June 2010 by the sole holder of the Notes, the Issuer has made the amendments to the Prospectus as set out in the amended and restated Prospectus attached at the Schedule hereto, where insertions are underlined and deletions are struck out.

The amendments described above are deemed to be effective for all purposes from 10 June 2010 and are binding on all holders of the Notes.

SCHEDULE
AMENDED AND RESTATED PROSPECTUS

AMENDED AND RESTATED PROSPECTUS

Prospectus dated 22 June ~~2009~~2009, amended 10 June 2010
ISIN: XS0434647524

JPMorgan Chase & Co.

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

U.S.\$~~20,000,000~~15,000,000 Notes Linked to the Credit of Swiss Reinsurance due ~~2010~~2011, under the J.P. Morgan Structured Products B.V., J.P. Morgan Bank Dublin plc, JPMorgan Chase Bank, N.A. and JPMorgan Chase & Co. Structured Products Programme for the issuance of Notes, Warrants and Certificates
Series Number: 2009-1876

This Prospectus under which the Series 2009-1876 U.S.\$~~20,000,000~~15,000,000 Notes Linked to the Credit of Swiss Reinsurance due 2010 are described (the "Notes") incorporates by reference parts of the Base Prospectus dated 14 May 2009, as supplemented by ~~a Supplement dated 12 June 2009~~Supplements to the Base Prospectus listed in Annex E hereto (the "Base Prospectus") relating to issues of non-equity securities by JPMorgan Chase & Co. (the "Issuer") under the Structured Products Programme for the issuance of Notes, Warrants and Certificates (the "Programme"). It should be read together with the Base Prospectus as one document. To the extent that the Base Prospectus is inconsistent with this Prospectus, this Prospectus shall prevail. Terms defined in the Base Prospectus shall, unless the context otherwise requires, bear the same meanings in this Prospectus. Together, the Base Prospectus and this Prospectus shall constitute a "prospectus" for the purposes of Article 5.3 of Directive 2003/71/EC (the "**Prospectus Directive**") and for the purpose of giving information with regard to the Issuer which is necessary to enable the investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The delivery of this Prospectus at any time does not imply that any information contained herein is correct at any time subsequent to the date hereof.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Incorporation by Reference*" below).

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "CSSF") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities to approve this document as a prospectus. ~~Application will be made in order for the~~The Notes ~~to behave been~~ admitted to trading on the regulated market of the Luxembourg Stock Exchange, which is an EU regulated market within the meaning of Directive 2004/39/EC and listed on the official list of the Luxembourg Stock Exchange ~~- as of 22 June 2009~~. The CSSF has provided the Financial Services and Markets Act 2000 (the "**UK Listing Authority**") (the competent authority in the United Kingdom of Great Britain and Northern Ireland) with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive and the Luxembourg act dated 10 July 2005 on prospectuses for securities. Application has also been made to the London Stock Exchange plc (the "**London Stock Exchange**") for the Notes to be admitted to trading on the London Stock Exchange's regulated market. The Notes have been admitted to trading on the London Stock Exchanges regulated Market as of 29 June 2009. Application ~~will~~has also be made ~~-after the Issue Date~~ to list and trade the Notes on the *Sistema Internacional de Cotizaciones (SIC)* of the *Bolsa Mexicana de Valores*. The Notes have been admitted to trading on the Sistema Internacional de Cotizaciones (SIC) of the Bolsa Mexicana de Valores as of 29 June 2009. References in this Prospectus to the Notes being listed (and all related references) shall mean that the Notes have been admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the

purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**"). [The Prospectus admitted for trading as described above is being amended to reflect changes made as of 10 June 2010.](#)

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See further "*Subscription and Sale*" in the Base Prospectus.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Prospectus in any jurisdiction where such action is required.

The Issue Price specified below may be more than the market value of the Notes as at the Issue Date, and the price, if any, at which J.P. Morgan Securities Ltd. ("**JPMSL**") or any other person is willing to purchase the Notes in secondary market transactions is likely to be lower than the Issue Price. In particular, the Issue Price may take into account amounts with respect to commissions relating to the issue and sale of the Notes as well as amounts relating to the hedging of the Issuer's obligations under the Notes, and secondary market prices are likely to exclude such amounts. In addition, whilst the proprietary pricing models of JPMSL are based on well recognised financial principles, other market participants' pricing models may differ or produce a different result.

If any commissions or fees relating to the issue and sale of these Notes have been paid or are payable by the Dealer to an intermediary, then such intermediary may be obliged to fully disclose to its clients the existence, nature and amount of any such commissions or fees (including, if applicable, by way of discount) as required in accordance with laws and regulations applicable to such intermediary, including any legislation, regulation and/or rule implementing the Markets in Financial Instruments Directive, or as otherwise may apply in any non-EEA jurisdictions. Potential investors in these Notes intending to purchase Notes through an intermediary (including by way of introducing broker) should request details of any such commission or fee payment from such intermediary before making any purchase hereof.

These Notes are not a deposit insured or guaranteed by the United States Federal Deposit Insurance Corporation or any other government authority. These Notes are unsecured and unsubordinated debt obligations of the Issuer or any of its affiliates other than the Issuer, and will rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Issuer subject to a preference in favour of certain deposit liabilities of the Issuer or other obligations that are subject to any priorities or preferences.

Prospective investors should ensure that they understand the nature of the risks posed by, and the extent of their exposure under, the Notes. Prospective investors should make all pertinent inquiries they deem necessary without relying on the Issuer or JPMSL. Prospective investors should consider the suitability of the Notes as an investment in light of their own circumstances, investment objectives, tax position and financial condition. Prospective investors should consider carefully all the information set forth in this Prospectus along with all the information set forth in the Base Prospectus. Prospective investors should pay particular attention to the section entitled "*Risk Factors*" in the Base Prospectus (pages 20-49 inclusive) and the information set out in the section of the Prospectus entitled "*Risk Factors*".

Dealer

J.P.Morgan

Table of Contents

	Page
INCORPORATION BY REFERENCE	4
RISK FACTORS	8
FINAL TERMS	15
PART A – CONTRACTUAL TERMS	15
PART B – OTHER INFORMATION	26
PART C – OTHER APPLICABLE TERMS	28
ANNEX A – CREDIT ANNEX	A-1
ANNEX B – PHYSICAL SETTLEMENT MATRIX ANNEX	B-1
ANNEX C – CREDIT DERIVATIVES DETERMINATIONS COMMITTEES ANNEX	C-1
ANNEX D – AUCTION SETTLEMENT TERMS ANNEX	D-1
GENERAL INFORMATION	31

INCORPORATION BY REFERENCE

The following additional documents which have previously been published or are being published simultaneously with this Prospectus and have been filed with the Luxembourg Stock Exchange, shall, to the extent set out below in relation to the Base Prospectus, be incorporated in, and form part of, this Prospectus:

(a) the Base Prospectus dated 14 May 2009; and

~~(b) a Supplement dated 12 June 2009.~~

(b) the Supplements to the Base Prospectus listed in Annex E hereto.

The above document(s) may be inspected as described in the section of the Base Prospectus entitled "*General Information*".

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Terms used herein but not otherwise defined shall have the meanings given to them in the Base Prospectus. This Prospectus must be read in conjunction with the Base Prospectus and the ~~Supplement dated 12 June 2009~~ Supplements to the Base Prospectus listed in Annex E hereto and full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this document and the Base Prospectus.

This Prospectus and the documents incorporated by reference in it will be published on the Luxembourg Stock Exchange's website (www.bourse.lu).

In relation to the Base Prospectus, the following information appears on the specified pages:

Information	Page reference of Base Prospectus
Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).	290
Prominent disclosure of risk factors that may affect the issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors".	39-49
Information about the Issuer	
The place of registration of the issuer and its registration number.	282
The date of incorporation and the length of life of the issuer, except where indefinite	282
The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and	282

Information

Page reference of Base Prospectus

telephone number of its registered office (or principal place of business if different from its registered office).

Any recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency.

283-285; see also page 3 of the ~~Supplement dated 12 June 2009~~ [Supplements to the Base Prospectus listed in Annex E hereto.](#)

Business Overview

A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed.

282-283

A brief description of the principal markets in which the issuer competes.

282-283

If the issuer is part of a group, a brief description of the group and of the issuer's position within it.

290

Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer:

285, 287

(a) members of the administrative, management or supervisory bodies;

(b) partners with unlimited liability, in the case of a limited partnership with a share capital.

Administrative, Management, and Supervisory bodies conflicts of interests

286

Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, make a statement to that effect.

Financial information concerning the Issuer's assets and liabilities, financial position, and profits and losses

Audited historical financial information

Consolidated statements of income for years ended 31 December 2007 and 31 December 2008

288

Consolidated balance sheets for years ended 31 December 2007 and 31 December

289

Information	Page reference of Base Prospectus
2008	
Consolidated financial statements and notes for years ending 31 December 2007 and 31 December 2008	52
If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.	287-289
A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.	290
An indication of other information in the registration document which has been audited by the auditors, and where auditors have produced a report, reproduction of the report or, with permission of the competent authority, a summary of the report.	51, 54
Where financial data in the registration document is not extracted from the issuer's audited financial statements state the source of the data and state that the data is unaudited.	287-289
The last year of audited financial information may not be older than 18 months from the date of the registration document.	287-289
If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information has been reviewed or audited the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed state that fact.	287-289
Information about the Issuance	
Legislation under which the securities have been created.	132
A description of any restrictions on the free transferability of the securities.	87

Information**Page reference of Base Prospectus**

A description of the settlement procedure of the derivatives securities. 57, 81

In respect of the country of registered office of the issuer and the country(ies) where the offer is being made or admission to trading is being sought: 351

(a) Information on taxes on the income from the securities withheld at source,

(b) Indication as to whether the issuer assumes responsibility for the withholding of taxes at the source

Any information not set out in the cross-reference table above but included in the documents incorporated by reference is given for information purpose only.

RISK FACTORS

Prospective investors who consider purchasing any Notes should reach an investment decision only after carefully considering the suitability of such Notes in light of their particular circumstances. These risk factors should be read in addition to the risk factors set out in the Base Prospectus dated 14 May 2009 (as may be further supplemented up to and including the Issue Date).

Payment of Additional Amount

The Notes are principal-protected and holders of the Notes will receive the Aggregate Nominal Amount of the Notes (apportioned *pro rata*) on the Scheduled Maturity Date. However, the Notes do not bear interest and no Additional Amount will be paid unless a Credit Event Trigger occurs during the Credit Observation Period. Accordingly, if a Credit Event Trigger does not occur, a holder of a Note will receive only the principal amount of its Note.

No interest will be paid on the Notes

The Notes do not bear interest. The Notes are not traditional fixed income investments and a return in excess of the Aggregate Nominal Amount will be contingent upon the occurrence of a Credit Event. By purchasing the Notes, you are foregoing interest in exchange for the Additional Amount, if any. You may not receive an Additional Amount and you will not receive any interest and you will not otherwise be compensated for the time value of money or inflation, which both have a negative effect on the principal amount of your investment.

Credit Risk of the Issuer

The Notes are subject to the credit risk of the Issuer. Fluctuations in the Issuer's credit ratings and credit spreads may adversely affect the market value of the Notes. Investors are dependent on the Issuer's ability to pay all amounts due on the Notes at maturity or on any other relevant payment dates, and therefore investors are subject to the Issuer's credit risk and to changes in the market's view of the Issuer's creditworthiness.

You will be exposed a Credit Event that occurs prior to the Trade Date.

The Credit Observation Period commences up to 60 days prior to the Trade Date and will continue until the Scheduled Credit Observation End Date. A Credit Event that occurred up to 60 days prior to the Trade Date may therefore impact the Notes. Noteholders should conduct their own review of any recent developments with respect to the Reference Entity by consulting publicly available information. If a request to convene a Credit Derivatives Determinations Committee has been delivered prior to the Trade Date to determine whether a Credit Event has occurred with respect to the Reference Entity, details of such request may be found on the ISDA website. If a Credit Derivatives Determinations Committee has not been convened to determine such matter as of the Trade Date, one may still be convened after the Trade Date in respect of an event which occurs up to 60 days before the date of a request to convene such Credit Derivatives Determinations Committee.

Credit Spread Risk

As credit spreads widen for the Reference Entity, the value of the Notes will increase for you in a manner comparable to a debt security issued by the Reference Entity with a maturity equal to the Scheduled Maturity Date. Conversely, as credit spreads tighten, the value of the Notes will decline for you in a manner comparable to a debt security issued by the Reference Entity with a maturity equal to the Scheduled Maturity Date.

Potential Conflicts of Interest with the Calculation Agent; Calculations and Determinations

When JPMorgan Chase Bank, National Association ("**JPMorgan**") acts as Calculation Agent, except for circumstances in which determinations are made by the Credit Derivatives Determinations Committees or pursuant to an Auction, JPMorgan also acts in its sole discretion in determining whether to declare a Credit Event Trigger, a Succession Event or any other determination related to the Notes.

JPMorgan and its affiliates may carry out hedging activities related to the Notes, including trading in the obligations of the Reference Entity as well as in other instruments related to the Reference Entity. JPMorgan and its affiliates may also trade the obligations of the Reference Entity and other financial instruments related to the obligations of the Reference Entity on a regular basis as part of its general businesses.

We act in our sole discretion in determining whether to accept commitments to purchase the Notes, whether to accept offers of early tender of the Notes and in determining the terms of any such early tender of the Notes.

When we act as Calculation Agent, we act in our sole discretion in determining when to notify the Paying Agent of the occurrence of a Credit Event by delivery of a Credit Event Notice and Notice of Publicly Available Information, determining whether a Potential Credit Event exists, determining whether a Succession Event has occurred, in carrying out all other calculations and determinations with respect to the Notes and in resolving any inconsistency between the 2003 Definitions (as defined in the Credit Annex attached hereto as Annex A) and this Prospectus. In our role as Calculation Agent, we will also have the ability to choose, in our sole discretion whether or not to notify the Paying Agent of a Credit Event, which would create a Credit Event Trigger and, ultimately, an Additional Payment. Therefore even if a Credit Event were to occur, an Additional Payment may not follow. However, notwithstanding the foregoing, in circumstances where a Credit Derivatives Determinations Committee has resolved that a Credit Event, a Potential Failure to Pay, a Potential Repudiation/Moratorium or a Succession Event has occurred, the Calculation Agent will also declare a Credit Event, Potential Credit Event or a Succession Event, as the case may be, for the purposes of the Notes and deliver notice thereof to the Paying Agent as soon as reasonably practicable thereafter. Whilst the Calculation Agent is obliged to follow affirmative determinations of a Credit Derivatives Determinations Committee, if a Credit Derivatives Determinations Committee is not convened to determine an issue (such as the occurrence or not of a Credit Event, a Potential Failure to Pay, a Potential Repudiation/Moratorium or Succession Event) then the Calculation Agent may make a determination (in its sole and absolute discretion) in respect of such issue.

JPMorgan and its affiliates may currently or from time to time engage in commercial, investment banking or other business with the Reference Entity, and/or any affiliate of the Reference Entity, or any other person or entity having obligations relating to the Reference Entity, and may act with respect to such business in the same manner as if the Notes did not exist, regardless of whether any such action might have an adverse effect on the Reference Entity or the Noteholders or otherwise (including, without limitation, the acceptance of deposits and the extension of loans or credit and any action that might constitute or give rise to a Credit Event). In the course of this business, we and our affiliates may acquire non-public information about the Reference Entity, and in addition, one or more of JPMorgan's affiliates may publish research reports about it. You should undertake an independent investigation of the Reference Entity as in your judgment is appropriate to make an informed decision with respect to an investment in the Notes.

The Issuer and JPMSI act in their sole discretion in determining whether to accept commitments to purchase the Notes, whether to accept offers of early tender of the Notes and in determining the terms of any such early tender of the Notes.

Auction Settlement and ability of JPMorgan and its affiliates to influence the Auction Settlement Amount

As of the Issue Date, the Calculation Agent (or one of its affiliates) is a leading dealer in the credit derivatives market. If Auction Settlement applies in respect of a Reference Entity for which a Credit Event has occurred and an Auction is held, the Additional Amount which the Noteholders will receive in respect of their Notes will be based on the final price determined in such auction (the "**Auction Final Price**").

There is a high probability that the Calculation Agent (or one of its affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation): (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the Auction; and (b) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), the Calculation Agent (or its affiliate) shall be under no obligation to consider the interests of any Noteholder.

If Auction Settlement is applicable and an Auction occurs, Noteholders will not be able to participate in the auction process and will have no rights to submit Customer Physical Settlement Requests for physical settlement of their Notes.

During the auction process, the administrator of the Auction will solicit physical settlement requests from the auction participants to buy or sell Deliverable Obligations of the applicable Reference Entity. Auction participants (which includes dealers who are participating in the Auction, as well as customers of those dealers who have entered into credit derivative transactions), may submit physical settlement requests in the same direction as their market positions. If a participating bidder of a credit default swap transaction is a net buyer of protection, it may submit a Physical Settlement Sell Request up to its market position, and if it is a net seller of protection, it may submit a Physical Settlement Buy Request up to its market position. Under the terms of the Notes, the noteholders cannot submit customer physical settlement requests, and the Issuer and its affiliates, who may participate in the Auction, are under no obligation to submit customer physical settlement requests for the Noteholders. Your position as a Noteholder will not be represented in the Auction. Your inability to participate in the Auction, along with other Noteholders who own credit-linked Notes linked to the applicable Reference Entity, may in the aggregate, have a material effect on the Auction Final Price, and in turn, have a materially adverse effect on your returns as a purchaser of the Notes. The Auction Final Price, therefore, may not be representative of the actual price of Deliverable Obligations of the applicable Reference Entity, and you may receive less than you would have received if you had purchased a credit-linked Note with an alternative settlement procedure.

If Auction Settlement is applicable and an Auction occurs, a lack of Limit Offers sufficient to clear an Open Interest to purchase Deliverable Obligations will result in an Auction Final Price of 100% and a lack of Limit Bids sufficient to clear an Open Interest to sell Deliverable Obligations will result in an Auction price of zero.

The Administrator of the Auction will determine the Open Interest for the Deliverable Obligations of the applicable Reference Entity by calculating the difference between the Physical Settlement Sell Requests and the Physical Settlement Buy Requests. If there are more Physical Settlement Sell Requests than Physical Settlement Buy Requests, the Open Interest will be an offer to sell Deliverable Obligations and participating bidders will submit Limit Bids against the Open Interest; if there are more Physical Settlement Buy Requests than Physical Settlement Sell Requests, the Open Interest will be a bid to purchase Deliverable Obligations and participating bidders will submit Limit Offers against the Open Interest. If there are insufficient Limit Bids (and Initial Market Bids) against an Open Interest to sell Deliverable Obligations, the Auction Final Price will be zero. If there are insufficient Limit Offers (and Initial Market Offers) against an Open Interest to buy Deliverable Obligations, the Auction Final Price will be equal to 100%. Under the terms of the Notes, the noteholders cannot submit Limit Bids or Limit Offers, and the Issuer and its affiliates, who may participate in the Auction, are under no obligation to submit Limit Bids or Limit Offers, as applicable, for the Noteholders. Your position as a Noteholder will not be represented in the Auction. Your inability to participate in the Auction, along with other Noteholders who own credit-linked Notes linked to the applicable Reference Entity, may in the aggregate, have a material effect on the Auction Final Price, and in turn, have a materially adverse effect on your returns as a purchaser of the Notes. The Auction Final Price, therefore, may not be representative of the actual price of Deliverable Obligations of the applicable Reference Entity, and you may receive less than you would have received if you had purchased a credit-linked Note with an alternative settlement procedure.

Noteholders, in their capacity as holders of the Notes, will not be able to refer questions to the Credit Derivatives Determinations Committees

The Noteholders, in their capacity as holders of the Notes, will not have the ability to refer questions to a Credit Derivatives Determinations Committee since the Notes are not a credit default swap transaction and the Notes do not incorporate and are not deemed to have incorporated, the 2009 ISDA Credit Derivatives Determinations Committees ~~and~~ Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on ~~12 March~~ 14 July 2009) as published by ISDA (the "~~March~~ July 2009 Supplement"). As a result, Noteholders will be dependent on other market participants to refer specific questions to the Credit Derivatives Determinations Committees that may be relevant to the Noteholders. The Calculation Agent has no duty to the Noteholders to refer specific questions to the Credit Derivatives Determinations Committees.

Noteholders will have no role in the composition of the Credit Derivatives Determinations Committees

Separate criteria apply with respect to the selection of dealer and non-dealer institutions to serve on the Credit Derivatives Determinations Committees and the Noteholders will have no role in establishing such criteria. In addition, the composition of the Credit Derivatives Determinations Committees will change from time to time as described in "*The Composition of the Credit Derivatives Determinations Committees*" in the Credit Derivatives Determinations Committees Annex attached hereto as Annex C, as the term of a member institution may expire or a member institution may be required to be replaced. The Noteholders will have no control over the process for selecting institutions to participate on the Credit Derivatives Determinations Committees and, to the extent provided for in the Notes, will be subject to the determinations made by such selected institutions in accordance with the Rules.

Potential conflicts of interest due to the involvement of the Calculation Agent with the Credit Derivatives Determinations Committees

Since, as of the Issue Date, the Calculation Agent (or one of its affiliates) is a voting member on each of the Credit Derivatives Determinations Committees and is a party to transactions which incorporate, or are deemed to incorporate, the ~~March~~ July 2009 Supplement, it may take certain actions which may influence the process and outcome of decisions of the Credit Derivatives Determinations Committees. See "*Ability of the Calculation Agent or its Affiliates to influence the Credit Derivatives Determinations Committees*" in the Credit Derivatives Determinations Committees Annex attached hereto as Annex C. Such action may be adverse to the interests of the Noteholders and may result in an economic benefit accruing to the Calculation Agent. In taking any action relating to the Credit Derivatives Determinations Committees or performing any duty under the Rules, the Calculation Agent shall have no obligation to consider the interests of the Noteholders and may ignore any conflict of interest arising due to its responsibilities under the Notes.

Noteholders will have no recourse against either the institutions serving on the Credit Derivatives Determinations Committees or the external reviewers

Institutions serving on the Credit Derivatives Determinations Committees and the external reviewers, among others, disclaim any duty of care or liability arising in connection with the performance of duties or the provision of advice under the Rules, except in the case of gross negligence, fraud or willful misconduct. Furthermore, the member institutions of the Credit Derivatives Determinations Committees do not owe any duty to the Noteholders and the Noteholders will be prevented from pursuing legal claims with respect to actions taken by such member institutions under the Rules.

Noteholders should also be aware that member institutions of the Credit Derivatives Determinations Committees have no duty to research or verify the veracity of information on which a specific determination is based. In addition, the Credit Derivatives Determinations Committees are not obligated to follow previous determinations and, therefore, could reach a conflicting determination for a similar set of facts.

Noteholders shall be responsible for obtaining information relating to deliberations of the Credit Derivatives Determinations Committees

Notices of questions referred to the Credit Derivatives Determinations Committees, meetings convened to deliberate such questions and the results of binding votes of the Credit Derivatives Determinations Committees will be published on the website of the International Swaps and Derivatives Association, Inc. and neither the Issuer, the Calculation Agent nor any of their respective affiliates shall be obliged to inform the Noteholders of such information (other than as expressly provided in the terms of the Notes). Failure by the Noteholders to be aware of information relating to determinations of a Credit Derivatives Determinations Committee will have no effect under the Notes and Noteholders are solely responsible for obtaining any such information.

No Noteholder Rights with respect to the Reference Entity

We have no ability to control or predict the actions of the Reference Entity, including actions that could affect the value of the Notes. None of the money you pay us will go to the Reference Entity, the Reference Entity will not be involved in the offering of the Notes in any way, and the Reference Entity will not have any obligation to consider your interest as a Noteholder in taking any actions that might affect the value of the Notes. As a Noteholder, you will not have voting rights, rights to receive distributions or any other rights with respect to the obligations of the Reference Entity.

Suitability

You should ensure that you understand the nature of the Notes and the extent of your exposure to risk, that you have sufficient knowledge, experience and access to professional advisers to make your own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Notes and that you consider the suitability of the Notes as an investment in the light of your own circumstances and financial condition.

You should only consider purchasing the Notes if you believe that the Reference Entity will experience a Credit Event during the Credit Observation Period.

No Replacement of the Reference Entity

Following the Trade Date, we will not be able to replace the Reference Entity to avoid Credit Events or Succession Events. Any Succession Event that occurs with respect to the Reference Entity or its Successor on or after the Succession Event Backstop Date (which may be prior to the Trade Date) may change the probability of the occurrence of a Credit Event and risk of your investment. Therefore, you should not invest in the Notes unless you are comfortable with the creditworthiness of the Reference Entity and the likelihood of the occurrence of a Credit Event and/or Succession Event.

Succession Events with respect to the Reference Entity

The occurrence of Succession Events between the Reference Entity identified as such on the Trade Date and another company or other corporate entity may expose you to new credit risks. Changes in the Reference Entity may change the probability of a Credit Event and consequently may adversely affect the Notes. You should read the section called "*Terms relating to the determination of Successors*" in the Credit Annex for more information on the effect of Succession Events on the Notes.

Lack of Liquidity; Secondary Market Risks

The Notes will be admitted to trading on the regulated London Stock Exchange (United Kingdom), the Luxembourg Stock Exchange (Luxembourg) and the Bolsa de Valores (Mexico). JPMSI intends to offer to purchase the Notes in the secondary market but is not required to do so. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the Notes easily. Because other

dealers are not likely to make a secondary market for the Notes, the price at which you may be able to trade the Notes is likely to depend on the price, if any, at which the Agent, the Issuer or any of their respective affiliates is willing to buy the Notes.

The price at which you will be able to sell the Notes to us or our affiliates prior to maturity, if at all, may be at a substantial discount from the principal amount of the Notes, even in cases where the credit spreads on the Reference Entity have widened since the Trade Date. The potential returns described in this Prospectus assume that the Notes, which are not designed to be short-term trading instruments, are held to maturity.

The inclusion of agents' compensation, compensation of an affiliate of the agents and expected profit from hedging in the original issue price is likely to adversely affect the price at which we or our affiliates are willing to repurchase the Notes, if at all. Assuming no change in market conditions or any other relevant factors, the price, if any, at which we or our affiliates will be willing to purchase Notes from you, if at all, will likely be lower than the original issue price, because the original issue price included the compensation paid to the agents and an affiliate of the agents with respect to the Notes, as well as the cost of hedging our obligations under the Notes, which includes an estimated profit component. In addition, any such prices may differ from values determined by pricing models used by the agents, as a result of such compensation or other transaction costs.

Limited Provision of Information about the Reference Entity

As the occurrence of a Credit Event Trigger will result in the payment of an Additional Amount based on: (a) if Auction Settlement occurs, the Auction Final Price; or (b) if Cash Settlement occurs, the Final Price. You should conduct your own investigation and analysis with respect to the creditworthiness of the Reference Entity and the likelihood of the occurrence of a Succession Event or Credit Event.

On the Trade Date, financial and other information with respect to the Reference Entity is expected to be available from publicly available sources. Additional Information on the past and further performance of the Reference Entity and its volatility can be obtained at <http://www.swissre.com/>. JPMorgan and its affiliates make no representation as to the accuracy or completeness of any information available with respect to the Reference Entity.

A Credit Event Trigger may occur at any time from and including the Credit Event Backstop Date to and including the Scheduled Credit Observation End Date. A Credit Event Trigger will occur when the Calculation Agent delivers a Credit Event Notice and Notice of Publicly Available Information to the Paying Agent. The Calculation Agent will notify the Paying Agent of the occurrence of a Credit Event at any time from and including the Trade Date to and including the date that is fourteen calendar days after the Scheduled Credit Observation End Date. The Paying Agent will then give notice to you through the clearing system of the occurrence of a Credit Event Trigger. The Calculation Agent will not be liable for failure by the Paying Agent or the clearing system to provide notice to you. Neither the Calculation Agent nor its affiliates will have any obligation to keep Noteholders informed as to any matters with respect to the Reference Entity or any of its obligations, including whether or not circumstances exist that give rise to the possibility of the occurrence of a Credit Event or a Succession Event with respect to the Reference Entity.

You will not have the right to inspect any records the Calculation Agent or its affiliates. Except for the information contained in this Prospectus, neither the Calculation Agent nor any of its affiliates will have any obligation to disclose any information or evidence regarding the existence or terms of any obligation of the Reference Entity or otherwise regarding such Reference Entity, any guarantor or any other person.

Further Risks

JPMorgan Chase & Co. and its subsidiaries and affiliates, including the Issuer (for the purposes of these paragraphs, collectively, "**JPMorgan**") trade instruments related to the Reference Entity on a regular basis, for their accounts and for other accounts under their management. JPMorgan may also issue or underwrite or assist unaffiliated entities in the issuance or underwriting of other securities or financial instruments with returns linked to the Reference Entity. To the extent that JPMorgan serves as issuer, arranger or dealer for

such securities or financial instruments, its or their interests with respect to such products may be adverse to those of the holders of the Notes. Any of these trading activities could potentially affect the credit of the Reference Entity and, accordingly, could affect the value of the Notes, and the amount, if any, payable to you at maturity.

JPMorgan may currently or from time to time engage in business with the Reference Entity. In the course of this business, JPMorgan may acquire non-public information about the Reference Entity, and such information will not be disclosed to you. In addition, JPMorgan may publish research reports about the the Reference Entity. Any prospective purchaser of Notes should undertake such independent investigation of the Reference Entity in its judgment as to whether an investment in the Notes is appropriate.

JPMorgan may serve as issuer, arranger or dealer for additional issuances of Notes or Notes with returns linked or related to the Reference Entity. By introducing competing products into the marketplace in this manner, JPMorgan could adversely affect the value of the Notes.

FINAL TERMS

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the General Conditions set forth in Part A of Schedule 9 to the Agency Agreement dated 14 May 2009, and as may be further supplemented or amended and restated up to and including the Issue Date (the "**Agency Agreement**"). These Final Terms must be read in conjunction with (a) the General Conditions; and (b) Annexes A to D attached hereto, each of which form part of these Final Terms. In particular, Annex A hereto (the "**Credit Annex**") contains important provisions for determining the timing of and whether any Additional Amount will be paid to holders of the Notes. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available in electronic form on the Luxembourg Stock Exchange's website (www.bourse.lu).

Capitalized terms not defined herein shall have the meaning set forth in Credit Annex.

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|----|------|--|---|
| 1. | (i) | Issuer: | J.P. Morgan Chase & Co. |
| | (ii) | Guarantor: | Not applicable |
| 2. | (i) | Series Number: | 2009-1876 |
| | (ii) | Tranche Number: | One |
| 3. | | Specified Currency or Currencies: | United States Dollars ("USD") |
| 4. | | Notes, Warrants or Certificates: | Notes |
| 5. | | Aggregate Nominal Amount: | |
| | (i) | Series: | <u>From, and including, the Issue Date to, but excluding, the Amendment Date, USD 20,000,000; on and after the Amendment Date, USD 15,000,000</u> |
| | (ii) | Tranche: | <u>From, and including, the Issue Date to, but excluding, the Amendment Date, USD 20,000,000; on and after the Amendment Date, USD 15,000,000</u> |
| 6. | | Issue Price: | 103.60 per cent. of the Aggregate Nominal Amount. |

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

If any commissions or fees relating to the issue and sale of these Notes have been paid or are payable by the Dealer to an intermediary, then such intermediary may be obliged to fully disclose to its clients the existence, nature and amount of any such commissions or fees (including, if applicable, by way of discount) as required in accordance with laws and regulations applicable to such intermediary, including any legislation, regulation and/or rule implementing the Markets in Financial Instruments Directive, or as otherwise may apply in any non-EEA jurisdictions.

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

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|------|--------------------------|--|
| (i) | Specified Denominations: | USD 100,000 and multiple integrals of USD 1,000 in excess thereof. |
| (ii) | Trading in Units: | Not applicable |
7. **Issue Date:** 26 June 2009; provided, however that if such day is not a Business Day, then the Issue Date will be the following day that is a Business Day.
- [The Notes shall be amended as of 10 June 2010 \(the "Amendment Date"\).](#)
8. **Maturity Date:** ~~2630~~ June ~~2010~~2011 (the "**Scheduled Maturity Date**"); provided, however that if such day is not a Business Day, then the Maturity Date will be the following Business Day; provided, further that the Additional Amount Payment Date, if applicable, may occur after the Scheduled Maturity Date.
- For the avoidance of doubt, the Maturity Date will not be accelerated due to a Credit Event Trigger.

PROVISIONS APPLICABLE TO NOTES

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- | | | |
|-----|---|----------------|
| 9. | Interest Commencement Date: | Not applicable |
| 10. | Fixed Rate Note Provisions: | Not applicable |
| 11. | Floating Rate Provisions: | Not applicable |
| 12. | Zero Coupon Note Provisions: | Not applicable |
| 13. | Variable Interest Note Provisions: | Not applicable |
| 14. | Dual Currency Note Provisions: | Not applicable |

PROVISIONS RELATING TO REDEMPTION OF NOTES

- | | | |
|-----|---|---|
| 15. | Call Option | Not applicable |
| 16. | Put Option | Not applicable |
| 17. | Final Redemption Amount: | On the Maturity Date, the Issuer will pay to the Noteholder in USD, 100 per cent. of the Aggregate Nominal Amount of the Notes, apportioned <i>pro rata</i> , amongst holders of the Notes. |
| 18. | Early Payment Amount: | |
| | (i) Early Payment Amount(s) payable on redemption for taxation reasons (General Condition 5.7), an event of default (General Condition 16) or a termination event (General Condition 17) and/or the method of calculating the same (if required or if different from that set out in the General Conditions): | As set out in General Condition 31. |
| | (ii) (If Interest Payment Dates are specified in these Final Terms) redemption for taxation reasons permitted only on Interest Payment Dates (General Condition 5.7): | No |
| 19. | Credit Linked Note Provisions: | Applicable. For further particulars see Part C and Annexes A to D of these Final Terms. |
| | (i) Reference Entity: | Swiss Reinsurance Company Ltd (and its Successors, if any) |

(ii) Credit Event(s):

The Transaction Type applicable to the Reference Entity is European Corporate. The Transaction Type applies to the Reference Entity specified above. The credit-related provisions of the Notes, including but not limited to, the applicable Credit Events, Settlement Method, Obligation Category, Obligation Characteristics, Deliverable Obligation Category and Deliverable Obligation Characteristics will be specified in the Physical Settlement Matrix in the column applicable to the Transaction Type. For more information, please see the Physical Settlement Matrix Annex attached as Annex B to these Final Terms. Notwithstanding anything to the contrary, (i) Potential Credit Event is not applicable to this Note, (ii) the ~~section entitled "provisions with respect to Multiple Exercise upon in the section entitled "Terms Relating to Restructuring"~~ in the Credit Annex ~~is~~are not applicable to this Note, (iii) the section entitled "*Potential Postponement of the Maturity Date*" is not applicable to this Note and (v) the section entitled "*Credit-Linked Interest Provisions*" is not applicable to this Note.

Additionally, any reference to "Extension Date" in the Credit Annex shall be read as if such term referred instead to the "Scheduled Credit Event Observation End Date."

(iii) Calculation Agent responsible for determining the occurrence of a Credit Event(s) and amount payable/deliverable in the event of redemption resulting from such Credit Event(s):

JPMorgan Chase Bank, National Association will serve as the Calculation Agent. See paragraph 52 below.

- (iv) Relevant provisions on the occurrence of a Credit Event(s): A Credit Event Trigger will be deemed to have occurred upon the delivery by the Calculation Agent of a Credit Event Notice and Notice of Publicly Available Information to the Paying Agent. If a Credit Derivatives Determinations ~~Committees~~Committee determines that a Credit Event has occurred during the Credit Observation Period, the Calculation Agent is ~~obligated~~obliged to deliver such ~~notices~~notice.

The ~~applicable~~ Credit Event(s) applicable to the Reference Entity will be based on the Transaction Type for the applicable Reference Entity ~~and as set forth above.~~ The Credit Events applicable to the Reference Entity will be set forth in the Physical Settlement Matrix in the vertical column under the applicable Transaction Type. For more information on the Physical Settlement Matrix, see ~~the~~ "Physical Settlement Matrix Annex" attached as Annex B ~~to~~in these Final Terms.

For more information on Credit Events, see "Determination of a Credit Event Trigger" in the Credit Annex.

Notwithstanding the foregoing, the Calculation Agent may declare a Credit Event by delivery of a Credit Event Notice and a Notice of Publicly Available Information during the Notice Delivery Period, provided, however that if a Credit Derivatives Determinations Committee has Resolved that a Credit Event has not occurred with respect to a specific event the Calculation Agent may not declare a Credit Event.

- (v) Other terms or special conditions: For further particulars see Part C and Annexes A to D of these Final Terms.

20. **Details relating to Instalment Notes:** Not applicable
21. **Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):** Not applicable
22. **Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:** Not applicable

"Paragraphs 23-40 are intentionally deleted"

CERTIFICATE COUPON PROVISIONS

41. **Certificate Coupon Provisions (General Condition 8):** Not applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

SHARE LINKED PROVISIONS

42. **Share Linked Provisions:** Not applicable
43. **Index Linked Provisions:** Not applicable

COMMODITY LINKED PROVISIONS

44. **Commodity Linked Provisions:** Not applicable

FX LINKED PROVISIONS

45. **FX Linked Provisions:** Not applicable

MARKET ACCESS PARTICIPATION PROVISIONS

46. **Market Access Participation Provisions:** Not applicable

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

47. **New Global Note:** No
48. **Form of Notes:** Registered Securities
- (i) Temporary or permanent Bearer Global Note/Registered Global Note: Temporary Registered Global Security which is exchangeable for a Permanent Registered Global Security on or after the Exchange Date in accordance with General Condition 1.1(c)(iii)(A). Each Permanent Registered Global Security will be exchangeable, free of charge to the Holder, in whole but not in part for Registered Securities in definitive form only in accordance with General Condition 1.1(c)(iii)(B).
- (ii) Are the Notes to be issued in the form of obligations under French law? Not applicable
- (iii) Name of Registration Agent: Not applicable
- (iv) Representation of holders of Notes/Masse: Not applicable
- (v) Applicable TEFRA exemption: Not applicable
49. **Additional Financial Centre(s) (General Condition 13.1) or other special provisions relating to payment dates:** London and New York

- | | | |
|-----|---|---|
| 50. | Payment Disruption Event (General Condition 14): | Not applicable |
| 51. | Physical Delivery: | Not applicable |
| 52. | Calculation Agent: | <p>JPMorgan Chase Bank, National Association will serve as the Calculation Agent. All determinations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding on you and on us. The Calculation Agent will make its determinations in good faith and in a commercially reasonable manner.</p> <p>The Calculation Agent and the Issuer will have no responsibility to holders of the Notes for good faith errors or omissions in the Calculation Agent's calculations and determinations as provided in the Base Prospectus, whether caused by negligence or otherwise. The calculations and determinations of the Calculation Agent shall be made in accordance with the General Conditions as set out in the Base Prospectus (having regard in each case to the criteria stipulated in these Final Terms and the General Conditions and where relevant on the basis of information provided to or obtained by employees or officers of the Calculation Agent responsible for making the relevant calculation or determination) and will, in the absence of manifest error, be final, conclusive and binding on the holders of the Notes. Holders of the Notes shall not be entitled to make any claim against the Calculation Agent.</p> |
| 53. | Redenomination, renominatisation and reconventioning provisions: | Not applicable |
| 54. | Gross Up (General Condition 18) | Gross Up not applicable |
| 55. | Other final terms or special conditions: | Applicable. For further particulars, see Annexes A to D of these Final Terms and Part C. |

DISTRIBUTION

- | | | |
|-----|--|---|
| 56. | If non-syndicated, name and address of Dealer: | J.P. Morgan Securities Ltd. of 125 London Wall, London EC2Y 5AJ |
| 57. | Stabilising Manager(s) (if any): | Not applicable |
| 58. | (i) If syndicated, names and addresses of Managers and underwriting commitments: | Not applicable |
| | (ii) Date of Subscription Agreement: | Not applicable |
| 59. | Total commission and concession: | Not applicable |

60. **U.S. selling restrictions:**

Section 3(a)(2) and Regulation S under the Securities Act - No offers or sales at any time within the United States or to or for the account or benefit of any U.S. Person; no legal or beneficial ownership by a U.S. Person at any time. "U.S. Person" has the meaning ascribed to it in the U.S. Securities Act of 1933, as amended (the "Securities Act") or the U.S. Internal Revenue Code of 1986, as amended.

Notes may not be legally or beneficially owned by U.S. Persons at any time, provided that J.P. Morgan Securities Ltd. may from time to time purchase or sell the Notes to its affiliates pursuant to other applicable registration exemptions under the ~~U.S. Securities Act of 1933, as amended (the "Securities Act")~~. "U.S. Person" has the meaning ascribed to it in the Securities Act or the U.S. Internal Revenue Code of 1986, as amended. Each holder and each beneficial owner of a Note, (a) as a condition to purchasing such Note or any beneficial interest therein, will be deemed to represent that neither it nor any person for whose account or benefit the Notes are being purchased is (i) located in the United States or its possessions, (ii) is a U.S. Person or (iii) was solicited to purchase the Notes while present in the United States or its possessions and (b) will be deemed on purchase to agree not to offer, sell, deliver, pledge or otherwise transfer any Notes at any time, directly or indirectly in the United States or its possessions or to any U.S. Person.

The Notes will constitute "registration required obligations" issued in registered form for U.S. federal income tax purposes.

61. **Non-exempt Offer:**

Not applicable

62. **Additional Selling restrictions:**

THE NOTES WILL NOT BE AND ARE NOT INTENDED TO BE REGISTERED IN THE SECURITIES SECTION OF THE MEXICAN NATIONAL SECURITIES REGISTRY (REGISTRO NACIONAL DE VALORES), AND, THEREFORE, THE NOTES ARE NOT AND MAY NOT BE OFFERED PUBLICLY IN MEXICO, AND MAY NOT BE THE SUBJECT OF BROKERAGE ACTIVITIES (WITHIN THE MEANING OF THE MEXICAN SECURITIES MARKET LAW) WITHIN MEXICO. THE NOTES MAY BE THE SUBJECT OF A PRIVATE PLACEMENT IN MEXICO, PURSUANT TO ARTICLE 8 OF THE SECURITIES MARKET LAW IN EFFECT LOCALLY.

GENERAL

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

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue of the Notes described herein pursuant to the Structured Products Programme for the issuance of Notes, Warrants and Certificates of J.P. Morgan Structured Products B.V., J.P. Morgan Bank Dublin plc, JPMorgan Chase Bank, N.A. and JPMorgan Chase & Co.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

An investor intention to acquire or acquiring any Notes from an offeror will do so, and offers and sales of the Notes to an investor by an offeror will be made, in accordance with any terms and other arrangements in place between such offeror and such investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with investors (other than the Dealer), in connection with the offer or sale of the Notes and, accordingly, these Final Terms will not contain such information. The investor must look to the offeror at the time of such offer for the provision of such information. The Issuer has no responsibility to an investor in respect of such information.

Signed on behalf of the Issuer:

By: _____

Duly authorised

PART B – OTHER INFORMATION

LISTING AND ADMISSION TO TRADING

Application ~~will be~~has been made in order for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, which is an EU regulated market within the meaning of Directive 2004/39/EC and listed on the official list of the Luxembourg Stock Exchange. ~~No assurances can be given that such application for listing~~Listing and admission to trading ~~will be~~has been granted ~~(or, if granted, will be granted by the Issue Date)~~as of 22 June 2009. Application ~~will be~~has also ~~been~~been made for the Notes to be listed on the Official List and admitted to trading on the Regulated Market of the London Stock Exchange plc with effect from, at the earliest, the Issue Date. ~~No assurances can be given that such application for listing~~Listing and admission to trading ~~will be~~has been granted ~~(or, if granted, will be granted by the Issue Date)~~as of 29 June 2009. Application ~~will be~~has also ~~been~~been made after the Issue Date to list and trade the Notes on the *Sistema Internacional de Cotizaciones (SIC)* of the *Bolsa Mexicana de Valores* ~~but no assurances can be given that such application for listing~~Listing and admission to trading ~~will be~~has been granted ~~— as of 29 June 2009~~as of 29 June 2009.

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

RATINGS

The Notes have been rated "A+" by Standard & Poor's.

INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in the section of the Base Prospectus entitled "*Subscription and Sale*" and in the sections of this Prospectus entitled "*Potential Conflicts of Interest with the Calculation Agent; Calculations and Determinations*" and "*Potential conflicts of interest due to the involvement of the Calculation Agent with the Credit Derivatives Determinations Committees*" in the section entitled "*Risk Factors*" and "*Potential Conflicts of Interest of the Calculation Agent*" in the Credit Derivatives Determinations Committees Rules Annex attached hereto as Annex C, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- | | | |
|-------|---------------------------|---|
| (i) | Reasons for the offer: | As set forth in the Base Prospectus. |
| (ii) | Estimated net proceeds: | USD 20,720,000 <u>as of 22 June 2009</u> |
| (iii) | Estimated total expenses: | The estimated total expenses of the Issuer in relation to the issuance and listing of the Notes is approximately USD 25,000 <u>25,000 (as of 22 June 2009)</u> . |

EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

The Notes have guaranteed principal protection. However, they will not pay the Additional Amount unless a Credit Event Trigger occurs. Accordingly, if a Credit Event Trigger does not occur, a holder of a Note will receive only the principal amount of its Note.

POST-ISSUANCE INFORMATION

The Issuer does not intend to provide any post-issuance information, except if required by any applicable laws and regulations.

OPERATIONAL INFORMATION

Intended to be held in a manner which would allow Eurosystem eligibility:	No
ISIN Code:	XS0434647524
Common Code:	043464752
Relevant Clearing System(s) and the relevant identification number(s):	Euroclear and Clearstream
Delivery:	Delivery against payment
The Agents appointed in respect of the Notes are:	As set out in the Agency Agreement

PART C – OTHER APPLICABLE TERMS

1. Additional Amount Settlement Method

If a Credit Event Trigger occurs during the Credit Observation Period, you will receive on the tenth Business Day following the Auction Settlement Date, the Additional Amount based on the Auction Final Price which will be determined as described in the Auction Settlement Terms Annex. For more information about Auction Settlement, see "*Terms Relating to Auction Settlement*" in the Credit Annex and the Auction Settlement Terms Annex in these Final Terms.

If a DC Credit Event Announcement occurs with respect to the Reference Entity, then the Calculation Agent will deliver a Credit Event Notice and a Notice of Publicly Available Information to the Paying Agent and a Credit Event Trigger will be deemed to have occurred with respect to such Reference Entity, unless such Credit Event is "Restructuring" and "Restructuring is indicated as an applicable Credit Event, in which case the Calculation Agent may deliver such notices in its discretion and a Credit Event Trigger will be deemed to have occurred with respect to such Reference Entity only upon the delivery of such notices by the Calculation Agent.

~~A Credit Event Trigger will be deemed to have occurred upon the delivery by the Calculation Agent of~~ If a Credit Derivatives Determinations Committee has, with respect to the Reference Entity, either: (a) not been convened to consider whether a Credit Event with respect to such Reference Entity has occurred; or (b) resolved not to determine whether a Credit Event with respect to such Reference Entity has occurred, the Calculation Agent may still determine that a Credit Event has occurred and may deliver a Credit Event Notice and Notice of Publicly Available Information to the Paying Agent. ~~If a Credit Derivatives Determinations Committee determines that a Credit Event has occurred during the Credit Observation Period, the Calculation Agent is obligated to deliver such notices with respect thereto and a Credit Event Trigger will be deemed to have occurred.~~

~~If (a) (i) a Credit Derivatives Determinations Committee resolves not to hold an Auction with respect to the credit default swaps linked to the Reference Entity, (ii) a Credit Derivatives Determinations Committee resolves not to determine whether a Credit Event has occurred, (iii) an Auction is not held or (iv) if an Auction fails to establish an Auction Final Price and (b) the Calculation Agent declares a Credit Event Trigger, the Calculation Agent will determine the Final Price in accordance with the Fallback Settlement Method. See "*Terms relating to Cash Settlement*" in the Credit Annex a DC No Credit Event Announcement occurs with respect to the Reference Entity and a specific event, the Calculation Agent may not deliver a Credit Event Notice and no Credit Event Trigger will occur with respect to such event.~~

If a Credit Event Trigger has occurred and (a) no applicable Auction is held and, in the case of a Mod/Mod Mod R Restructuring, the Movement Option is not exercised; (b) the relevant Credit Derivatives Determinations Committee resolves not to determine whether to hold an Auction; (c) the relevant Auction is cancelled; or (d) in the case of a Mod/Mod Mod R Restructuring, the Credit Event Notice and Notice of Publicly Available Information are delivered to the Paying Agent after the Exercise Cut-off Date, then Cash Settlement will apply. JPMorgan Chase Bank, in its sole discretion in its capacity as Calculation Agent, will determine the Cash Settlement Amount generally based on available bid quotations, as of a valuation date (chosen by JPMorgan Chase Bank in its sole discretion in its capacity as Calculation Agent), obtained from various dealers in the Deliverable Obligations (as selected by JPMorgan Chase Bank in its sole discretion in its capacity as Calculation Agent).

When determining the existence or occurrence of any Potential Credit Event or any Credit Event, the Calculation Agent shall make such determination based on the occurrence of an event whether or not the occurrence of the relevant event arises directly or indirectly from or is subject to a defence based upon: (a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation; (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation; (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or

any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or (d) the imposition of or any change in any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority.

For more information on Credit Events, see "Determination of a Credit Event Trigger" in the Credit Annex.

2. Additional Definitions

The following terms shall have the following meanings:

"Additional Amount" means Principal Amount *multiplied by* Protection Leverage *multiplied by* (1- Price).

"Additional Amount Following Credit Event" If a Credit Event Trigger has occurred, holders of the Notes will receive the Additional Amount, apportioned *pro rata*, on (a) the tenth Business Day following the Auction Settlement Date if Auction Settlement occurs; or (b) the tenth Business Day following the Cash Settlement Date if Cash Settlement occurs (either such date, the **"Additional Amount Payment Date"**).

"Fallback Settlement Method" means Cash Settlement, notwithstanding anything to the contrary in the Physical Settlement Matrix. ~~Cash Settlement will apply if a Credit Event Trigger has occurred and a Credit Derivatives Determinations Committee is not convened to resolve whether to hold an Auction, resolves not to hold an Auction or the Credit Derivatives Determinations Committee resolved not to determine whether to hold an Auction, in each case with respect to the Reference Entity. For more information on Cash Settlement, see "Terms Relating to Cash Settlement" in~~The Fallback Settlement Method will apply in the limited circumstances set forth at Article VI of the Credit Annex.

"Paying Agent" means The Bank of New York ~~Mellon~~(Luxembourg) S.A., or its successors or assigns.

"Physical Settlement Matrix" means the most recent Credit Derivatives Physical Settlement Matrix published by the International Swaps and Derivatives Association, Inc. as of the Issue Date. For more information, please see *"Physical Settlement Matrix"* in Annex B attached hereto.

"Price" is the Auction Final Price or the Final Price, as applicable.

"Principal Amount" means ~~USD 20,000,000.~~(a) from, and including, the Issue Date to, but excluding, the Amendment Date, USD 20,000,000 or (b) on and after the Amendment Date, USD 15,000,000.

"Protection Leverage" means (a) from, and including, the Issue Date to, but excluding, the Amendment Date, 115.00 per cent or (b) on and after the Amendment Date, 200.00 per cent.

"Reference Obligation" means the 4% bonds of Swiss Re America Holding Corporation due June 29, 2015 with ISIN CH0012491335. The Reference Obligation will be deemed to be an Obligation and a Deliverable Obligation for the determination of whether a Credit Event has occurred with respect to the Reference Entity and for the determination of the Final Price upon Cash Settlement, if ~~the Calculation Agent determines it~~applicable, provided that such determination is consistent with ~~the determinations~~any determination of the relevant Credit Derivatives Determinations Committee. For more information on Obligations, see *"Determination of Obligations"* in the Credit Annex (as defined below), and for more information on Deliverable Obligations in this context, see *"Terms Relating to Cash Settlement"* in the Credit Annex.

"Scheduled Credit Observation End Date" means ~~9~~13 June ~~2010~~2011.

"Settlement Date" means the tenth Business Day following either the Auction Settlement Date (if Auction Settlement occurs) or the Cash Settlement Date (if Cash Settlement occurs). The Settlement Date may

occur before, on or after the Scheduled Maturity Date. Following a Credit Event Trigger, if you are entitled to receive an Additional Amount, you may receive that Additional Amount after the Scheduled Maturity Date, depending on the timing of the Credit Event and the timing of the determination of the Additional Amount. See "Additional Amount Settlement Method" above.

"**Settlement Method**" means Auction Settlement. For more information on Auction Settlement, see "Terms Relating to Auction Settlement" in the Credit Annex.

"**Trade Date**" means 10 June 2009.

"**Transaction Type**" with respect to the Reference Entity is European Corporate. The Transaction Type applies to the Reference Entity specified above. The credit-related provisions of the Notes, including but not limited to, the applicable Credit Events, Settlement Method, Obligation Category, Obligation Characteristics, Deliverable Obligation Category and Deliverable Obligation Characteristics will be specified in the Physical Settlement Matrix in the column applicable to the Transaction Type. For more information, please see the Physical Settlement Matrix Annex attached as Annex B to these Final Terms. Notwithstanding anything to the contrary, (i) Potential Credit Event is not applicable to this Note, (ii) the provisions with respect to Multiple Exercise in the section entitled "~~Multiple Exercise upon~~ Terms Relating to Restructuring" in the Credit Annex ~~is~~are not applicable to this Note, (iii) the section entitled "Potential Postponement of the Maturity Date" is not applicable to this Note and (v) the section entitled "Credit-Linked Interest Provisions" is not applicable to this Note.

ADDITIONALLY, ANY REFERENCE TO "EXTENSION DATE" IN THE CREDIT ANNEX SHALL BE READ AS IF SUCH TERM REFERRED INSTEAD TO THE "SCHEDULED CREDIT EVENT OBSERVATION END DATE."

3. Incorporation of the Credit Annex and Determinations

The Credit Annex is incorporated into, and forms part of, the Final Terms and sets forth important provisions relating to the contingent nature of the obligation on the Issuer to pay principal and interest, ~~if any,~~ on the Notes. Unless otherwise defined herein, terms used in the Credit Annex shall have the meanings ascribed to them elsewhere in these Final Terms. To the extent any provision in the Credit Annex conflicts with any other provision in these Final Terms, the provision in these Final Terms will govern.

~~If a Credit Derivatives Determinations Committee has, with respect to a Reference Entity, resolved that a Credit Event has occurred, then the Calculation Agent will deliver a Credit Event Notice and Notice of Publicly Available Information to the Paying Agent and a Credit Event Trigger will be deemed to have occurred. If a Credit Derivatives Determinations Committee has, with respect to a Reference Entity: (a) not been convened to consider whether a Credit Event with respect to such Reference Entity has occurred; or (b) resolved not to determine whether a Credit Event with respect to such Reference Entity has occurred, the Calculation Agent may still determine that a Credit Event has occurred and may deliver a Credit Event Notice and Notice of Publicly Available Information with respect thereto.~~

~~When determining the existence or occurrence of any Potential Credit Event or any Credit Event, the Calculation Agent shall make such determination based on the occurrence of an event whether or not the occurrence of the relevant event arises directly or indirectly from or is subject to a defence based upon (a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation, (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (d) the imposition of or any change in any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority.~~

ANNEX A

CREDIT ANNEX

This Credit Annex is incorporated into, and forms part of, the Final Terms and sets forth important provisions relating to the contingent nature of the obligation on the Issuer ~~(a)~~ with respect to notes, certificates or warrants (collectively, the "Securities") ~~in which the Holder is a seller of protection, to pay principal and interest on the notes and (b) with respect to the Securities in which the Holder is a buyer of protection, to pay the Additional Amount or the Settlement Amount.~~ Unless otherwise defined herein, terms used in this Credit Annex shall have the meanings ascribed to them elsewhere in the Final Terms. To the extent any provision in this Credit Annex conflicts with any other provision in the Final Terms, the provision in the Final Terms will govern.

All calculations and determinations made by the Calculation Agent in relation to the Securities shall (save in the case of manifest error at the time the relevant determination is made) be final and binding on the Holders of the Securities. The Calculation Agent shall not be required to consult with any other party in relation to any determination or calculation made by the Calculation Agent.

I. GENERAL DEFINITIONS

The following terms shall have the following meanings as used in this Credit Annex:

"2005 Matrix Supplement" means the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions as published by ISDA on 7 March 2005.

~~**"Credit Event Trigger"** means the occurrence of an Event Determination Date to the extent that such Event Determination Date is not subsequently reversed prior to the Auction Final Price Determination Date or the Scheduled Maturity Date.~~

"Accreting Obligation" means any obligation (including without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (A) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (B) periodic cash interest is also payable.

"Credit Event Trigger" is deemed to have occurred on the Event Determination Date with respect to a Credit Event following the occurrence of such Credit Event with respect to a Reference Entity during the Credit Observation Period and the delivery of a Credit Event Notice and a Notice of Publicly Available Information by the Calculation Agent to the Securities Agent.

"Convertible Obligation" means any obligation that is convertible, in whole or in part, into equity securities (including options and warrants) of the issuer of such obligation or depositary receipts representing those equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

"DC Credit Event Announcement" means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved that (a) an event that constitutes a Credit Event has occurred with respect to such Reference Entity (or an Obligation thereof) and (b) such event occurred on or after the Credit Event Backstop Date (determined by reference to Greenwich

Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)). A DC Credit Event Announcement will be deemed not to have occurred with respect to the Securities unless (i) the Credit Event Resolution Request Date with respect to such Credit Event occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) and (ii) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

"DC No Credit Event Announcement" means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, that the event that is the subject of the notice to ISDA resulting in the occurrence of such Credit Event Resolution Request Date does not constitute a Credit Event with respect to such Reference Entity (or an Obligation thereof).

"**Due and Payable Amount**" means the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Valuation Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

"Exchangeable Obligation" means any obligation that is exchangeable, in whole or in part, for equity securities (including options and warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

"Final List" means, with respect to an Auction, the final list of Deliverable Obligations for such Auction as determined in accordance with Section 3.3(a) of the Rules.

"**Governmental Authority**" means any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

"ISDA" means the International Swaps and Derivatives Association, Inc. (or any successor trade organization thereto).

"~~March~~July 2009 Supplement" means the 2009 ISDA Credit Derivatives Determinations Committees ~~and~~and Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions, published on ~~12-March~~14 July 2009.

"**Obligation Currency**" means the currency or currencies in which an Obligation is denominated.

"**Reference Entity**" means the entity or entities specified as such in these Final Terms. Any Successor(s) to a Reference Entity either: (a) identified by the Calculation Agent pursuant to the definition of Successor on or following the Trade Date; or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules shall, in each case, be a Reference Entity ~~for the Securities~~; provided that, where the relevant Credit Derivatives Determinations Committee has Resolved that there ~~are~~is more than one ~~Successors~~Successor to a Reference Entity, the rights and obligations of the Issuer and any holder of the Securities shall be construed as if the Issuer had

issued to such holder the same number of new Securities in exchange for each Note existing prior to such Succession Event with the applicable Successors determined in accordance with the provisions set forth at "Terms relating to the determination of Successors" below.

"Relevant City Business Day" has the meaning given to that term in the Rules.

"Resolve", "Resolved", "Resolves" and "Resolving" has the meaning given to it in ~~Annex B to the March 2009 Supplement~~Rules.

"Rules" means the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

"Securities Agent" means the Paying Agent, the warrant agent or the trustee, as applicable.

"Sovereign" means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof.

"Sovereign Agency" means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

"Supranational Organization" means any entity or organization established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

"Transaction Type" means the transaction type specified in these Final Terms.

II CREDIT EVENTS

~~With respect to Securities in which the holder is a seller of protection, the~~The payment of principal and interest on the Securities is contingent upon the non-~~occurrence of a Credit Event with respect to any Reference Entity, and with respect to Securities in which the holder is a buyer of protection, the payment of the Additional Amount or the Settlement Amount, as applicable, on the Securities is contingent upon the~~ occurrence of a Credit Event with respect to any Reference Entity.

~~"Credit Event" means the occurrence of one or more of the following events (if such event is applicable with respect to a Reference Entity): Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring. A Credit Event will occur whether or not such occurrence arises directly or indirectly from, or is subject to a defense based upon: (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.~~

"Bankruptcy" means a Reference Entity: (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its

creditors; (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

"Credit Event" means the occurrence of one or more of the following events (if such event is applicable with respect to a Reference Entity): Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring. The applicable Credit Events with respect to the Securities will be set forth in the Physical Settlement Matrix (see "Physical Settlement Matrix" in the Physical Settlement Matrix Annex in Annex B attached hereto). A Credit Event will occur whether or not such occurrence arises directly or indirectly from, or is subject to a defense based upon: (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

"Default Requirement" means the amount specified as being applicable to a Reference Entity or its equivalent in the relevant Obligation Currency or, if no such amount is specified, USD 10,000,000 or its equivalent in the relevant Obligation Currency, in either case, as of the occurrence of the Credit Event.

"Failure to Pay" means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure.

"Obligation Acceleration" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment in respect of a Reference Entity under one or more Obligations.

"Obligation Default" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

"Payment Requirement" means the amount specified as being applicable to a Reference Entity or its equivalent in the relevant Obligation Currency or, if no such amount is specified, USD 1,000,000 or its equivalent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

"**Repudiation/Moratorium**" means the occurrence of both of the following events: (a) an authorised officer of a Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement and (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

"**Restructuring**" means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of (a) the Credit Event Backstop Date ~~applicable to the relevant Reference Entity~~ and (b) the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
- (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency. "**Permitted Currency**" means (A) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership) or (B) the legal tender of any country which, as of the date of such change, is a member of the Organization of Economic Cooperation and Development and has a local currency long-term debt rating of either "AAA" or higher assigned to it by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("**S&P**") or any successor to the rating business thereof, "Aaa" or higher assigned to it by Moody's Investors Service, Inc. ("**Moody's**") or any successor to the rating business thereof or "AAA" or higher assigned to it by Fitch Ratings ("**Fitch**") or any successor to the rating business thereof.

Notwithstanding the provisions of the preceding sentence, none of the following shall constitute a Restructuring:

- (1) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;

- (2) the occurrence of, agreement to or announcement of any of the events described in the preceding (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (3) the occurrence of, agreement to or announcement of any of the events described in the preceding (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of a Reference Entity.

For the purposes of the "Restructuring" definition, the term Obligation shall be deemed to include Underlying Obligations for which a Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable with respect to a Reference Entity, as a provider or any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to a Reference Entity in the definition of "Restructuring" shall be deemed refer to the Underlying Obligor and the reference to Reference Entity in the preceding sentence shall continue to refer to a Reference Entity.

Unless Multiple Holder Obligation is specified as not applicable with respect to a Reference Entity, then, notwithstanding anything to the contrary in the definition of Restructuring, the occurrence of, agreement to or announcement of any of the events described in sub-paragraph (i) to (v) of the definition thereof shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

~~The section~~ Article VIII entitled "~~Multiple Exercise~~ Terms Relating to Restructuring" below details certain circumstances in which a Credit Event Trigger may occur on more than one occasion.

~~"Default Requirement" means the amount specified as being applicable to a Reference Entity or its equivalent in the relevant Obligation Currency or, if no such amount is specified, USD 10,000,000 or its equivalent in the relevant Obligation Currency, in either case, as of the occurrence of the Credit Event.~~

~~"Payment Requirement" means the amount specified as being applicable to a Reference Entity or its equivalent in the relevant Obligation Currency or, if no such amount is specified, USD 1,000,000 or its equivalent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.~~

"Multiple Holder Obligation" means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which constitutes a Restructuring Credit Event, provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in (ii) above.

III. ~~MULTIPLE EXERCISE UPON RESTRUCTURING~~

~~Unless otherwise specified in the term sheet, a Credit Event Trigger may occur with respect to one or more Restructuring Credit Events on one or more occasions (such multiple occurrences, "~~Multiple Exercise~~") in accordance with the following:~~

- ~~(a) If the first Credit Event Trigger with respect to the Securities is not with respect to a Restructuring Credit Event, no further Credit Event Trigger may occur.~~
- ~~(b) If (i) the first Credit Event Trigger with respect to the Securities is a Restructuring Credit Event and (ii) the Exercise Amount is less than the outstanding principal amount of the Securities immediately prior to the relevant Credit Event Trigger, additional Credit Event Triggers may occur as set forth below under "Exercise Amount".~~

If a Credit Event Trigger occurs and Restructuring is the only Credit Event specified in the Credit Event Notice, "~~Exercise Amount~~" shall mean the amount determined by the Calculation Agent, in its sole discretion, with respect to all the Securities then outstanding, and:

- (1) ~~if on any day an Exercise Amount is less than the then outstanding principal amount of the Securities, the rights and obligations of the parties shall, with effect from the date such Credit Event Notice is effective, be construed as if each Note held by each Noteholder was divided into two classes of Securities, one of which represents a *pro rata* share of an outstanding principal amount equal to the Exercise Amount and will be settled pursuant to the Settlement Method and the other of which represents a *pro rata* share of an outstanding principal amount equal to the principal amount outstanding prior to such Credit Event Notice minus the Exercise Amount and will continue in effect with such modifications required as the Calculation Agent determines in its sole discretion to preserve the economic effects of the two classes of Securities considered in the aggregate;~~
- (2) ~~the Exercise Amount in connection with a Credit Event Trigger with respect to a Credit Event other than a Restructuring must be equal to the then outstanding principal amount of the Securities (and not a portion thereof); and~~
- (3) ~~the Exercise Amount in connection with a Credit Event Notice describing a Restructuring must be an aggregate principal amount that is at least U.S.\$1,000,000, or an integral multiple thereof, or the entire then outstanding principal amount of the Securities.~~

~~The aggregate of all Exercise Amounts with respect to the Securities over time will not exceed the outstanding principal amount of the Securities.~~

~~The Calculation Agent will give reasonable notice of any Exercise Amounts to the Paying Agent, provided that the failure to provide such notice will not preclude a partial exercise as otherwise provided for in this section.~~ **IV. DETERMINATION OF A CREDIT EVENT TRIGGER**

As soon as ~~reasonably practicable~~commercially reasonable following:

- (a) ~~the date on which ISDA publicly announces (including prior to the Trade Date) that, as a result of the DC Resolution of the relevant Credit Derivatives Determinations Committee, an event that constitutes a Credit Event for purposes of a credit default swap has occurred with respect to the relevant Reference Entity or Obligation thereof; or~~ a DC Credit Event Announcement; or
- (b) ~~the determination by the Calculation Agent that an event that constitutes a Credit Event for purposes of the Securities has occurred with respect to the relevant Reference Entity or Obligation thereof on or following the Credit Event Backstop Date (unless the relevant Credit Derivatives Determinations Committee has Resolved that such event does not constitute a Credit Event for purposes of the Securities),~~

the Calculation Agent shall deliver a Credit Event Notice and ~~the~~a Notice of Publicly Available Information to the ~~Paying~~Securities Agent. ~~To~~

Notwithstanding the extent that foregoing, if ISDA publicly announces (including prior to the Trade Date) that, as a result of a DC Resolution of the relevant Credit Derivatives Determinations Committee, an event that constitutes a Restructuring Credit Event for the purposes of a credit default swap has occurred with respect to the relevant Reference Entity or Obligation thereof, the Calculation Agent shall deem such event to be a Credit Event may elect in its sole discretion to deliver a Credit Event Notice and a Notice of Publicly Available Information to the Securities Agent, and only upon such delivery of such notices shall a Credit Event Trigger occur with respect to the Securities.

If a DC No Credit Event Announcement occurs, the Calculation Agent shall not deliver any notices.

Following the occurrence of a Credit Event with respect to a Reference Entity during the Credit Observation Period and the delivery of a Credit Event Notice and a Notice of Publicly Available Information by the Calculation Agent to the Securities Agent, a "Credit Event Trigger" ~~shall be~~ is deemed to have occurred ~~upon~~ on the Event Determination Date with respect to such Credit Event.

"Event Determination Date" means, ~~in~~ with respect ~~of~~ to any Credit Event:

- (a) subject to ~~subsection~~ paragraph (b) below, if neither a DC Credit Event Announcement nor a DC No Credit Event Announcement has occurred, the first date on which both the Credit Event Notice and ~~the~~ a Notice of Publicly Available Information are delivered by the Calculation Agent to the ~~Paying~~ Securities Agent and are effective during either:

(~~A~~) i) the Notice Delivery Period; or

(~~B~~) ii) the period (I) from, and including, the ~~day~~ date on which ISDA publicly announces that ~~either (I) the relevant Credit Derivatives Determinations Committee has Resolved the matters described in clause (d) of the definition of Event Determination Date Conditions (with such clause interpreted for these purposes as if the words "other than Restructuring" did not appear therein) or (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in clauses paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date, in either case relating to a to, and including, the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date that occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) to, and including, the date that is fourteen calendar days thereafter);~~ either (I) the relevant Credit Derivatives Determinations Committee has Resolved the matters described in clause (d) of the definition of Event Determination Date Conditions (with such clause interpreted for these purposes as if the words "other than Restructuring" did not appear therein) or (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in clauses paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date, in either case relating to a to, and including, the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) to, and including, the date that is fourteen calendar days thereafter); or

- (b) notwithstanding ~~clause~~ paragraph (a) above, if a DC Credit Event Announcement has occurred:

(i) the Credit Event Resolution Request Date, if:

~~(i)~~ (A) either:

(I) "Auction Settlement" is specified as the applicable Settlement Method with respect to the Reference Entity; or

(II) the relevant Credit Event is a Restructuring; and

(B) the Credit Event Notice and the Notice of Publicly Available Information are delivered by the Calculation Agent to the PayingSecurities Agent and are effective during the Notice Delivery Period and prior to the Auction Final Price Determination Date; relevant Exercise Cut-off Date; or

~~(ii) each of the Event Determination Date Conditions is satisfied; and the first date on which the Credit Event Notice is delivered and is effective during: (I) the Notice Delivery Period; or (II) the period from, and including, the date on which ISDA publicly announces the occurrence of the relevant DC Credit Event Announcement to, and including, the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if either:~~

~~(iii) ISDA publicly announces (including prior to the Trade Date) that, as a result of the DC Resolution of the relevant Credit Derivatives Determinations Committee that an event that constitutes a Credit Event for purposes of the Securities has occurred with respect to~~

~~the relevant Reference Entity or Obligation thereof, the relevant Credit Derivatives Determinations Committee has Resolved that an Auction will be held in accordance with the Credit Derivatives Auction Settlement Terms,~~

(A) "Auction Settlement" is not specified as the applicable Settlement Method with respect to the Reference Entity; or

(B) if "Auction Settlement" is specified as the applicable Settlement Method with respect to the Reference Entity, the Credit Event Notice and the Notice of Publicly Available Information are delivered by the Calculation Agent to the Securities Agent and are effective on a date that is later than the relevant Exercise Cut-off Date.

provided that, in the case of ~~clause (b), no Event Determination Date has already been determined under clause (a) in circumstances where~~ paragraph (b), no Credit Event Notice specifying a Restructuring ~~is~~ is the only Credit Event ~~specified in a Credit Event Notice~~ has previously been delivered by the Calculation Agent to the Securities Agent: (x) unless the Restructuring specified in such Credit Event Notice is also the subject of the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date; or (y) unless, and to the extent that, the Exercise Amount specified in any such Credit Event Notice was less than the then outstanding principal amount of the Securities.

No Event Determination Date will occur, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, ~~ISDA publicly announces prior to the Auction Final Price Determination Date or the Scheduled Maturity Date that the relevant Credit Derivatives Determinations Committee has Resolved that an event does not constitute a Credit Event for purposes of the Securities,~~ a DC No Credit Event Announcement occurs with respect to the relevant Reference Entity or Obligation thereof.

If, in accordance with the provisions above, (a) following the determination of a Event Determination Date, such Event Determination Date is deemed (i) to have occurred on a date that is different from the date that was originally determined to be the Event Determination Date or (ii) not to have occurred or (b) a Event Determination Date is deemed to have occurred prior to a preceding Interest Payment Date, if any, the Calculation Agent will determine (A) such adjustment(s) to this Credit Annex (including any adjustment to payment amounts) as may be required to achieve as far as practicable the same economic position of holders of the Securities as would have prevailed had a Event Determination Date not occurred on such deemed date of occurrence and (B) the effective date of such adjustment(s), including any reductions to the Settlement Amount necessary to reflect the fact that an Event Determination Date may have occurred prior to a preceding Interest Payment Date, if any.

~~"Event Determination Exercise Cut-off Date-Conditions"~~ means the satisfaction of the following conditions" means, with respect to a Credit Event:

(a) ~~"Auction Settlement" is specified as the Settlement Method with respect to a Reference Entity; if such Credit Event is not a Restructuring (or if such Credit Event is a Restructuring, such Restructuring has occurred for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" in accordance with the Physical Settlement Matrix), either:~~

(bi) ~~the Trade Date occurs on or~~ Relevant City Business Day prior to the Auction Final Price Determination Date, ~~No Auction Announcement Date or~~ if any;

(ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or

- (iii) the date that is 21 calendar days following the ~~No Auction Announcement Date~~, if any,
- as applicable; or
- ~~(c) the Credit Event Resolution Request Date occurs on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date); and~~
- ~~(d) ISDA publicly announces (including prior to the Trade Date) that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event, other than a Restructuring, has occurred with respect to the relevant Reference Entity or Obligation thereof and that such event has occurred on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).~~
- (b) if such Credit Event is a Restructuring for which either "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applicable in accordance with the Physical Settlement Matrix and:
- (i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five Relevant City Business Days, in each case following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules; or
- (ii) a No Auction Announcement Date occurs pursuant to clause (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date.

"**Credit Derivatives Determinations Committees**" means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with Credit Derivative Transactions, as more fully described in the ~~Credit Derivatives Determinations Committees Rules set forth in Annex A to the March 2009 Supplement, as amended from time to time in accordance with the terms thereof (the "Rules")~~ Rules. For more information about the operation of the Credit Derivatives Determinations Committees, see "*Credit Derivatives Determinations Committees*" in Annex C to these Final Terms.

"**Credit Event Backstop Date**" means (a) for purposes of any ~~DC Resolution by the relevant Credit Derivatives Determinations Committee as to whether an~~ event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in clause (b) of the definition of Repudiation/Moratorium) ~~has occurred with respect to the relevant Reference Entity or Obligation thereof, as determined by DC Resolution~~, the date that is 60 calendar days prior to the Credit Event Resolution Request Date or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the first date on which both the Credit Event Notice and the Notice of Publicly Available Information are delivered by the Calculation Agent to the PayingSecurities Agent and are effective during the Notice Delivery Period and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in clause (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the Credit Event Notice and the Notice of Publicly Available Information are delivered by the Calculation Agent to the PayingSecurities Agent and are effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

"Credit Event Resolution Request Date" means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Credit Event ~~for purposes of the Securities~~ has occurred with respect to the relevant Reference Entity or Obligation thereof; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the Rules, of Publicly Available Information with respect to the DC Resolutions referred to in clauses (a) and (b) above.

~~"Resolve" has the meaning given to that term in the Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.~~

~~"DC Resolution" has the meaning given to that term in the Rules.~~

"Credit Observation Period" means the period from and including the Credit Event Backstop Date to and including the Extension Date.

"Credit Event Notice" means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) to the ~~Paying~~Securities Agent that describes a Credit Event that occurred on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)). A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

"DC Resolution" has the meaning given to that term in the Rules.

"Notice Delivery Period" means the period from and including the Trade Date to and including the date that is fourteen calendar days after the Extension Date.

"Notice of Publicly Available Information" means an irrevocable notice from the Calculation Agent to the ~~Paying~~Securities Agent that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (i) and (ii) of the definition of Repudiation/Moratorium. The notice given must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. The Notice of Publicly Available Information must be delivered by the Calculation Agent to the ~~Paying~~Securities Agent such that it is effective during ~~the~~ one of the periods specified in clause (a) of the definition of Event Determination Date; ~~provided that the Notice of Publicly Available Information shall be deemed to be delivered in circumstances where ISDA publicly announces on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Obligation thereof.~~

"Public Sources" means each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, The Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which a Reference Entity is organized and any other internationally recognized published or electronically displayed news sources.

"Publicly Available Information" means information that, in the sole discretion of the Calculation Agent, reasonably confirms any of the facts relevant to the determination that the Credit Event has occurred and which (a) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; provided that, if the Calculation Agent or any of its Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless such party or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (b) is information received from or published by (i) a Reference Entity that is not a party to this transaction (or a Sovereign Agency in respect of a Reference Entity that is a Sovereign) or (ii) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (c) is information contained in any petition or filing instituting a proceeding described in Section (d) of the Bankruptcy definition against or by a Reference Entity or (d) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.

In the event that the Calculation Agent is (a) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for the Obligation with respect to which a Credit Event has occurred and (b) a holder of such Obligation, the Calculation Agent shall also provide the ~~Paying~~Securities Agent a certificate signed by a Managing Director (or other substantively equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to such Obligation.

Any party receiving Publicly Available Information may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with a Reference Entity or any Affiliate of a Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

Publicly Available Information need not state (a) the percentage of Voting Shares owned, directly or indirectly, by a Reference Entity and (b) that such occurrence (i) equals or exceeds any default threshold, (ii) is the result of exceeding any applicable Grace Period or (iii) has met the subjective criteria specified in certain Credit Events.

~~"Notice Delivery Period" means the period from and including the Trade Date to and including the date that is fourteen calendar days after the Extension Date.~~

~~"Credit Observation Period" means the period from and including the Credit Event Backstop Date to and including the Scheduled Credit Observation End Date.~~

IV. POTENTIAL POSTPONEMENT OF THE MATURITY DATE

In certain circumstances, the Maturity Date of the Securities may be postponed to allow the Calculation Agent to determine whether a Credit Event ~~Trigger~~ has occurred and, if so, to determine ~~(a) in the case of Securities in which the holder is a seller of protection, the Final Redemption Amount of the Securities and (b) in the case of Securities in which the holder is a buyer of protection, the Additional Amount or the Settlement Amount, as applicable, the Settlement Amount~~ of the Securities. The terms related to Potential Repudiation/Moratorium shall be applicable to the Securities only if "Repudiation/Moratorium" is applicable with respect to a Reference Entity.

"Potential Credit Event" means a Potential Failure to Pay, a Potential Repudiation/Moratorium or if a Credit Event Resolution Request Date has occurred and the Credit Derivatives Determinations Committee has not made its determination, such event will be deemed to be a Potential Credit Event.

"Potential Failure to Pay" means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure.

"Potential Repudiation/Moratorium" means the occurrence of an event described in clause (a) of the definition of Repudiation/Moratorium.

"Extension Date" means the latest of (a) the Scheduled Credit Observation End Date, (b) the Grace Period Extension Date if (i) Grace Period Extension is specified as applicable with respect to a Reference Entity, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), (c) the Repudiation/Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in clause (b) of the definition of Repudiation/Moratorium occurs after the Scheduled Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and (iii) the Repudiation/Moratorium Extension Condition is satisfied and (d) if a Credit Event Resolution Request Date has occurred and the Credit Derivatives Determinations Committee has not made its determination on or prior to the Scheduled Credit Observation End Date, the earliest of: (i) the date ~~on which the Credit Derivatives Determinations Committee Resolves that a~~ of the DC Credit Event ~~has occurred~~ Announcement; (ii) the date ~~on which the Credit Derivatives Determinations Committee Resolves that a~~ of the DC No Credit Event ~~has not occurred~~ Announcement; and (iii) the ~~sixtieth~~ 60th calendar day following the Credit Event Resolution Request Date, if the Credit Derivatives Determinations Committee has not made its determination on or prior to such date.

~~No Credit Event may occur after the Scheduled Credit Observation End Date unless that Credit Event occurred as a result of a Potential Failure to Pay, a Potential Repudiation/Moratorium or the Credit Event Resolution Request Date relative to the Credit Event which occurred on or prior to the Scheduled Credit Observation End Date.~~

~~For the avoidance of doubt, the Credit Observation End Date may occur after the Scheduled Maturity Date.~~

"Grace Period" means:

- (a) subject to clauses (b) and (c), the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if Grace Period Extension is applicable with respect to a Reference Entity, a Potential Failure to Pay has occurred on or prior to the Scheduled Credit Observation End Date (determined by

reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled ~~Maturity~~Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), the Grace Period shall be deemed to be the lesser of such grace period and thirty calendar days; and

- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that unless Grace Period Extension is applicable with respect to a Reference Entity, such deemed Grace Period shall expire no later than the Scheduled Credit Observation End Date.

"Grace Period Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the currency of denomination of the relevant Obligation.

"Grace Period Extension Date" means, if (a) Grace Period Extension is specified as applicable with respect to a Reference Entity and (b) a Potential Failure to Pay has occurred on or prior to the Scheduled Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay.

If Grace Period Extension is not specified as applicable with respect to a Reference Entity, Grace Period Extension shall not apply to the Securities. If (i) Grace Period Extension is specified as applicable with respect to a Reference Entity, (ii) a Potential Failure to Pay occurs on or prior to the Scheduled Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and (iii) an Event Determination Date in respect of that Failure to Pay does not occur on or prior to the last day of the Notice Delivery Period, (including prior to the Trade Date), the Maturity Date will be the later of the Scheduled Maturity Date and the third Business Day after the Grace Period Extension Date (even if a Failure to Pay occurs after the Scheduled Credit Observation End Date).

If (i) Grace Period Extension is specified as applicable with respect to a Reference Entity, (ii) a Potential Failure to Pay occurs on or prior to the Scheduled Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and (iii) a Potential Failure to Pay results in a Credit Event Trigger after the Scheduled Credit Observation End Date, but on or prior to the Extension Date, the Maturity Date will be the third Business Day following the Auction Final Price Determination Date or the Valuation Date, as applicable, with respect to a Reference Entity.

"Repudiation/Moratorium Evaluation Date" means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of a Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such

Potential Repudiation/Moratorium, provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Credit Observation End Date unless the Repudiation/Moratorium Extension Condition is satisfied.

If (i) Repudiation/Moratorium is specified as a Credit Event with respect to a Reference Entity, (ii) the Repudiation/Moratorium Extension Condition is satisfied and (iii) an Event Determination Date in respect of that Repudiation/Moratorium does not occur on or prior to the final day of the Notice Delivery Period, the Maturity Date will be the later of the Scheduled Maturity Date and the third Business Day after the Repudiation/Moratorium Evaluation Date (even if a Repudiation/Moratorium occurs after the Scheduled Credit Observation End Date).

If (i) Repudiation/Moratorium is specified as a Credit Event with respect to a Reference Entity, (ii) the Repudiation/Moratorium Extension Condition is satisfied and (iii) a Potential Repudiation/Moratorium results in a Credit Event Trigger after the Scheduled Credit Observation End Date, but on or prior to the Extension Date, the Maturity Date will be the third Business Days following the Auction Final Price Determination Date or the Valuation Date, as applicable, with respect to a Reference Entity.

"Repudiation/Moratorium Extension Condition" will be satisfied: (i) if ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Credit Observation End Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium ~~for purposes of the Securities~~ has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) or (ii) otherwise, by the delivery by the Calculation Agent to the ~~Paying~~ Securities Agent of a Repudiation/Moratorium Extension Notice and a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen calendar days after the Scheduled Credit Observation End Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Credit Observation End Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitutes a Potential Repudiation/Moratorium ~~for purposes of the Securities~~ with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium ~~for purposes of the Securities~~ has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

"Repudiation/Moratorium Extension Notice" means an irrevocable notice (which may be in writing (including by facsimile and/or email) and/or by telephone) from the Calculation Agent to the ~~Paying~~ Securities Agent that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

~~VI~~ V. DETERMINATION OF OBLIGATIONS

Credit Events (other than Bankruptcy) each occur with respect to Obligations. "Obligations" are any obligations of a Reference Entity (either directly or as a provider of any Qualifying Affiliated Guarantee

or, if All Guarantees is specified as applicable with respect to a Reference Entity, as a provider of any Qualifying Guarantee) that either, as of the date of the event that constitutes the Credit Event which is the subject of the Credit Event Notice or ~~as the notice to ISDA resulting in the occurrence~~ of the Credit Event Resolution Request Date, as applicable, are (a) the Reference Obligation in respect of a Reference Entity or (b) obligations of a Reference Entity that are within the applicable Obligation Category and satisfy the applicable Obligation Characteristics with respect to a Reference Entity; provided, however that if an Excluded Obligation is specified with respect to a Reference Entity, such Excluded Obligation shall not be an Obligation for the purposes of this definition. For the avoidance of doubt, unless a DC Credit Event Announcement has occurred with respect to a Reference Entity, the determination of whether an obligation constitutes an "Obligation" ~~for the purposes herein~~ shall be made by the Calculation Agent in its sole discretion.

"Reference Obligation" means each obligation specified as such or of a type described with respect to a Reference Entity (if any are so specified or described) and any Substitute Reference Obligation.

"Substitute Reference Obligation" means one or more obligations of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable to such Reference Entity, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations identified by the relevant Credit Derivatives Determinations Committee. If the relevant Credit Derivatives Determinations Committee has not identified a Substitute Reference Obligation, the Calculation Agent, in its sole and absolute discretion, will identify a Substitute Reference Obligation in accordance with the following provisions.

- (a) In the event that (i) the Reference Obligation specified for a Reference Entity is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under the Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) the Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of a Reference Entity enforceable in accordance with its terms or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, the Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent may, at any time after such event identify an Obligation to replace the Reference Obligation.
- (b) Any Substitute Reference Obligation shall be an Obligation that (i) ranks pari passu in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which the Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date), (ii) preserves the economic equivalent as closely as practicable as determined by the Calculation Agent of the delivery and payment obligations under the Securities and (iii) is an obligation of the relevant Reference Entity (either directly or in the case of a Reference Entity in respect of which "All Guarantees" is specified as not being applicable with respect to a Reference Entity, as provider of a Qualifying Affiliate Guarantee or, in the case of a Reference Entity in respect of which "All Guarantees" is specified as being applicable with respect to a Reference Entity, as provider of a Qualifying Guarantee). The Obligation identified by the Calculation Agent shall, without further action, replace the Reference Obligation. The Reference Obligation for any Successor shall be deemed to be the "Reference Obligation" from the Succession Date.
- (c) For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.
- ~~(d) Upon the determination of a Substitute Reference Obligation, the Calculation Agent will promptly deliver a Notice to the Paying Agent. The Paying Agent will send notice to the Noteholders in accordance with General Condition 26.~~

"Qualifying Affiliate Guarantee" means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of a Reference Entity.

"Qualifying Guarantee" means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of a Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being delivered together with the delivery of the Underlying Obligation.

"Downstream Affiliate" means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by a Reference Entity.

"Affiliate" means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"Voting Shares" shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

"Obligation Category" means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified with respect to a Reference Entity; and:

- (a) **"Payment"** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including without limitation, "Borrowed Money";
- (b) **"Borrowed Money"** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
- (c) **"Reference Obligations Only"** means any obligation that is a Reference Obligation only and no Obligation Characteristics shall be applicable to Reference Obligations Only;
- (d) **"Bond"** means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than Securities delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of "Borrowed Money";
- (e) **"Loan"** means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of "Borrowed Money"; and
- (f) **"Bond or Loan"** means any obligation that is either a Bond or a Loan.

"Obligation Characteristics" means any one or more of Not Subordinated, Specified Currency Standard Specified Currencies, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, each as defined below:

- (a) (i) **"Not Subordinated"** means an obligation that is not Subordinated to (A) the Reference Obligation in priority of payment or (B) if no Reference Obligation is specified with

respect to the relevant Reference Entity, any unsubordinated Borrowed Money obligation of a Reference Entity; provided that, if any of the events set forth under clause (a) of the definition of Substitute Reference Obligation has occurred with respect to all of the Reference Obligations or if clause (d) of the definition of Substitute Reference Obligation is applicable with respect to the Reference Obligation (each, in each case, a "**Prior Reference Obligation**") and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of the Reference Obligation or each Prior Reference Obligation, as applicable, shall be determined as of the date on which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred, and shall not reflect any change to such ranking in priority of payment after such date.

- (ii) "**Subordination**" means, with respect to an obligation (the "**Subordinated Obligation**") and another obligation of a Reference Entity to which such obligation is being compared (the "**Senior Obligation**"), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganization or winding up of a Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against a Reference Entity at any time that a Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "Subordinated" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account.
- (b) "**Specified Currency** \equiv **Standard Specified Currencies**" means an obligation that is payable in any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America or the euro (or any successor currency to any of the aforementioned currencies) or any currency specified in addition thereto with respect to a Reference Entity.
- (c) "**Not Sovereign Lender**" means any obligation that is not primarily owed to a Sovereign or Supranational Organisation including, without limitation, obligations generally referred to as "Paris Club debt".
- (d) "**Not Domestic Currency**" means any obligation that is payable in any currency other than the Domestic Currency. "**Domestic Currency**" means the currency specified as such with respect to a Reference Entity and any successor currency. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of the jurisdiction in which the relevant Reference Entity is organised. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).
- (e) "**Not Domestic Law**" means any obligation that is not governed by the laws of the jurisdiction of organisation of a Reference Entity.
- (f) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange.

- (g) **"Not Domestic Issuance"** means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of a Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of a Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of a Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of a Reference Entity.

VI. TERMS RELATING TO AUCTION SETTLEMENT

If a Credit Event Trigger occurs with respect to a Reference Entity, "Auction Settlement" is specified as the Settlement Method with respect to a Reference Entity and an ~~Auction Final Price~~Event Determination Date occurs on or prior to the Auction Final Price Determination Date (such Reference Entity, an "Auction-Settled Entity"), the Calculation Agent shall determine the Auction Final Price in accordance with the provisions below.

One or more credit default swap settlement auctions may occur with respect to a Credit Event and an Auction-Settled Entity, in accordance with the Rules (each, a "CDS Auction"). Subject to the provisions of Article VIII "Terms Relating to Restructuring" below, the relevant CDS Auction for the purposes of determining the Auction Final Price applicable to the Auction-Settled Entity will be the CDS Auction where the Deliverable Obligation Terms are substantially identical to the Deliverable Obligation Provisions of the Securities, as determined by the Calculation Agent in its sole discretion.

Without prejudice to the foregoing, but without duplication of settlement, ~~if the Securities shall be settled as if "Cash Settlement" were specified as the Settlement Method with respect to a Reference Entity if:~~ (a) an Auction Cancellation Date occurs; (b) a No Auction Announcement Date occurs; ~~(c) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine whether or not an event constitutes a Credit Event for purposes of the Securities;~~ (d) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Restructuring for purposes of the Securities has occurred or (e and in circumstances where such No Auction Announcement Date occurs pursuant to paragraph (b) of the definition thereof, the Movement Option has not been exercised; (c) an Event Determination Date was determined pursuant to ~~clause~~paragraph (a) of the definition of Event Determination Date and no Credit Event Resolution Request Date ~~has occurred within~~on or prior to the date falling three Business Days of such Event Determination Date; ~~the Securities shall be settled as if "Cash Settlement" were specified as the Settlement Method with respect to a Reference Entity;~~ (d) an Event Determination Date was determined pursuant to paragraph (b)(ii) of the definition of Event Determination Date; or (e) where the Deliverable Obligation Terms in respect of all CDS Auctions are not substantially identical to the Deliverable Obligation Provisions, as determined by the Calculation Agent in its sole discretion.

For more information about Auction Settlement, see "Auction Settlement Terms" in Annex D to these Final Terms. For more information about a Restructuring Credit Event, see "Terms Relating to Restructuring" below.

"Auction" has the meaning set forth in the Transaction Auction Settlement Terms for the CDS Auction in respect of any Auction-Settled Entity, where the Deliverable Obligation Terms are substantially identical to the Deliverable Obligation Provisions, as determined by the Calculation Agent in its sole discretion.

"Auction Cancellation Date" has the meaning set forth in the Transaction Auction Settlement Terms.

"Auction Covered Transaction" has the meaning set forth in the ~~relevant Credit Derivatives~~Transaction Auction Settlement Terms.

"Auction Final Price" has the meaning set forth in the ~~relevant Credit Derivatives~~Transaction Auction Settlement Terms.

"**Auction Final Price Determination Date**" has the meaning set forth in the ~~relevant Credit Derivatives~~Transaction Auction Settlement Terms.

"**Credit Derivatives Auction Settlement Terms**" means ~~the~~any Credit Derivatives Auction Settlement Terms published by ISDA, in accordance with the Rules, ~~with respect to the relevant Reference Entity which a~~ form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as may be amended from time to time in accordance with the Rules ~~from time to time~~.

"**Deliverable Obligation Provisions**" means the provisions of the Securities that set forth the criteria for establishing what obligations may constitute Deliverable Obligations that are either the Reference Obligation or within the applicable Deliverable Obligation Category and satisfy the Deliverable Obligation Characteristics applicable with respect to the relevant Reference Entity.

"**Deliverable Obligation Terms**" means the set of criteria determined by the relevant Credit Derivatives Determinations Committee to apply in respect of any particular CDS Auction.

"**No Auction Announcement Date**" means, with respect to ~~a Reference Entity and~~ a Credit Event, the date on which ISDA first publicly announces that ~~(a) no Credit Derivatives; (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published with respect to such Reference Entity and Credit Event, or (b); (b) following the occurrence of a Restructuring with respect to Securities for which either "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applicable only, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held with respect to such Reference Entity and Credit Event~~ following a prior public announcement by ISDA to the contrary.

~~"**Auction Cancellation Date**" has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.~~"**Parallel Auction Settlement Terms**" means, following the occurrence of a Restructuring with respect to Securities for which either "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applicable, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions applicable to the Securities and for which a credit derivative transaction incorporating the Deliverable Obligation Provisions would not be an Auction Covered Transaction.

"**Transaction Auction Settlement Terms**" means, with respect to an Auction-Settled Entity, either (i) the Credit Derivatives Auction Settlement Terms for which a credit derivative transaction incorporating the Deliverable Obligation Provisions would be an Auction Covered Transaction or (ii) if the Notice to Exercise Movement Option has been effectively delivered by the Calculation Agent to the warrant agent, the relevant Parallel Auction Settlement Terms that would apply in accordance with the exercise of Movement Option.

If a Credit Event Trigger occurs with respect to a Reference Entity and the Credit Event is a Mod/ModMod R Restructuring, several concurrent but separate auctions may occur with respect to such Mod/ModMod R Restructuring and such Reference Entity, as determined by the relevant Credit Derivatives Determinations Committee. In such cases, if Auction Settlement is applicable, the Calculation Agent will determine which Auction (if any) will be applicable to the Securities. For more information, see Article VIII "Terms Relating to Restructuring" below.

~~VIII~~VII.

TERMS RELATING TO CASH SETTLEMENT

*If a Credit Event Trigger occurs with respect to a Reference Entity and "Cash Settlement" is specified as the Settlement Method with respect to a Reference Entity or "Cash Settlement" is deemed to be applicable in accordance with the "Terms Relating to Auction Settlement" above, the Calculation Agent will determine, in its sole and absolute discretion, the Final Price with respect to a Reference Entity on any business day from and including the Event Determination Date to and including the 125th Business Day following the Event Determination Date; provided, however, that if certain pricing difficulties arise, the Calculation Agent may delay the determination of the Final Price for an additional 20 Business Days (such determination date, the "**Valuation Date**"). The determination of the Final Price shall be made with respect to one or more Deliverable Obligations selected by the Calculation Agent in its sole and absolute discretion that are either the Reference Obligation or within the applicable Deliverable Obligation Category and satisfy the Deliverable Obligation Characteristics applicable with respect to a Reference Entity.*

"Final Price" means ~~(a) with respect to Securities in which the holder is a seller of protection, the highest of bid quotations (expressed as a percentage) for the relevant Deliverable Obligation in an outstanding principal amount or Due and Payable Amounts equal to the Quotation Amount or (b) with respect to Securities in which the holder is a buyer of protection, the lowest of offer quotations (expressed as a percentage) for the relevant Deliverable Obligation in an outstanding principal amount or Due and Payable Amounts equal to the Quotation Amount, each as~~ determined on the Valuation Date by the Calculation Agent in its sole discretion. If no quotations are obtained, the Final Price will be determined by the Calculation Agent in good faith and a commercially reasonable manner (which may be zero).

"Excluded Deliverable Obligation" means any obligation of a Reference Entity specified as such or of a type described with respect to a Reference Entity.

"Quotation Amount" means any amount not greater than the then aggregate outstanding notional amount of the Securities, as selected in the sole discretion of the Calculation Agent.

"Deliverable Obligation" means (a) each obligation of a Reference Entity described by the Deliverable Obligation Category specified as being applicable with respect to a Reference Entity, and having each of the Deliverable Obligation Characteristics, if any, specified as being applicable with respect to a Reference Entity, in each case, as of the Valuation Date and (b) the Reference Obligation; provided, however that if an Excluded Deliverable Obligation is specified with respect to a Reference Entity, such Excluded Deliverable Obligation shall not be an Obligation for the purposes of this definition.

"Deliverable Obligation Category" means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined above), except that, for the purpose of determining Deliverable Obligations, Reference Obligations Only shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only.

"Deliverable Obligation Characteristics" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, each as defined above or otherwise defined below:

- (a) **"Not Contingent"** means any obligation having as of the ~~Relevant~~Valuation Date and all times thereafter an outstanding principal balance that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-~~=~~occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall satisfy the "Not Contingent" Deliverable Obligation Characteristic if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (i) to convert or exchange such obligation or (ii) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or

such exercise has been effectively rescinded) on or before the ~~Relevant~~Valuation Date. If a Deliverable Obligation is a Convertible Obligation or an Exchangeable Obligation ~~(each as defined in the 2003 Definitions)~~, then Deliverable Obligation may be included as a Deliverable Obligation only if the rights referred to in clauses (i) and (ii) above have not been exercised (or such exercise has been effectively rescinded) on or before the ~~Relevant~~Valuation Date.

- (b) **"Assignable Loan"** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of a Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (c) **"Consent Required Loan"** means a Loan that is, as of the ~~Relevant~~Valuation Date, capable of being assigned or novated with the consent of a Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (d) **"Direct Loan Participation"** means a Loan in respect of which, pursuant to a participation agreement, is capable of creating or procuring the creation of, a contractual right in favour of the Holders that provides the Holders with recourse to the participation seller over a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between the Holders and either (i) the Issuer (to the extent the Issuer is then a lender or a member of the relevant lending syndicate) or (ii) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);
- (e) **"Transferable"** means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction provided that none of the following shall be considered contractual, statutory or regulatory restrictions:
 - (i) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
 - (ii) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds,

and if specified as being applicable to a Deliverable Obligation Category, the Transferable Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are not Loans.

- (f) **"Maximum Maturity"** means an obligation that has a remaining maturity from the ~~Relevant~~Valuation Date of not greater than the period specified with respect to a Reference Entity or, if no such period is specified, 30 years.
- (g) **"Accelerated or Matured"** means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the ~~Relevant~~Valuation Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws.

- (h) **"Not Bearer"** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream International or any other internationally recognised clearing system.

VIII. TERMS RELATING TO RESTRUCTURING

If a Credit Event Trigger occurs with respect to a Reference Entity and the Credit Event is "Restructuring", the following provisions will apply. In respect of a Reference Entity for which Restructuring is applicable and either "Restructuring Maturity Limitation and Fully Transferable Obligation—~~Applicable~~" (such Restructuring Credit Event, a "Mod R Restructuring") or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" (such Restructuring Credit Event, "ModMod R Restructuring", and together with Mod R Restructuring, a "Mod/ModMod R Restructuring") is specified as applicable, several concurrent but separate auctions may occur with respect to such Mod/ModMod R Restructuring and such Reference Entity, as determined by the relevant Credit Derivatives Determinations Committee. To determine whether "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applicable with respect to the Reference Entity, see the Physical Settlement Matrix. Upon the occurrence of such Mod/ModMod R Restructuring, depending on the Scheduled Maturity Date of the Securities, the relevant Auction for the purposes of determining the Auction Final Price will be the CDS Auction where the Deliverable Obligation Terms are substantially identical to the Deliverable Obligation Provisions of the Securities, as determined by the Calculation Agent in its sole discretion. Deliverable Obligations with similar maturity dates will be grouped together and if there are sufficient Deliverable Obligations, as determined by the Rules, CDS Auctions will be held for each group of Deliverable Obligations. The Calculation agent will determine which CDS Auction is applicable to the Securities, if any, and the Auction Final Price determined in such CDS Auction will be applicable to the Securities. In the event that no CDS Auction is held with respect to the set of Deliverable Obligation Terms that pertain to the Securities, the Calculation Agent may exercise the Movement Option (see below). If the Calculation Agent does not or cannot exercise the Movement Option, the Securities shall be settled as if "Cash Settlement" were specified as the Settlement Method with respect to a Reference Entity.

If a Restructuring Credit Event occurs that is not a Mod/ModMod R Restructuring, an Auction will be held in accordance with the provisions in accordance with the "Terms Relating to Auction Settlement" above.

If "Restructuring Maturity Limitation and Fully Transferable Obligation" is specified as applicable to a Reference Entity and Restructuring is the only Credit Event specified in a Credit Event Notice delivered by the Calculation Agent, then any Deliverable Obligation must also be an obligation which (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date.

"Fully Transferable Obligation" means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition. For purposes of determining whether a Deliverable Obligation satisfies the requirements of the definition of Fully Transferable Obligation, such determination shall be made as of the Valuation Date or Auction Final Price Determination Date, as applicable, for the relevant Reference Entity, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Calculation Agent.

"Restructuring Maturity Limitation Date" means ~~the date that is the earlier of (x) thirty months following the Restructuring Date and (y),~~ with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, provided that, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the

latest final maturity date of any Restructured Bond or Loan, ~~provided, however, that under no circumstances shall~~ occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a "Latest Maturity Restructured Bond or Loan") and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date ~~be earlier than~~ will be the final maturity date of such Latest Maturity Restructured Bond or Loan. ~~In the event that the Scheduled Credit Observation End Date or later than thirty months following the Scheduled Credit Observation End Date and if it is, it shall be deemed to be the Scheduled Credit Observation End Date or thirty months following the Scheduled Credit Observation End Date, as the case may be~~ Maturity Date is later than: (i)(A) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any; or (B) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exists; or (ii) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

"Restructured Bond or Loan" means an Obligation which is a Bond or Loan and in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred.

"Restructuring Date" means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

~~"Restructured Bond or Loan" means an Obligation which is a Bond or Loan and in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred.~~

"Eligible Transferee" means ~~each of the following~~:

(a) any

- (i) ~~any~~ bank or other financial institution;
- (ii) ~~an~~ insurance or reinsurance company;
- (iii) ~~a~~ mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in clause (a)(i) below); and
- (iv) ~~a~~ registered or licensed broker or dealer (other than a natural person or proprietorship);

provided, however, in each case that such entity has total assets of at least USD 500,000,000.

(b) an Affiliate of an entity specified in the preceding clause (a);

(c) each of a corporation, partnership, proprietorship, organization, trust or other entity:

- (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralized debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least USD 100,000,000 or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD 100,000,000;
- (ii) that has total assets of at least USD 500,000,000; or
- (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in clauses (a), (b), (c)(ii) or (d) of this definition; and

(d) a Sovereign, Sovereign Agency or Supranational Organization.

All references in this definition to USD include equivalent amounts in other currencies.

If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation-~~Applicable~~" is specified as applicable to a Reference Entity and Restructuring is the only Credit Event specified in a Credit Event Notice delivered by the Calculation Agent, then any Deliverable Obligation must also be an obligation which (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

"Conditionally Transferable Obligation" means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of a Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition. For purposes of determining whether a Deliverable Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Valuation Date or Auction Final Price Determination Date, as applicable, for the relevant Reference Entity, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Calculation Agent.

"Modified Restructuring Maturity Limitation Date" means, with respect to a Deliverable Obligation, the ~~date that is the later of (x) the Scheduled Credit Observation End Date and (y) 60 months following the Restructuring Date in the case of a Restructured Bond or Loan, or 30 months following the Restructuring Date in the case of all other Deliverable Obligations.~~ Limitation Date occurring on or immediately following the Scheduled Maturity Date, provided that, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. With respect to Securities for which "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applicable and for which the Scheduled Maturity Date is later than the 2.5-year Limitation Date and prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Maturity Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only. Subject to the foregoing, in the event that the Scheduled Maturity Date is later than (A) the 2.5-year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

"Modified Eligible Transferee" means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

The following definitions shall apply in respect of the general terms relating to Restructuring Maturity Limitation Date and Modified Restructuring Maturity Limitation Date:

"Enabling Obligation" means an outstanding Deliverable Obligation that (i) is a Fully Transferable Obligation or a Conditionally Transferable Obligation, as applicable, and (ii) has a final maturity date occurring on or prior to the Scheduled Maturity Date and following the Limitation Date immediately preceding the Scheduled Maturity Date (or, in circumstances where the Scheduled Maturity Date occurs

prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any).

"**Limitation Date**" means the first of March 20, June 20, September 20 or December 20 in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the "**2.5-year Limitation Date**"), 5 years (the "**5-year Limitation Date**"), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the "**20-year Limitation Date**"), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention unless the Final Terms specify that Limitation Dates will be adjusted in accordance with a specified Business Day Convention.

"**Restructured Bond or Loan**" means an Obligation that is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

"**Restructuring Date**" means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

The following definitions apply with respect to the Movement Option:

"**Movement Option**" means, upon the occurrence of a Restructuring Credit Event with respect to a Reference Entity in respect of which either "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applicable, and with respect to which a No Auction Announcement Date has occurred pursuant to paragraph (b) of the definition of No Auction Announcement Date, the option of the Calculation Agent, acting in its sole discretion, by delivering to the Securities Agent an effective Notice to Exercise Movement Option on or prior to the Movement Option Cut-off Date, to apply, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations which would otherwise be applicable (provided that if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply). If the Calculation Agent does not deliver an effective Notice to Exercise Movement Option on or prior to the Movement Option Cut-off Date, the Restructuring Credit Event will be settled in accordance with the Fallback Settlement Method.

"**Movement Option Cut-off Date**" means the date that is four Relevant City Business Days following the relevant Exercise Cut-off Date.

"**Notice to Exercise Movement Option**" means, upon the occurrence of such Restructuring Credit Event with respect to a Reference Entity for which (a) either "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applicable and (b) the Fallback Settlement Method would otherwise be applicable because a No Auction Announcement Date has occurred (and, in circumstances where such No Auction Announcement Date occurs pursuant to paragraph (b) of the definition of No Auction Announcement Date, the Calculation Agent has not exercised the Movement Option), an irrevocable notice from the Calculation Agent to the Securities Agent that (i) specifies the Parallel Auction Settlement Terms applicable with respect to such Restructuring Credit Event in accordance with the definition of Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

"**Permissible Deliverable Obligations**" has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included on the Final List pursuant to the Deliverable Obligation Terms that are applicable to that Auction.

In respect of a Reference Entity for which either "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applicable (determined in accordance with the Physical Settlement Matrix), a Credit Event

Trigger may occur with respect to one or more Restructuring Credit Events on one or more occasions (such multiple occurrences, "Multiple Exercise"). If a Restructuring Credit Event occurs that is not a Mod/ModMod R Restructuring, a Credit Event Trigger will occur only once and the provisions with respect to Multiple Exercise below will not apply.

If a Mod/ModMod R Restructuring occurs, the following provisions will apply:

- (a) If the first Credit Event Trigger with respect to the Securities is not with respect to a Mod/ModMod R Restructuring, no further Credit Event Trigger may occur.
- (b) If (i) the first Credit Event Trigger with respect to the Securities is a Mod/ModMod R Restructuring and (ii) the Exercise Amount is less than the outstanding principal amount of the Securities immediately prior to the relevant Credit Event Trigger, additional Credit Event Triggers may occur as set forth below under "Exercise Amount".

If a Credit Event Trigger occurs and Mod/ModMod R Restructuring is the only Credit Event specified in the Credit Event Notice, "Exercise Amount" shall mean the amount determined by the Calculation Agent, in its sole discretion, with respect to all the Securities then outstanding, and:

- (1) if on any day an Exercise Amount is less than the then outstanding principal amount of the Securities, the rights and obligations of the parties shall, with effect from the date such Credit Event Notice is effective, be construed as if each Note held by each Noteholder was divided into two classes of Securities, one of which represents a *pro rata* share of an outstanding principal amount equal to the Exercise Amount and will be settled pursuant to the Settlement Method and the other of which represents a *pro rata* share of an outstanding principal amount equal to the principal amount outstanding prior to such Credit Event Notice *minus* the Exercise Amount and will continue in effect with such modifications required as the Calculation Agent determines in its sole discretion to preserve the economic effects of the two classes of Securities considered in the aggregate;
- (2) the Exercise Amount in connection with a Credit Event Trigger with respect to a Credit Event other than a Mod/ModMod R Restructuring must be equal to the then outstanding principal amount of the Securities (and not a portion thereof); and
- (3) the Exercise Amount in connection with a Credit Event Notice describing a Mod/ModMod R Restructuring must be an aggregate principal amount that is at least U.S.\$1,000,000, or an integral multiple thereof, or the entire then outstanding principal amount of the Securities.

The aggregate of all Exercise Amounts with respect to the Securities over time will not exceed the outstanding principal amount of the Securities.

The Calculation Agent will give reasonable notice of any Exercise Amounts to the Securities Agent, provided that the failure to provide such notice will not preclude a partial exercise as otherwise provided for in this section.

IX. MERGER BETWEEN REFERENCE ENTITY AND ISSUER OR GUARANTOR

Notwithstanding any other provision herein, in the event that a Succession Event occurs with respect to a Reference Entity (the "Affected Reference Entity"), and the Issuer (or Guarantor, as the case may be) is the sole Successor to that Reference Entity, then:

- (a) the Issuer (or Guarantor, as the case may be) will not be treated as a Successor nor will it be deemed to be a Reference Entity;*

- (b) the Calculation Agent will select a new entity (the "**Replacement Successor**") that is ~~incorporated in the United States of America or within Europe~~ organized within a jurisdiction within the Transaction Type which would be applicable to the Issuer (or Guarantor, as the case may be) and is of a similar or better credit quality than the Issuer (or Guarantor, as the case may be), as measured by S&P and by Moody's credit ratings at the Succession Date;
- (c) the Replacement Successor will be deemed to:
 - (i) replace the Issuer (or Guarantor, as the case may be) as a Successor to the Affected Reference Entity; and
 - (ii) be a Reference Entity ~~for the purposes of the Securities~~;
- (d) the Replacement Successor determined in accordance with the foregoing will be deemed to be a Reference Entity on and with effect from the Succession Date and the provisions relating to Credit Events will apply with respect to a Credit Event occurring in relation to that entity on or after that Succession Date; and
- (e) the Calculation Agent, will notify the ~~Paying~~Securities Agent of the Replacement Successor as soon as reasonably practicable following the determination of the same (the date of such notification will be referred to as the "**Notification Date**").

~~The Paying Agent will send notice to the Noteholders in accordance with General Condition 26.~~

X. TERMS RELATING TO THE DETERMINATION OF SUCCESSORS

In addition to the provisions set out in "Merger between Reference Entity and Issuer" above, a Reference Entity may be subject to a Succession Event.

If a Reference Entity (the "**Original Reference Entity**") is subject to a Succession Event and as a result of that Succession Event there would be one or more Successors, the Calculation Agent will notify the ~~Paying~~Securities Agent of the applicable Successor(s) as soon as reasonably practicable after such Succession Event (the date such notification is effective, the "**Notification Date**"); provided that the Calculation Agent will not send such notice if, at such time, either (a) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in the definition of Successor, and in clause (a) and clause (b)(~~i~~A) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved which entity or entities are determined to be the Successor(s) or has Resolved not to determine a Successor) or (b) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. Neither the Issuer nor the Calculation Agent will be liable for failure by the ~~Paying~~Securities Agent or the clearing system to provide notice to the Noteholder of the occurrence of a Succession Event and the identity of the Successor(s). For the avoidance of doubt, the Original Reference Entity will be eligible for selection to be a Reference Entity of one of the New Securities if it is one of the Successors.

Each Successor determined in accordance with the foregoing will be deemed to be a Reference Entity on and with effect from the Succession Date and the provisions relating to Credit Events will apply with respect to a Credit Event occurring in relation to such entity or entities on or after that Succession Date.

In making any selections pursuant to the foregoing provisions, the Calculation Agent, will act in its sole and absolute discretion. The Calculation Agent will be entitled to act in the economic interest of either the Issuer or the Noteholder without further consultation or consents being required. ~~Upon the occurrence of a Succession Event, the Calculation Agent will promptly deliver a Succession Event Notice to the Paying Agent.~~

"Succession Event" means (a) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement or (b) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. Notwithstanding the foregoing, "Succession Event" shall not include an event (i) in which the holders of obligations of a Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin off or other similar event or (ii) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date applicable to the Securities (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

A Credit Event Trigger may occur:

- (1) on or after the Succession Date, in the case of a Successor irrespective of whether and when the Notification Date has occurred; and
- (2) on or before the Succession Date, in the case of the Original Reference Entity.

"Succession Date" means the legally effective date of the Succession Event.

"Succession Event Backstop Date" means (a) for purposes of any ~~DC Resolution of the relevant Credit Derivatives Determinations Committee~~ event that constitutes a Succession Event with respect to ~~whether or not a Succession Event has occurred~~ a Reference Entity as determined by DC Resolution, the date that is 90 calendar days prior to the Succession Event Resolution Request Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) or (b) otherwise, the date that is 90 calendar days prior to the earlier of (i) the date on which the Succession Event Notice is effective and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described clauses (a) and (b) of the definition of ~~Credit~~ Succession Event Resolution Request Date are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the Succession Event Notice is delivered by the Calculation Agent to the ~~Paying~~ Securities Agent not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

"Succession Event Resolution Request Date" means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Succession Event ~~for purposes of the Securities~~ has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (A) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event or (B) with respect to a Reference Entity that is a Sovereign, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

"Succession Event Notice" means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) to the ~~Paying~~Securities Agent that describes a Succession Event that occurred on or after the Succession Event Backstop Date applicable to the Securities (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), provided that a Succession Event Notice will be deemed to be delivered to the Securities Agent and each Noteholder if ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has identified by DC Resolution, in respect of a Succession Event Resolution Request Date, one or more Successors in respect of a Reference Entity.

A Succession Event Notice must contain a description in reasonable detail of the facts relevant to the determination, of (i) whether a Succession Event has occurred and (ii) if relevant, the identity of any Successor(s).

"Successor" means in relation to a Reference Entity, each entity in respect of which: (a) in accordance with the definition of "Successor", the Calculation Agent determines to be a Successor to such Reference Entity for ~~the purposes of the Securities~~ and in respect of which it notifies the ~~Paying~~Securities Agent; or (b) ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, to be a "Successor" in respect of such Reference Entity.

For the purposes of any DC Resolution by a Credit Derivatives Determinations Committee or determination by the Calculation Agent, as the case may be, in respect of a Succession Event, a Successor will be, in relation to a Reference Entity:

- (a) that is not a Sovereign, the entity or entities, if any, determined as set forth below:
 - (i) if one entity directly or indirectly succeeds to seventy-five per cent or more of the Relevant Obligations of a Reference Entity by way of a Succession Event, that entity will be the sole Successor;
 - (ii) if only one entity directly or indirectly succeeds to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of a Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of a Reference Entity remain with a Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor;
 - (iii) if more than one entity each directly or indirectly succeeds to more than twenty-five per cent of the Relevant Obligations of a Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of a Reference Entity remain with a Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor;
 - (iv) if one or more entities each directly or indirectly succeeds to more than twenty-five per cent. of the Relevant Obligations of a Reference Entity by way of a Succession Event, and more than twenty-five per cent. of the Relevant Obligations of a Reference Entity remain with a Reference Entity, each such entity and a Reference Entity will each be a Successor;
 - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of a Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of a Reference Entity and a Reference Entity continues to exist, there will be no Successor and a Reference Entity will not be changed in any way as a result of the Succession Event; and

- (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of a Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of a Reference Entity and a Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of a Reference Entity) will be the sole Successor; and
- (b) that is a Sovereign Reference Entity, each entity which becomes a direct or indirect successor to such Reference Entity by way of Succession Event, irrespective of whether any such successor assumes any of the obligations of such Reference Entity.

Where, pursuant to paragraph (a)(iii) or (iv) above, more than one Successor has been identified, the rights and obligations of the Issuer and any holder of the Securities shall be construed as if the Issuer had issued to such holder the same number of new Securities (the "**New Securities**") in exchange for each Note existing prior to such Succession Event as there are Successors, with the following terms:

- (a) each Successor will be the sole Reference Entity for the purposes of the applicable New Securities;
- (b) in respect of each New ~~Note~~Security, the outstanding principal amount will be the outstanding principal amount of the original ~~Note~~Security divided by the number of Successors;
- (c) all other terms and conditions of the original Note will be replicated in each New ~~Note~~Security except to the extent that modification is required, as determined by the Calculation Agent in its sole and absolute discretion, to preserve the economic effects of the original Note in the New Securities (considered in the aggregate); and
- (d) no party will be required to issue or take other steps to evidence the New Securities.

XI. CREDIT-~~LINKED~~ INTEREST PROVISIONS

~~Unless otherwise specified in the term sheet, the following provisions will apply to Securities in which the holder is a seller of protection.~~

- (a) Interest will accrue on the Securities for each period from (and including) one Interest Payment Date to (but excluding) the following Interest Payment Date (each, an "**Interest Period**"), except that: (i) the initial Interest Period will commence on and include the Issue Date; and (ii) the final Interest Period will end on, and exclude, the earliest to occur of: (A) the Scheduled Maturity Date; (B) the Interest Payment Date immediately preceding the final Event Determination Date; (C) the Optional Redemption Date, if any, (D) if a Potential ~~Failure to Pay~~Credit Event occurs and subsequently results in a ~~Failure to Pay~~Credit Event Trigger, the Interest Payment Date immediately preceding the date that the Potential ~~Failure to Pay~~ occurs; and (E) if a Potential ~~Repudiation/Moratorium~~ occurs and subsequently results in a ~~Repudiation/Moratorium~~, the Interest Payment Date immediately preceding the date that the Potential ~~Repudiation/Moratorium~~Credit Event occurs.
- (b) If the Calculation Agent determines, in its sole discretion, that a Potential Credit Event exists on or prior to the Scheduled Credit Observation End Date, the accrual of Interest will be suspended starting from and including the Interest Payment Date immediately preceding the date on which such Potential Credit Event, as the case may be, occurred. If a Credit Event subsequently occurs, no further Interest will accrue to you beyond the Interest Payment Date immediately preceding the date on which such Potential Credit Event occurred.

- (c) If the Potential Credit Event is cured or otherwise determined not to be a Credit Event, the suspended Interest will be paid on: (i) if the Potential Credit Event is cured or otherwise determined not to be a Credit Event prior to the Scheduled Maturity Date, the earlier of the fifth Business Day following such cure or determination or the following Interest Payment Date; or (ii) if the Potential Credit Event is cured or otherwise determined not to be a Credit Event on or after the Scheduled Maturity Date, the fifth Business Day following the date of cure or as soon thereafter as practicable, but no further amounts will be payable in respect of the delay in payment. The suspended Interest will be determined by the Calculation Agent based on the applicable Interest Rate.
- (d) No interest will accrue after the Scheduled Maturity Date even if the repayment of the Securities occurs after the Scheduled Maturity Date due to a Potential Credit Event.

XII. INTERPRETATION OF PROVISIONS

The following provisions shall apply with respect to certain determinations made by the Calculation Agent:

- (a) If the Obligation Characteristic "Listed" is specified as being applicable with respect to a Reference Entity, the Securities shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category;
- (b) If (i) either of the Deliverable Obligation Characteristics "Listed" or "Not Bearer" is specified as being applicable with respect to a Reference Entity, the Securities shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Deliverable Obligation Category; (ii) the Deliverable Obligation Characteristic "Transferable" is specified as being applicable with respect to a Reference Entity, the Securities shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Deliverable Obligation Category); or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified as being applicable with respect to a Reference Entity, the Securities shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Deliverable Obligation Category;
- (c) If, in respect of a Reference Entity, any of "Payment", "Borrowed Money", "Loan" or "Bond or Loan" is specified ~~under~~as the "Deliverable Obligation Category" ~~as being applicable~~ with respect to a Reference Entity and more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified as Deliverable Obligation Characteristics ~~under~~ ~~"Deliverable Obligation"~~ as being applicable with respect to a Reference Entity, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics;
- (d) In the event that an Obligation or Deliverable Obligation is a Qualifying Guarantee, the following will apply:
 - (i) For the purposes of the application of "Obligation Category" and "Deliverable Obligation Category", the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation;
 - ~~(ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation~~

~~must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the related Confirmation from the following list: Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the related Confirmation, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law;~~

- ~~(iii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Qualifying Guarantee must satisfy on the relevant date the Obligation Characteristic or the Deliverable Obligation Characteristic of Not Subordinated, if specified with respect to a Reference Entity;~~~~(iv)~~ For the purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics if any, specified with respect to a Reference Entity from the following list: "Not Subordinated", "Standard Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law". For these purposes, unless otherwise specified with respect to a Reference Entity, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law;
- (~~vi~~iii) For the purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified with respect to a Reference Entity, from the following list: "Listed", "Not Contingent", "Not Domestic Issuance", "Assignable Loan", "Consent Required Loan", "Direct Loan Participation", "Transferable", "Maximum Maturity", ~~(subject to (ix) below)~~ "Accelerated or Matured" and "Not Bearer";
- (~~vi~~iv) For the purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to a Reference Entity shall be deemed to refer to the Underlying Obligor; and
- (~~vi~~v) The terms "outstanding principal balance" and "Due and Payable Amount" when used in connection with Qualifying Guarantees are to be interpreted to be the then "outstanding principal balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

XIII. ADDITIONAL PROVISIONS FOR LPN REFERENCE ENTITIES

Notwithstanding anything to the contrary in this Credit Annex, the following provisions shall apply with respect to a Reference Entity if either: (a) "Additional Provisions for LPN Reference Entities (October 3, 2006)" is specified as "applicable" in the Physical Settlement Matrix in the column applicable to the relevant Transaction Type; or (b) these provisions are otherwise specified as being applicable to such Reference Entity in the Final Terms.

- (a) provisions relating to Multiple Holder Obligation will be deemed not to apply with respect to any Reference Obligation (and any Underlying Loan);
- (b) each Reference Obligation will be an Obligation, notwithstanding anything to the contrary in this Credit Annex including, but not limited to, the definition of "Obligation", and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity;

- (c) each Reference Obligation will be a Deliverable Obligation notwithstanding anything to the contrary in this Credit Annex including, but not limited to, the definition of "Deliverable Obligation" and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity.

For the avoidance of doubt with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Finance Instrument, the outstanding principal balance shall be determined by reference to the Underlying Loan or Underlying Finance Instrument (as applicable) relating to such LPN Reference Obligation.

The Not Subordinated Obligation Characteristic and Deliverable Obligation Characteristic shall be construed as if no Reference Obligation was specified in respect of the Reference Entity:

- (d) the definition of Reference Obligation shall be deleted and the following substituted therefor:

""**Reference Obligation**" means, as of the Issue Date, each of the obligations listed as a Reference Obligation of the Reference Entity in the Final Terms or set forth on the relevant LPN Reference Obligations List (each a "**Markit Published LPN Reference Obligation**"), as published by Markit Group Limited, or any successor thereto, which list is as of the Issue Date available at <http://www.markit.com/marketing/services.php>, any Additional LPN and each Additional Obligation."; and

- (e) the following additional definitions shall apply:

"**Additional LPN**" means any bond issued in the form of a loan participation note (a "**LPN**") by an entity (the "**LPN Issuer**") for the sole purpose of providing funds for the LPN Issuer to: (i) finance a loan to the Reference Entity (the "**Underlying Loan**") or (ii) provide finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument (the "**Underlying Finance Instrument**"); provided that: (A) either (x) in the event that there is an Underlying Loan with respect to such LPN the Underlying Loan satisfies the Obligation Characteristics specified in respect of the Reference Entity or (y) in the event that there is an Underlying Finance Instrument with respect to such LPN the Underlying Finance Instrument satisfies the Not Subordinated, Not Domestic Law and Not Domestic Currency Obligation Characteristics; (B) the LPN satisfies the following Deliverable Obligation Characteristics: Transferable, Not Bearer, Specified Currency – Standard Specified Currencies, Not Domestic Law, Not Domestic Issuance; and (C) the LPN Issuer has, as of the issue date of such obligation, granted a First Ranking Interest over or in respect of certain of its rights in relation to the relevant Underlying Loan or Underlying Finance Instrument (as applicable) for the benefit of the holders of the LPNs.

"**Additional Obligation**" means each of the obligations listed as an Additional Obligation of the Reference Entity in the Final Terms or each Markit Published LPN Reference Obligation.

"**First Ranking Interest**" means a charge, security interest (or other type of interest having similar effect) (for the purposes of this definition, an "Interest"), which is expressed as being "first ranking", "first priority", or similar ("**First Ranking**") in the document creating such Interest (notwithstanding that such Interest may not be First Ranking under any insolvency laws of any related insolvency jurisdiction of the LPN Issuer).

"**LPN Reference Obligation**" means each Reference Obligation other than any Additional Obligation.

For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation constituting a Reference Obligation.

Each LPN Reference Obligation is issued for the sole purpose of providing funds for the LPN Issuer to finance a loan to the Reference Entity. For the purposes of this Credit Annex, each such loan shall be an Underlying Loan.

ANNEX B PHYSICAL SETTLEMENT MATRIX ANNEX

This Annex sets forth a summary of certain provisions of the Physical Settlement Matrix. Capitalized terms used but not defined in this summary have the meaning specified in the Final Terms.

With respect to the Notes, the "**Physical Settlement Matrix**" shall mean the "Credit Derivatives Physical Settlement Matrix" as most recently amended and supplemented as of the Issue Date of the Notes. A copy of the relevant Physical Settlement Matrix with respect to the Notes may also be inspected at the offices of the Issuer and is also currently available at:

- (a) for any Corporate Reference Entity:

http://www.jpmorgan.com/directdoc/credit_derivatives_physical_settlement_matrix_corporates_4_8_09.pdf; and

- (b) for any Sovereign Reference Entity:

http://www.jpmorgan.com/directdoc/credit_derivatives_physical_settlement_matrix_sovereigns_4_8_09.pdf.

References to "Confirmation" in the relevant Physical Settlement Matrix shall be interpreted to mean these Final Terms for the purposes of the Notes.

These Final Terms specify, in respect of each Reference Entity, a "Transaction Type" that is included in the relevant Physical Settlement Matrix and, accordingly, unless specified otherwise in these Final Terms, certain terms set out in the Physical Settlement Matrix with respect to such specified Transaction Type shall be deemed to apply to that Reference Entity for the purposes of the Notes.

In respect of each Reference Entity for which a Transaction Type is specified in these Final Terms, the relevant Physical Settlement Matrix will specify, *inter alia*, the applicable:

- (a) Business Days;
- (b) Calculation Agent City;
- (c) Whether "All Guarantees" is applicable or not applicable to the Reference Entity;
- (d) Credit Events (including whether "Grace Period Extension", "Restructuring Maturity Limitation and Fully Transferable Obligation" ~~and~~ "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" and "Multiple Holder Obligation" are applicable or not applicable to the Reference Entity);
- (e) Obligation Category;
- (f) Obligation Characteristics;
- (g) Settlement Method;
- (h) Deliverable Obligation Category; and
- (i) Deliverable Obligation Characteristics.

Notwithstanding anything to the contrary in these Final Terms and the Physical Settlement Matrix, the "Fallback Settlement Method" will be Cash Settlement, as described in the Credit Annex attached hereto as Annex A.

Material terms and conditions of the Notes can only be ascertained by reviewing the relevant Physical Settlement Matrix, together with the terms set forth in the Credit Annex attached hereto as Annex A. Prospective investors and Noteholders are strongly advised to obtain a copy of the relevant Physical Settlement Matrix and to review the applicable provisions thereof specified in paragraphs (a) through (i) above as such provisions relate to a Reference Entity of a particular Transaction Type.

ANNEX C

CREDIT DERIVATIVES DETERMINATIONS COMMITTEES

In making certain determinations with respect to the Notes, the Calculation Agent shall be obliged to follow the DC Resolutions of the Credit Derivatives Determinations Committees. This Annex sets forth a summary of the Credit Derivatives Determinations Committees Rules ~~set forth in Annex A to the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 12 March 2009)~~, as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the "Rules"), as they exist as of the date of these Final Terms. This summary is not intended to be exhaustive and prospective investors should also read the Rules, and reach their own views prior to making any investment decisions. A copy of the Rules published by ISDA as of ~~12 March~~ 18 December 2009 may be inspected at the offices of the Issuer and is available at:

http://www.jpmorgan.com/directdoc/credit_derivatives_determination_deriv_determinations_committees_rules_412_818_09.pdf

Capitalized terms used but not defined in this summary have the meaning specified in these Final Terms or the Rules, as applicable.

Establishment of the Credit Derivatives Determinations Committees

In accordance with the Rules, a Credit Derivatives Determinations Committee has been formed for each of the regions of (a) the Americas, (b) Asia Ex-~~Japan~~, (c) Australia-~~New Zealand~~, (d) Europe, Middle East and Africa and (e) Japan. As of the Issue Date, the Calculation Agent (or one of its Affiliates) is a voting member on each of the Credit Derivatives Determinations Committees. See "*Potential conflicts of interest due to the involvement of the Calculation Agent with the Credit Derivatives Determinations Committees*" in the section of the Prospectus entitled "*Risk Factors*" for additional information regarding conflicts of interest. The Credit Derivatives Determinations Committees will act in accordance with the Rules and will make determinations that are relevant for Credit Derivative Transactions that incorporate, or are deemed to incorporate, the 2009 ISDA Credit Derivatives Determinations Committees ~~and~~ Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on ~~12 March~~ 14 July 2009) as published by ISDA (the "~~March~~ July 2009 Supplement"). ISDA will serve as the secretary of each Credit Derivatives Determinations Committee and will perform administrative duties and make certain determinations as provided for under the Rules.

Decision-making Process of the Credit Derivatives Determinations Committees

Each DC Resolution by a Credit Derivatives Determinations Committee will apply to Credit Derivative Transactions that incorporate, or are deemed to incorporate, the ~~March~~ July 2009 Supplement and for which the relevant provisions are not materially inconsistent with the provisions with respect to which the Credit Derivatives Determinations Committee bases its determination. As a result, except for pursuant to the terms of the Notes, determinations by the Credit Derivatives Determinations Committees are not otherwise applicable to the Noteholders. Furthermore, the institutions on the Credit Derivatives Determinations Committees owe no duty to the Noteholders. Under the terms of the Notes, certain determinations by the Credit Derivatives Determinations Committees will be binding on the Noteholders. ~~However, such determinations shall be limited to those expressly set forth in these Final Terms and the~~ The Credit Derivatives Determinations Committees shall have no ability to amend the terms of the Notes. The Credit Derivatives Determinations Committees will be able to make determinations without action or knowledge by the Noteholders.

A Credit Derivatives Determinations Committee will be convened upon referral of (i) a question to ISDA by an identified eligible market participant and the agreement of at least one of the voting members of the

relevant Credit Derivatives Determinations Committee to deliberate the question, or (ii) a question to ISDA by an unidentified eligible market participant and the agreement of at least two of the voting members of the relevant Credit Derivatives Determinations Committee to deliberate the question. ISDA will convene the Credit Derivatives Determinations Committee for the region to which the referred question relates, as determined in accordance with the Rules. Any party to a transaction that incorporates, or is deemed to incorporate, the ~~March~~July 2009 Supplement may refer a question to ISDA for a Credit Derivatives Determinations Committee to consider. Therefore, a binding determination may be made with respect to the Notes without any action by the Noteholders. See *"Noteholders will not be able to refer questions to the Credit Derivatives Determinations Committees in their capacity as holders of the Notes"* in the section of the Prospectus entitled *"Risk Factors"* for additional information regarding the lack of Noteholder involvement in determinations made by the Credit Derivatives Determinations Committees.

Once a question is referred to a Credit Derivatives Determinations Committee, a DC Resolution may result quickly, as a binding vote usually must occur within two business days of the first meeting held with respect to such question unless the timeframe is extended by agreement of at least 80% of the voting members participating in a vote held in accordance with the Rules. In addition, voting members of the Credit Derivatives Determinations Committees are required to participate in each binding vote, subject only to limited abstention rights. Notices of questions referred to the Credit Derivatives Determinations Committees, meetings held to deliberate such questions and the results of binding votes will be published on the ISDA website and neither the Issuer, the Calculation Agent nor any of their respective Affiliates shall be obliged to inform the Noteholders of such information (other than as expressly provided in these Final Terms). Noteholders shall therefore be responsible for obtaining such information. —See *"Noteholders shall be responsible for obtaining information relating to deliberations of the Credit Derivatives Determinations Committees"* in the section of the Prospectus entitled *"Risk Factors"* for additional information.

The Credit Derivatives Determinations Committees have the ability to make determinations that may materially affect the Noteholders. The Credit Derivatives Determinations Committees will be able to make a broad range of determinations in accordance with the Rules that may be relevant to the Notes and materially affect the Noteholders. For each of the general types of questions discussed below, the Credit Derivatives Determinations Committees may determine component questions that arise under the 2003 ISDA Credit Derivatives Definitions, as supplemented by the ~~March~~July 2009 Supplement (the **"Credit Derivatives Definitions"**), or the Rules and that are related to the initial question referred. Since the terms governing the credit-linked elements of the Notes are substantially similar to the Credit Derivatives Definitions, such determinations may affect the Noteholders, as further described below.

Credit Events

The Credit Derivatives Determinations Committees will be able to determine whether a Credit Event has occurred and the date of such Credit Event. Related questions that are also within the scope of the Credit Derivatives Determinations Committees are whether the Repudiation/Moratorium Extension Condition is satisfied or whether a Potential Failure to Pay or a Potential Repudiation/Moratorium has occurred. In addition, the Credit Derivatives Determinations Committees will also determine, where necessary, whether the required Publicly Available Information has been provided. Each of these determinations, other than whether the required Publicly Available Information has been provided, requires the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the Rules in order to avoid the referral of the question to the external review process, as described further below. The determination of whether the required Publicly Available Information has been provided requires the agreement of at least a majority of the voting members participating in a binding vote held in accordance with the Rules and is not eligible for external review. Each of these determinations may affect whether the Calculation Agent is entitled to deliver a Credit Event Notice and therefore whether a Credit Event Trigger will occur under the Notes. To the extent that the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred with respect to a Reference Entity on or after the Credit Event Backstop Date, the Calculation Agent shall deliver a Credit Event Notice in respect of the Notes. Notwithstanding the scope of the Credit Derivatives Determinations Committees, the Calculation Agent may still declare a Credit Event and deliver a Credit Event Notice even if a Credit Derivatives Determinations Committee has

not Resolved that a Credit Event has occurred, provided that a Credit Derivatives Determinations Committee has not Resolved that a Credit Event has not occurred.

Auctions

Once a Credit Derivatives Determinations Committee has Resolved that a Credit Event has occurred, such Credit Derivatives Determinations Committee may determine to hold one or more auctions in order to settle affected transactions ~~as long as the Credit Event is not a Restructuring~~. Such determination requires the agreement of at least a majority of the voting members participating in a binding vote held in accordance with the Rules and is not eligible for external review. For each auction that is held, the Credit Derivatives Determinations Committee will publish a set of Credit Derivatives Auction Settlement Terms, ~~a form of which is set forth in Annex B to the March 2009 Supplement~~ (for further information about the Credit Derivatives Auction Settlement Terms, see "*Auction Settlement Terms*" at Annex D to these Final Terms). In order to publish the set of Credit Derivatives Auction Settlement Terms, the Credit Derivatives Determinations Committee will make several related determinations, including the auction date, whether certain institutions can act as a Participating Bidder in the auction and the supplemental terms that are detailed in Schedule 1 to the form of Credit Derivatives Auction Settlement Terms ~~set forth in Annex B to the March 2009 Supplement~~ as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time. Each of these determinations requires the agreement of at least a majority of the voting dealer members participating in a binding vote held in accordance with the Rules and is not eligible for external review. The Credit Derivatives Determinations Committee may also decide to further amend the form of Credit Derivatives Auction Settlement Terms for a particular auction and may decide whether a public comment period is necessary in order to effect such an amendment. Any such amendment to the form of Credit Derivatives Auction Settlement Terms for a particular auction will require the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the Rules and is not eligible for external review. Since, following a Credit Event Trigger, the Final Redemption Amount of the Notes will be calculated based upon the Auction Final Price determined for the Reference Entity, any decision as to whether an auction will be held and as to the terms of such an auction may influence the ultimate recovery of the Noteholders under the Notes.

If a Credit Derivatives Determinations Committee Resolves to hold an auction to settle affected transactions, the auction date will be the third business day immediately preceding the 30th calendar day after the relevant Credit Event Resolution Request Date, unless at least a majority of the voting dealer members participating in a binding vote held in accordance with the Rules decide otherwise. The process for compiling the list of Deliverable Obligations, described further below, is designed to be completed in ten calendar days, subject to extensions for relevant deadlines falling on non-business days, delays resulting from questions being referred to external review and modifications to the timeline by at least 80% of the voting members participating in a binding vote held in accordance with the Rules. Under the Notes, the Settlement Date will be the third Business Day following the Auction Settlement Date (as defined in the relevant set of Credit Derivatives Auction Settlement Terms).

Deliverable Obligations

Following a DC Resolution to publish a set of Credit Derivatives Auction Settlement Terms, the Credit Derivatives Determinations Committee will determine the Deliverable Obligations for such set of Credit Derivatives Auction Settlement Terms in accordance with the procedures detailed in the Rules. The Credit Derivatives Determinations Committee will first determine the terms that will apply to such set of Credit Derivatives Auction Settlement Terms for purposes of determining Deliverable Obligations and then will compile an initial list of potential Deliverable Obligations. The initial set of terms to apply to a specific set of Credit Derivatives Auction Settlement Terms and the inclusion of potential Deliverable Obligations on an initial list require the agreement of at least a majority of the voting members participating in a binding vote held in accordance with the Rules and are not eligible for external review. Any party to a transaction that incorporates, or is deemed to incorporate, the ~~March~~ July 2009 Supplement may propose additional Deliverable Obligations to be considered or challenge the potential Deliverable Obligations included on the list compiled by the Credit Derivatives Determinations Committee. For each proposed or challenged

potential Deliverable Obligation, the Credit Derivatives Determinations Committee will decide whether such potential Deliverable Obligation is a Deliverable Obligation for purposes of the relevant set of Credit Derivatives Auction Settlement Terms, a determination that requires the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the Rules in order to avoid the referral of the question to the external review process, as described further below. Such parties will be required to bear the related costs if their proposed Deliverable Obligation is Resolved not to be a Deliverable Obligation or if their challenge is ultimately unsuccessful. The Deliverable Obligations that are included in any auction may affect the Auction Final Price determined by such auction and hence the ultimate recovery of the Noteholders under the Notes.

Succession Events

The Credit Derivatives Determinations Committees will be able to determine whether a Succession Event has occurred and the relevant date of such Succession Event. In addition, the Credit Derivatives Determinations Committees will also determine the identity of the Successor(s) in accordance with the Rules. For a Reference Entity that is not a Sovereign, the Credit Derivatives Determinations Committees will determine the Relevant Obligation(s) of the Reference Entity, the outstanding principal balance of any Relevant Obligation(s) and the proportion of the Relevant Obligation(s) to which each purported Successor succeeds in order to determine the identity of the Successor(s). Each of these determinations requires the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the Rules in order to avoid the referral of the question to the external review process, as described further below, except for the actual identification of the Successor(s) for a Reference Entity that is not a Sovereign (which only requires a majority and is not eligible for external review). The Calculation Agent will use the relevant DC Resolutions of the Credit Derivatives Determinations Committees in order to determine ~~a potential Successor(s) to the Reference Entity (although Noteholders should be aware that in cases where more than one Successor is identified for the Reference Entity, the Calculation Agent will ultimately determine in its sole and absolute discretion which Successor shall be selected for the purposes of the Notes).~~

Other Questions

The Credit Derivatives Determinations Committees will be able to determine whether circumstances have occurred that require a Substitute Reference Obligation to be identified and, if so, the appropriate Substitute Reference Obligation. In addition, the Credit Derivatives Determinations Committees will be able to determine whether an entity that acts as seller of protection under one or more transactions (such entity, the "**Relevant Seller**") or a Reference Entity has consolidated or amalgamated with, or merged into, or transferred all or substantially all its assets to, the Reference Entity or the Relevant Seller, as applicable, or that the Relevant Seller and the Affected Reference Entity have become Affiliates. Each of these determinations requires the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the Rules in order to avoid the referral of the question to the external review process, as described further below. The Calculation Agent may follow such DC Resolutions in making the equivalent determinations with respect to the Notes.

The Credit Derivatives Determinations Committees will be able to determine other referred questions that are relevant to the credit derivatives market as a whole and are not merely a matter of bilateral dispute. Such questions require the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the Rules for each Credit Derivatives Determinations Committee implicated by the relevant question, as determined in accordance with the Rules, in order to avoid the possible referral of the question to the external review process, as described further below. In cases where the required voting threshold is not satisfied, the question will be referred to the external review process if at least a majority of the voting members participating in a binding vote held in accordance with the Rules agree. Any guidance given by the Credit Derivatives Determinations Committees with respect to questions of interpretation of the Credit Derivatives Definitions are likely to influence the Calculation Agent in interpreting equivalent provisions under the Notes.

Any of the above questions can be submitted to the Credit Derivatives Determinations Committees by an unidentified eligible market participant for deliberation. The relevant Credit Derivatives Determinations Committee(s) will deliberate such question upon the agreement of at least two of the voting members of the relevant Credit Derivatives Determinations Committee to deliberate the question. Once the deliberations on such question have commenced, the relevant Credit Derivatives Determinations Committee will proceed in accordance with the procedures described above with respect to the relevant question category, except that the identity of the eligible market participant who submitted the question will not be revealed to the members of the Credit Derivatives Determinations Committees or the general public.

External Review

As described immediately above, certain questions deliberated by the Credit Derivatives Determinations Committees are subject to an external review process if the required threshold is not met during the binding vote held with respect to such question. For such questions, if at least 80% of the voting members participating in a binding vote held in accordance with the Rules fail to agree, the question will be automatically referred to the external review process. Questions that are not eligible for external review often require only a simple majority of participating voting members to agree in order to reach a DC Resolution.

Questions referred to external review will be considered by a panel of three independent individuals who will be selected by either the relevant Credit Derivatives Determinations Committee or by ISDA at random. The default duration of the external review process (which can be modified by the relevant Credit Derivatives Determinations Committee in accordance with the Rules) is ~~ten~~twelve business days from the referral of the question and contemplates the receipt of both written submissions and oral argument. Any member of ISDA may provide written submissions to the external reviewers, which will be made available to the public on the ISDA website, and the conclusion reached in accordance with the external review process will be binding on the Noteholders. In instances where the vote of the relevant Credit Derivatives Determinations Committee was less than or equal to 60%, the decision of a majority of the external reviewers will be determinative. However, in instances where the vote of the relevant Credit Derivatives Determinations Committee was between 60% and 80%, all three external reviewers must agree in order to overturn the vote of the Credit Derivatives Determinations Committee.

Noteholders should be aware that the external reviewers may not consider new information that was not available to the relevant Credit Derivatives Determinations Committee at the time of the binding vote and questions may be returned to the Credit Derivatives Determinations Committee for another vote if new information becomes available. In addition, if the external reviewers fail to arrive at a decision for any reason, the entire process will be repeated. As a result, the external review process may be elongated in certain situations, leaving questions that may materially affect the Noteholders unresolved for a period of time.

The Composition of the Credit Derivatives Determinations Committees

Each Credit Derivatives Determinations Committee is composed of fifteen voting members and three non= voting consultative members. Ten of the voting members are dealer institutions, with eight serving across all regions and two potentially varying by region. The other five voting members are non=dealer institutions that serve across all regions. The three non=voting consultative members consist of one dealer institution and one non=dealer institution that serve across all regions and one dealer institution that could potentially vary by region. For the first composition of the Credit Derivatives Determinations Committees only, an additional non=voting dealer institution has been selected to serve across all regions.

Noteholders will have no role in the composition of the Credit Derivatives Determinations Committees. Separate criteria ~~apply~~applies with respect to the selection of dealer and non=dealer institutions to serve on the Credit Derivatives Determinations Committees and the Noteholders will have no role in establishing such criteria. In addition, the composition of the Credit Derivatives Determinations Committees will change from time to time in accordance with the Rules, as the term of an institution may expire or an institution may be required to be replaced. The Noteholders will have no control over the process for

selecting institutions to participate on the Credit Derivatives Determinations Committees and, to the extent provided for in the Notes, will be subject to the determinations made by such selected institutions in accordance with the Rules.

Ability of the Calculation Agent or its Affiliates to influence the Credit Derivatives Determinations Committees

As of the Issue Date, the Calculation Agent (or one of its Affiliates) is a voting member on each of the Credit Derivatives Determinations Committees. In such capacity, it may take certain actions that may influence the process and outcome of decisions of the Credit Derivatives Determinations Committees, including (without limitation): (a) agreeing to deliberate a question referred to ISDA, (b) voting on the resolution of any question being deliberated by a Credit Derivatives Determinations Committee and (c) advocating a certain position during the external review process. In addition, as a party to transactions which incorporate, or are deemed to incorporate, the ~~March~~July 2009 Supplement, the Calculation Agent may refer a question to ISDA for a Credit Derivatives Determinations Committee to deliberate. In deciding whether to take any such action, the Calculation Agent (or its Affiliate) shall be under no obligation to consider the interests of any Noteholder. See "*Potential conflicts of interest of the Calculation Agent*" below for additional information.

Potential Conflicts of Interest of the Calculation Agent

Since, as of the Issue Date, the Calculation Agent (or one of its Affiliates) is a voting member on each of the Credit Derivatives Determinations Committees and is a party to transactions which incorporate, or are deemed to incorporate, the ~~March~~July 2009 Supplement, it may take certain actions which may influence the process and outcome of decisions of the Credit Derivatives Determinations Committees. See "*Ability of the Calculation Agent or its Affiliates to influence the Credit Derivatives Determinations Committees*" above for additional information. Such action may be adverse to the interests of the Noteholders and may result in an economic benefit accruing to the Calculation Agent. In taking any action relating to the Credit Derivatives Determinations Committees or performing any duty under the Rules, the Calculation Agent shall have no obligation to consider the interests of the Noteholders and may ignore any conflict of interest arising due to its responsibilities under the Notes.

Noteholders will have no recourse against either the institutions serving on the Credit Derivatives Determinations Committees or the external reviewers. Institutions serving on the Credit Derivatives Determinations Committees and the external reviewers, among others, disclaim any duty of care or liability arising in connection with the performance of duties or the provision of advice under the Rules, except in the case of gross negligence, fraud or ~~willful~~willful misconduct. Furthermore, the institutions on the Credit Derivatives Determinations Committees do not owe any duty to the Noteholders and the Noteholders will be prevented from pursuing claims with respect to actions taken by such institutions under the Rules.

Noteholders should also be aware that institutions serving on the Credit Derivatives Determinations Committees have no duty to research or verify the veracity of information on which a specific determination is based. In addition, the Credit Derivatives Determinations Committees are not obligated to follow previous determinations and, therefore, could reach a conflicting determination for a similar set of facts.

Noteholders shall be responsible for obtaining information relating to deliberations of the Credit Derivatives Determinations Committees. Notices of questions referred to the Credit Derivatives Determinations Committees, meetings held to deliberate such questions and the results of binding votes will be published on the ISDA website and neither the Issuer, the Calculation Agent nor any of their respective Affiliates shall be obliged to inform the Noteholders of such information (other than as expressly provided in these Final Terms). Failure by the Noteholders to be aware of information relating to deliberations of a Credit Derivatives Determinations Committee will have no effect under the Final Terms and Noteholders are solely responsible for obtaining any such information.

Amendments to the Rules

The Rules may be amended from time to time without the consent or input of the Noteholders and the powers of the Credit Derivatives Determinations Committees may be expanded or modified as a result.

ANNEX D

AUCTION SETTLEMENT TERMS

If a Credit Event Trigger occurs with respect to a Reference Entity and Auction Settlement applies, the Settlement Amount with respect to the Notes will be calculated based on the Auction Final Price for such Reference Entity (if any). This Annex contains a summary of certain provisions of the ~~Form of Credit Derivatives Auction Settlement Terms set forth at, as published by the International Swaps and Derivatives Association, Inc. ("ISDA") on March 12, 2009 as~~ Annex B to the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions, ~~published by the International Swaps and Derivatives Association, Inc. ("ISDA") on 12 March 2009~~ (the "**Form of Auction Settlement Terms**") and is qualified by reference to the detailed provisions thereof. The following does not purport to be complete and prospective investors must refer to the Form of Auction Settlement Terms for detailed information regarding the auction methodology set forth therein (the "**Auction Methodology**"). The Auction and the Auction Methodology apply to credit default swaps on the Reference Entity and do not apply specifically to the Notes; however, if a Credit Event Trigger occurs and an Auction is held, the Calculation Agent will apply the Auction Final Price to the Notes. See "*Terms Relating to the Auction Settlement*" in the Credit Annex attached hereto as Annex A. A copy of the Form of Auction Settlement Terms may be inspected at the offices of the Issuer and is also currently available at:

http://www.jpmorgan.com/directdoc/form_of_credit_derivatives_auction_settlement_terms_4_8_09.pdf.

Noteholders should ~~also~~ be aware that this summary of the Form of Auction Settlement Terms is accurate only as of the date of these Final Terms and such Form of Auction Settlement Terms may be amended in accordance with the Rules (as defined below) at any time (and from time to time) at a later date without consultation with the Noteholders. At any time after the date of these Final Terms, the latest Form of Auction Settlement Terms will be available on the ISDA website at www.isda.org (or any successor website thereto). Further, notwithstanding the fact that the Form of Auction Settlement Terms (as may be amended from time to time) appears on the ISDA website, the Credit Derivatives Determinations Committees have the power to amend the form of Credit Derivatives Auction Settlement Terms for a particular auction and ~~that~~ this summary may therefore not be accurate in all cases (for further information about the Credit Derivatives Auction Settlement Terms, see "*Credit Derivatives Determinations Committees*" at Annex C of these Final Terms).

Capitalized terms used but not defined in this summary have the meaning specified in the Final Terms. All times of day in this summary refer to such times in New York City.

Publication of Credit Derivatives Auction Settlement Terms

Pursuant to the Credit Derivatives Determinations Committees Rules ~~set forth in Annex A to the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 12 March 2009), as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof~~ (the "**Rules**"), a Credit Derivatives Determinations Committee may determine that a Credit Event has occurred in respect of a Reference Entity (such entity, an "**Affected Reference Entity**") and that one or more auctions will be held in order to settle affected transactions referencing such Affected Reference Entity based upon an Auction Final Price determined according to an auction procedure set forth in the Form of Auction Settlement Terms (each, an "**Auction**"). If an Auction is to be held, the Credit Derivatives Determinations Committee will publish Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity, based upon the Form of Auction Settlement Terms. In doing so, the Credit Derivatives Determinations Committee will make several related determinations, including the Auction Date, the Participating Bidders and the supplemental terms that are detailed in Schedule 1 to the Form of Auction Settlement Terms. The Credit Derivatives Determinations Committee may also amend the Form of Auction Settlement Terms for a particular auction and may

determine that a public comment period is necessary in order to effect such an amendment if such amendment is not contemplated by the Rules.

Certain matters regarding Auctions following a Restructuring Credit Event

Following the occurrence of a Credit Event, all Deliverable Obligations of the affected Reference Entity tend to trade at the same price. However, in the event of a Restructuring Credit Event, bonds with a shorter remaining maturity tend to trade at a higher price than bonds with a longer-dated maturity. If either "Restructuring Maturity Limitation and Fully Transferable Obligation" ("Mod R") or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" ("Mod Mod R") is specified as applicable with respect to a Reference Entity then certain maturity limitations in the Mod R and Mod Mod R provisions will apply to limit the maturity of Deliverable Obligations based on the maturity of the Securities.

In cases where settlement of a Credit Derivative Transaction is triggered by Buyer, and Mod R (being market standard for Credit Derivative Transactions referencing North American corporate entities to which Restructuring is applicable) or Mod Mod R (being market standard for Credit Derivative Transactions referencing European corporate entities) is applicable, any obligation which Buyer wishes to Deliver to Seller must not only constitute a Deliverable Obligation but must also satisfy additional requirements as to transferability (for Mod R, being a Fully Transferable Obligation and for Mod Mod R, being a Conditionally Transferable Obligation) and as to its final maturity date.

- (a) Pursuant to Mod R, Deliverable Obligations must have a final maturity date not later than the applicable Restructuring Maturity Limitation Date. This date is the earlier of:
 - (i) 30 months following the Restructuring Date; and
 - (ii) the latest final maturity date of any Restructured Bond or Loan, provided, however, that the Restructuring Maturity Limitation Date shall not be earlier than the Scheduled Credit Observation End Date or later than 30 months following the Scheduled Credit Observation End Date and if it would otherwise be so, it shall be deemed to be the Scheduled Credit Observation End Date or 30 months following the Scheduled Maturity Date, as the case may be.
- (b) Pursuant to Mod Mod R, Deliverable Obligations must have a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date. This date is the later of:
 - (i) the Scheduled Maturity Date; and
 - (ii) 60 months following the Restructuring Date in the case of a Restructured Bond or Loan, or 30 months in the case of all other Deliverable Obligations.

Following the determination by a relevant Credit Derivatives Determinations Committee that a Restructuring Credit Event has occurred in respect of a Reference Entity for which either Mod R or Mod Mod R is specified, the Credit Derivatives Determinations Committee will compile a Final List of Deliverable Obligations and, for each maturity bucket (each, a "**Maturity Bucket**"), the range of swap maturity dates of credit derivative swap transactions assigned to each Maturity Bucket. Broadly speaking, eight separate Maturity Buckets have been established for credit default swap transactions for which Mod or Mod Mod R is applicable. The first seven such Maturity Buckets will each encompass a maturity period that ends, respectively, 2.5 years, 5 years, 7.5 years, 10 years, 12.5 years, 15 years or 20 years following the Restructuring Date; and the eighth Maturity Bucket will encompass a maturity period ending after 20 years following the Restructuring Date (each such ending date, a "**Maturity Bucket End Date**"). The Maturity

Bucket to which the Securities will be notionally "assigned" will be the one in which the Scheduled Maturity Date is expected to fall. Deliverable Obligations which are Fully Transferable or Conditionally Transferable, as the case may be, and which have a final maturity date on or prior to the relevant Maturity Bucket End Date for the Maturity Bucket to which the Securities are assigned will be Deliverable Obligations for the purposes of the Maturity Bucket to which the Securities are assigned and for those Maturity Buckets with later Maturity Bucket End Dates, if any.

Following the publication of the Final List, there may be no Auctions held for certain Maturity Buckets, either because: (a) there are no Deliverable Obligations that are not common between such buckets with a shorter-dated bucket; or (b) the Credit Derivatives Determinations Committee has determined that an Auction for such buckets are not warranted for reasons such as there being a limited notional volume of credit derivative transactions with maturities falling within such buckets. If at least 300 credit derivative transactions are triggered after a Restructuring Credit Event determination with respect to a given maturity bucket and five or more credit derivative dealers are parties to such transactions (or, otherwise, if the Credit Derivatives Determinations Committee so determines), an Auction will be held for such maturity bucket.

Where there are no Deliverable Obligations that such Maturity Buckets do not share with a shorter-dated Maturity Bucket, the relevant Auction for the purposes of the Securities will be the next earlier Maturity Bucket that does not suffer from the same lack of Deliverable Obligations.

If no Auction is to be held for the Maturity Bucket corresponding to the Scheduled Maturity Date of the Securities, the Calculation Agent may, in its sole discretion, determine that the Auction Final Price should be determined pursuant to another Auction, in respect of the next earlier Maturity Bucket for which an Auction is being held, by exercising the Movement Option. The Auction will take place no earlier than six business days following the relevant Exercise Cut-off Date. If the Calculation Agent does not exercise the Movement Option, the Securities will be settled in accordance with the Cash Settlement Method.

Auction Methodology

Determining the Auction Currency Rate

On the Auction Currency Fixing Date, the Administrators will determine the rate of conversion (each, an "**Auction Currency Rate**") as between the Relevant Currency and the currency of denomination of each Deliverable Obligation (each, a "**Relevant Pairing**") by reference to a Currency Rate Source or, if such Currency Rate Source is unavailable, by seeking mid-market rates of conversion from Participating Bidders (determined by each such Participating Bidder in a commercially reasonable manner) for each such Relevant Pairing. If rates of conversion are sought from Participating Bidders and more than three such rates are obtained by the Administrators, the Auction Currency Rate will be the arithmetic mean of such rates, without regard to the rates having the highest and lowest values. If exactly three rates are obtained, the Auction Currency Rate will be the rate remaining after disregarding the rates having the highest and lowest values. For this purpose, if more than one rate has the same highest or lowest value, then one of such rates shall be disregarded. If fewer than three rates are obtained, it will be deemed that the Auction Currency Rate cannot be determined for such Relevant Pairing.

Initial Bidding Period

During the Initial Bidding Period, Participating Bidders will submit to the Administrators: (a) Initial Market Bids; (b) Initial Market Offers; (c) Dealer Physical Settlement Requests; and (d) Customer Physical Settlement Requests (to the extent received from customers).

Initial Market Bids and Initial Market Offers are firm quotations, expressed as percentages, to enter into credit derivative transactions in respect of the Affected Reference Entity on terms equivalent to the Representative Auction-Settled Transaction.

The Initial Market Bid and Initial Market Offer submitted by each Participating Bidder must differ by no more than the Maximum Initial Market Bid-~~Offer~~ Spread of par and must be an integral multiple of the Relevant Pricing Increment. The Initial Market Bid must be less than the Initial Market Offer.

Dealer Physical Settlement Requests and Customer Physical Settlement Requests are firm commitments, submitted by a Participating Bidder, on its own behalf or on behalf of a customer, as applicable, to enter into a Representative Auction-~~Settled~~ Transaction, in each case, as seller (in which case, such commitment will be a "**Physical Settlement Buy Request**") or buyer (in which case, such commitment will be a "**Physical Settlement Sell Request**"). Each Dealer Physical Settlement Request must be, to the best of such Participating Bidder's knowledge and belief, in the same direction as, and not in excess of, its Market Position. Each Customer Physical Settlement Request must be, to the best of the relevant customer's knowledge and belief (aggregated with all Customer Physical Settlement Requests submitted by such customer), in the same direction as, and not in excess of, its Market Position.

If the Administrators do not receive valid Initial Market Bids and Initial Market Offers from at least a minimum number of Participating Bidders (as determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity), the timeline will be adjusted and the Initial Bidding Period extended, with the Auction recommencing at such time(s) specified by the Administrators, otherwise it will proceed as follows.

Determination of Open Interest, Initial Market Midpoint and Adjustment Amounts

The Administrators will calculate the Open Interest, the Initial Market Midpoint and any Adjustment Amounts in respect of the Auction.

The Open Interest is the difference between all Physical Settlement Sell Requests and all Physical Settlement Buy Requests.

To determine the Initial Market Midpoint, the Administrators will: (a) sort the Initial Market Bids in descending order and the Initial Market Offers in ascending order, identifying non-~~tradeable~~ markets for which bids are lower than offers; (b) sort non-~~tradeable~~ markets in terms of tightness of spread between Initial Market Bid and Initial Market Offer; and (c) identify that half of the non-~~tradeable~~ markets with the tightest spreads. The Initial Market Midpoint is determined as the arithmetic mean of the Initial Market Bids and Initial Market Offers contained in the half of non-~~tradeable~~ markets with the tightest spreads.

Any Participating Bidder whose Initial Market Bid or Initial Market Offer forms part of a tradeable market will be required to make a payment to ISDA on the third Business Day after the Auction Final Price Determination Date (an "**Adjustment Amount**"), calculated in accordance with the Auction Methodology. Any payments of Adjustment Amounts shall be used by ISDA to defray any costs related to any auction that ISDA has coordinated, or that ISDA will in the future coordinate, for purposes of settlement of credit derivative transactions.

If for any reason no single Initial Market Midpoint can be determined, the procedure set out above may be repeated.

At or prior to the Initial Bidding Information Publication Time on any day on which the Initial Bidding Period has successfully concluded, the Administrators publish the Open Interest, the Initial Market Midpoint and the details of any Adjustment Amounts in respect of the Auction.

If the Open Interest is zero, the Auction Final Price will be the Initial Market Midpoint.

Submission of Limit Order Submissions

In the event that the Open Interest does not equal zero, a subsequent bidding period will be commenced during the Initial Bidding Period which: (a) if the Open Interest is an offer to sell Deliverable Obligations,

Participating Bidders submit Limit Bids; or (b) if the Open Interest is a bid to purchase Deliverable Obligations, Limit Offers, in each case, on behalf of customers and for their own account.

Matching bids and offers

If the Open Interest is a bid to purchase Deliverable Obligations, the Administrators will match the Open Interest against all Initial Market Offers and Limit Offers, as further described in the Auction Methodology. If the Open Interest is an offer to sell Deliverable Obligations, the Administrators will match the Open Interest against all Initial Market Bids and Limit Bids, as further described in the Auction Methodology.

(a) Auction Final Price when the Open Interest is Filled

The Auction Final Price will be the price associated with the matched market that is the highest offer or the lowest bid, as applicable, provided that: (a) if the Open Interest is an offer to sell and the price associated with the lowest matched bid is more than the Cap Amount higher than the Initial Market Midpoint, then the Auction Final Price will be the Initial Market Midpoint plus the Cap Amount; and (b) if the Open Interest is a bid to purchase and the price associated with the highest offer is more than the Cap Amount lower than the Initial Market Midpoint, then the Auction Final Price will be the Initial market Midpoint minus the Cap Amount.

(b) Auction Final Price when the Open Interest is Not Filled

If, once all the Initial Market Bids and Limit Bids or Initial Market Offers and Limit Offers, as applicable, have been matched to the Open Interest, part of the Open Interest remains, the Auction Final Price will be: (a) if the Open Interest is a bid to purchase Deliverable Obligations, the greater of (i) 100% and (ii) the highest Limit Offer or Initial Market Offer received; or (b) if the Open Interest is an offer to sell Deliverable Obligations, zero.

100 per cent. Cap to Auction Final Price

In all cases, if the Auction Final Price determined pursuant to the Auction Methodology is greater than 100 per cent., then the Auction Final Price will be deemed to be 100 per cent.

Publication of Auction Final Price

At or prior to the Subsequent Bidding Information Publication Time on any day on which the subsequent bidding period has successfully concluded, the Administrators will publish on their websites: (a) the Auction Final Price; (b) the names of the Participating Bidders who submitted bids, offers, valid Dealer Physical Settlement Requests and valid Customer Physical Settlement Requests, together with the details of all such bids and offers submitted by each; and (c) the details and size of all matched trades.

Execution of Trades Formed in the Auction

Each Participating Bidder whose Limit Bid or Initial Market Bid (or Limit Offer or Initial Market Offer if applicable) is matched against the Open Interest, and each Participating Bidder that submitted a Customer Physical Settlement Request or Dealer Physical Settlement Request, is deemed to have entered into a Representative Auction-Settled Transaction, and each customer that submitted such a Limit Bid, Limit Offer, or Physical Settlement Request is deemed to have entered into a Representative Auction-Settled Transaction with the dealer through whom the customer submitted such bid or offer. Accordingly, each such Participating Bidder or customer that is a seller of Deliverable Obligations pursuant to a trade formed in the auction must deliver to the buyer to whom such Participating Bidder or customer has been matched a Notice of Physical Settlement indicating the Deliverable Obligations that it will deliver, and such Deliverable Obligations will be sold to the buyer in exchange for payment of the relevant Auction Settlement Amount.

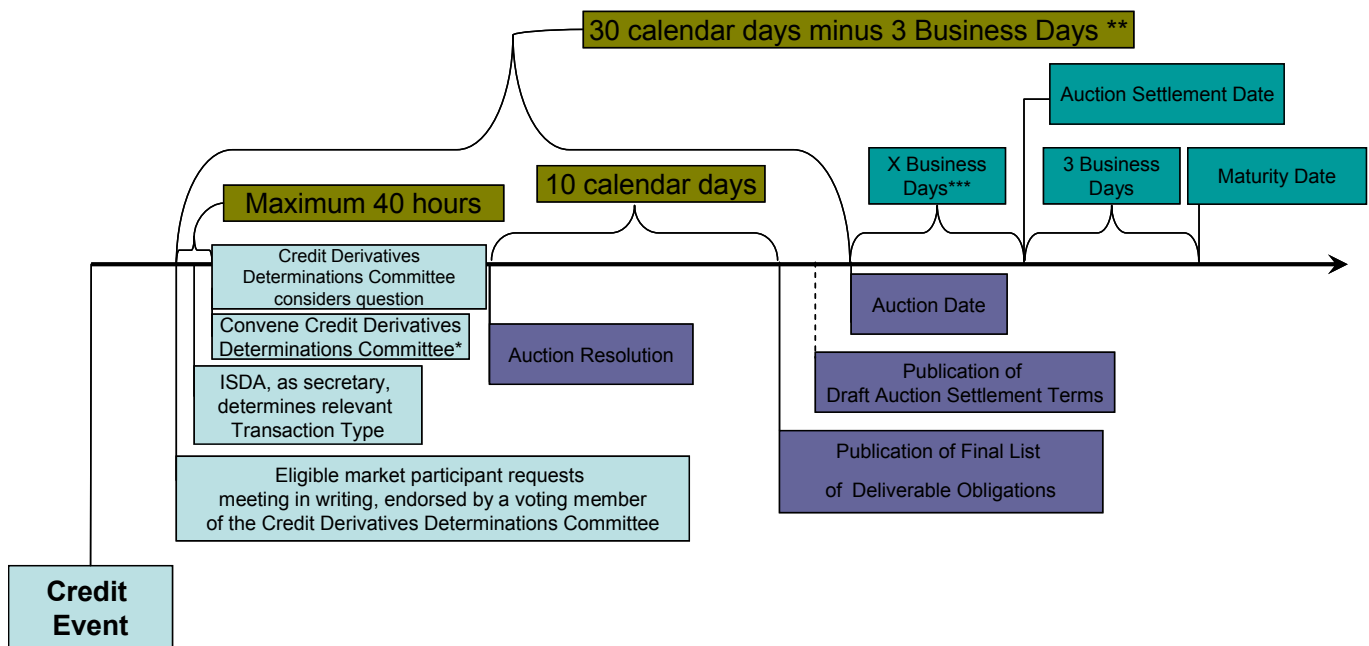
Timing of Auction Settlement Provisions

If an Auction is held in respect of an Affected Reference Entity, it is expected that the relevant Auction Date will occur on the third Business Day immediately prior to the 30th calendar day after which the relevant Credit Derivatives Determinations Committee received the request from an eligible market participant (endorsed by a member of the relevant Credit Derivatives Determinations Committee) to resolve whether a Credit Event has occurred with respect to such Reference Entity.

In respect of an Affected Reference Entity for which an Auction is held, the Auction Settlement Date will occur on a Business Day following the Auction Final Price Determination Date, as determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity. By way of example, in recent ISDA CDS Auction Protocols (prior to the publication of the 2009 ISDA Credit Derivatives Determinations Committees ~~and~~ Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions) this has been approximately five Business Days following the relevant Auction Final Price Determination Date. The Settlement Date of the Notes will occur on the third Business Day following the Auction Settlement Date.

The expected timeline is illustrated in the diagram below. Noteholders should be aware that the expected timeline is subject to amendment (and may be subject to acceleration or delay) upon agreement by at least 80 per cent. (by number) of the voting members of the relevant Credit Derivatives Determinations Committee.

Auction Timeline



* If a binding vote was not held by email.

** Can be amended by majority vote of the Credit Derivatives Determinations Committee.

*** This assumes that the Auction Final Price is determined on the Auction Date (see "Delayed Auction Provisions" and "Auction Cancellation"). Where "X" is a number of Business Days determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity.

Timeline subject to amendment by 80% vote of the Credit Derivatives Determinations Committee .

Delayed Auction Provisions

The Auction timing may be adjusted under the relevant following circumstances: (a) the occurrence of an event or news the occurrence of which two or more Participating Bidders consider has or could have a material effect on the Auction Final Price; (b) if the Administrators are unable to determine an Auction Currency Rate on the Auction Currency Fixing Date with respect to each Relevant Pairing; (c) if the Auction Methodology does not result in an Auction Final Price for any reason (including, but not limited to, the failure to receive the minimum number of valid Initial Market Bids and Initial Market Offers); or (d) any combination of (a), (b) and (c).

Auction Cancellation

If an Auction Final Price has not been determined on or prior to: (a) the fifth Business Day following the Auction Date, in the events described in clause (a) or (d) of "Delayed Auction Provisions" above; or (b) the second Business Day following the Auction Date, in the events described in clause (b) or (c) of "Delayed Auction Provisions" above, then the Auction will be deemed to have been cancelled and the Administrators and ISDA will announce the occurrence of such cancellation on their respective websites.

Ability of the Issuer or its Affiliates to influence the outcome of the Auction

As of the date of these Final Terms, the Calculation Agent (or one of its Affiliates) is a leading dealer in the credit derivatives market. There is a high probability that the Calculation Agent (or one of its Affiliates) would act as a Participating Bidder in any Auction held with respect to the Reference Entity. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation): (a) providing rates of conversion to determine the Auction Currency Rate; (b) submitting Initial Market Bids, Initial Market Offers and Dealer Physical Settlement Requests; and (c) submitting limit Bids and Limit Offers. In deciding whether to take any such action (or whether to act as a Participating Bidder in any Auction), the Calculation Agent (or its Affiliate) shall be under no obligation to consider the interests of any Noteholder.

Certain Definitions

"Administrators" means both Markit Group Limited and Creditex Securities Corp., acting together, or such other entities as may be appointed to perform the role of the Administrators by ISDA from time to time.

"Auction Covered Transactions" means all credit derivative transactions referencing the Affected Reference Entity which satisfy the criteria set forth in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity, including in respect of the provisions in such credit derivative transactions that set forth the criteria for establishing what obligations may constitute Deliverable Obligations (or, in the case of a cash settled credit derivative transaction, the provisions therein that set forth the criteria for establishing what obligations may be valued to determine a final price).

"Auction Currency Fixing Date" means, with respect to a relevant ~~transaction type~~ [Transaction Type](#) included in: (a) the Americas, the business day prior to the Auction Date; and (b) any other region, two business days prior to the Auction Date; and in each case as determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity.

"Auction Date" means the date on which the relevant Auction will be held, as determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity.

"Auction Final Price Determination Date" means the day, if any, on which the Auction Final Price is determined.

"Auction Settlement Date" means a Business Day following the Auction Final Price Determination Date, as determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity.

"Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in, if the Transaction Type of the relevant Affected Reference Entity is included in: (a) the Americas, New York; and (b) otherwise, London.

"Cap Amount" means the percentage that is equal to one half of the Maximum Initial Market Bid-~~Offer~~ Spread (rounded to the nearest Relevant Pricing Increment).

"Currency Rate Source" means the mid-~~point~~ rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee.

"Initial Bidding Information Publication Time" has the meaning determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity.

"Initial Bidding Period" means the period initially determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity, as such period may be extended by the Administrators, *inter alia*, to preserve the integrity of an Auction.

"Market Position" means, with respect to a Participating Bidder or customer, as applicable, the aggregate amount of Deliverable Obligations that the relevant Participating Bidder or customer, as applicable, would have to buy or sell in order to obtain an identical risk profile after the Auction Settlement Date compared to its risk profile prior to the Auction Settlement Date with respect to all Auction Covered Transactions (excluding those Auction Covered Transactions for which the trade date is the Auction Final Price Determination Date) and all Auction-~~Linked~~ Cash Settled Transactions to which such Participating Bidder, or any affiliate of such Participating Bidder, as applicable, or such customer, or any affiliate of such customer, as applicable, is a party and to which every other party is an Auction Party, such risk profile to be determined without regard to whether the original transactions were documented as cash settled or physically settled transactions.

"Maximum Initial Market Bid-~~Offer~~ Spread" means the percentage determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity.

"Participating Bidders" means the institutions that will act as participating bidders in the Auction.

"Relevant Pricing Increment" has the meaning determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity.

"Representative Auction-~~Settled~~ Transaction" means an hypothetical single-~~name~~, physically settled credit default swap transaction referencing the Affected Reference Entity with the standard terms specified in the Form of Auction Settlement Terms.

"Subsequent Bidding Information Publication Time" has the meaning determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity.

ANNEXE
SUPPLEMENTS TO THE BASE PROSPECTUS

The Base Prospectus dated 14 May 2009 has been supplemented by the following Supplements:

<u>Supplement</u>	<u>Description</u>	<u>Date</u>
<u>Supplement No. 1</u>	<u>In respect of the unaudited Consolidated Financial Statements of JPMorgan Chase Bank N.A. for the quarter ended 31 March 2009 and the 01 June 2009 Form 8-K of JPMorgan Chase & Co.</u>	<u>12 June 2009</u>
<u>Supplement No. 2</u>	<u>In respect of the 17 June 2009 Form 8-K of JPMorgan Chase & Co. and the 16 July 2009 Form 8-K of JPMorgan Chase & Co.</u>	<u>23 July 2009</u>
<u>Supplement No. 3</u>	<u>In respect of the Form 10-Q of JPMorgan Chase & Co. for the quarter ended 30 June 2009 and the Interim Financial Statements of JPMSP for the six month period ending 30 June 2009.</u>	<u>28 August 2009</u>
<u>Supplement No. 4</u>	<u>In respect of the unaudited Consolidated Financial Statements of JPMorgan Chase Bank N.A. for the quarter ended 30 June 2009.</u>	<u>10 September 2009</u>
<u>Supplement No. 5</u>	<u>In respect of the 14 October 2009 earnings press release Form 8-K of JPMorgan Chase & Co. and amending the Executive Officers of JPMorgan Chase & Co. and JPMorgan Chase Bank, N.A.</u>	<u>19 October 2009</u>
<u>Supplement No. 6</u>	<u>In respect of (i) certain changes to the General Conditions, Share Linked Provisions, Index Linked Provisions and FX Linked Provisions, (ii) the replacement of the Commodity Linked Provisions and Form of Final Terms for Securities other than German Securities, (iii) the inclusion of the Low Exercise Price Warrant Provisions and (iv) the inclusion of new ERISA provisions and changes to the current ERISA provisions</u>	<u>28 October 2009</u>
<u>Supplement No. 7</u>	<u>In respect of the Form 10-Q of JPMorgan Chase & Co. for the quarter ended 30 September 2009</u>	<u>17 November 2009</u>
<u>Supplement No. 8</u>	<u>In respect of the unaudited Consolidated Financial Statements of JPMorgan Chase Bank, N.A. for the quarter ended 30 September 2009</u>	<u>1 December 2009</u>
<u>Supplement No. 9</u>	<u>In respect of the 15 January 2010 Form 8-K of JPMorgan Chase & Co. containing the earnings press release for the quarter ended 31 December 2009</u>	<u>21 January 2010</u>
<u>Supplement No. 10</u>	<u>In respect of the Annual Report on Form 10-K of JPMorgan Chase & Co. for the year ended 31 December 2009</u>	<u>4 March 2010</u>
<u>Supplement No.</u>	<u>In respect of the audited consolidated</u>	<u>8 April 2010</u>

<u>11</u>	<u>financial statements of JPMorgan Chase Bank, N.A. for the three years ended 31 December 2009, the Proxy Statement on Schedule 14A of JPMorgan Chase & Co. dated 31 March 2010 and the Annual Report of JPMSP for the year ended 31 December 2009</u>	
<u>Supplement No. 12</u>	<u>In respect of the Current Report on Form 8-K of JPMorgan Chase & Co. dated 14 April 2010 containing the earnings press release of JPMorgan Chase & Co. for the quarter ended 31 March 2010</u>	<u>19 April 2010</u>

GENERAL INFORMATION

1. Authorisation

The issuance of Notes by JPMorgan Chase & Co. under the Programme was authorised pursuant to resolutions of the Borrowings Committee of JPMorgan Chase & Co. dated 7 May 2009.

2. Significant or Material Change

Save as disclosed in the Base Prospectus, including the information incorporated by reference into this Base Prospectus, there has been no material adverse change in the prospects of the Issuer since 31 December 2008.

Save as disclosed in the Base Prospectus, including the information incorporated by reference into this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer and its subsidiaries taken as a whole since 31 March 2009.

3. Litigation

The following summary of certain significant legal proceedings has been extracted from the JPMorgan Chase & Co. March 2010 Form 10-Q.

Bear Stearns Shareholder Litigation and Related Matters. Various shareholders of Bear Stearns have commenced purported class actions against Bear Stearns and certain of its former officers and/or directors on behalf of all persons who purchased or otherwise acquired common stock of Bear Stearns between 14 December 2006 and 14 March 2008 (the "Class Period"). During the Class Period, Bear Stearns had between 115 and 120 million common shares outstanding, and the price of those securities declined from a high of \$172.61 to low of \$30 at the end of the period. The actions, originally commenced in several U.S. federal courts, allege that the defendants issued materially false and misleading statements regarding Bear Stearns' business and financial results and that, as a result of those false statements, Bear Stearns' common stock traded at artificially inflated prices during the Class Period. In connection with these allegations, the complaints assert claims for violations of Sections 10(b) and 20(a) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). Separately, several individual shareholders of Bear Stearns have commenced or threatened to commence arbitration proceedings and lawsuits asserting claims similar to those in the putative class actions.

In addition, Bear Stearns and certain of its former officers and/or directors have also been named as defendants in a number of purported class actions commenced in the U.S. District Court for the Southern District of New York seeking to represent the interests of participants in the Bear Stearns Employee Stock Ownership Plan ("ESOP") during the time period of December 2006 to March 2008. These actions allege that defendants breached their fiduciary duties to plaintiffs and to the other participants and beneficiaries of the ESOP by (a) failing to manage prudently the ESOP's investment in Bear Stearns securities; (b) failing to communicate fully and accurately about the risks of the ESOP's investment in Bear Stearns stock; (c) failing to avoid or address alleged conflicts of

interest; and (d) failing to monitor those who managed and administered the ESOP. In connection with these allegations, each plaintiff asserts claims for violations under various sections of the U.S. Employee Retirement Income Security Act ("ERISA") and seeks reimbursement to the ESOP for all losses, an unspecified amount of monetary damages and imposition of a constructive trust.

Bear Stearns, former members of Bear Stearns' Board of Directors and certain of Bear Stearns' former executive officers have also been named as defendants in two purported shareholder derivative suits, subsequently consolidated into one action, pending in the U.S. District Court for the Southern District of New York. Plaintiffs are asserting claims for breach of fiduciary duty, violations of U.S. federal securities laws, waste of corporate assets and gross mismanagement, unjust enrichment, abuse of control and indemnification and contribution in connection with the losses sustained by Bear Stearns as a result of its purchases of sub-prime loans and certain repurchases of its own common stock. Certain individual defendants are also alleged to have sold their holdings of Bear Stearns common stock while in possession of material non-public information. Plaintiffs seek compensatory damages in an unspecified amount and an order directing Bear Stearns to improve its corporate governance procedures. Plaintiffs later filed a second amended complaint asserting, for the first time, purported class action claims for violation of Section 10(b) of the Exchange Act, as well as new allegations concerning events that took place in March 2008.

All of the above-described actions filed in U.S. federal courts were ordered transferred and joined for pre-trial purposes before the U.S. District Court for the Southern District of New York. Motions to dismiss have been filed in the purported securities class action, the shareholders' derivative action and the ERISA action.

Bear Stearns Merger Litigation. Seven putative class actions (five that were commenced in New York and two that were commenced in Delaware) were consolidated in New York State Court in Manhattan under the caption *In re Bear Stearns Litigation*. Bear Stearns, as well as its former directors and certain of its former executive officers, were named as defendants. JPMorgan Chase & Co. was also named as a defendant. The actions allege, among other things, that the individual defendants breached their fiduciary duties and obligations to Bear Stearns' shareholders by agreeing to the proposed merger. JPMorgan Chase was alleged to have aided and abetted the alleged breaches of fiduciary duty; breached its fiduciary duty as controlling shareholder/controlling entity; tortiously interfered with the Bear Stearns shareholders' voting rights; and to have been unjustly enriched. In December 2008, the court granted summary judgment in favour of all the defendants. Plaintiffs did not file an appeal and the matter is concluded.

Bear Stearns Hedge Fund Matters. Bear Stearns, certain current or former subsidiaries of Bear Stearns, including Bear Stearns Asset Management, Inc. ("**BSAM**") and Bear Stearns & Co. Inc., and certain current or former Bear Stearns employees are named defendants (collectively the "**Bear Stearns defendants**") in multiple civil actions and arbitrations relating to alleged losses of more than \$1 billion resulting from the failure of the Bear Stearns High Grade Structured Credit Strategies Master Fund, Ltd. (the "**High Grade Fund**") and the Bear Stearns High Grade Structured Credit Strategies Enhanced Leverage Master Fund, Ltd. (the "**Enhanced Leverage Fund**") (collectively, the "**Funds**"). BSAM served as investment manager for both of the Funds, which were organised such that there were U.S. and Cayman Islands "feeder funds" that invested

substantially all their assets, directly or indirectly, in the Funds. The Funds are in liquidation.

There are five civil actions pending in the U.S. District Court for the Southern District of New York relating to the Funds. Three of these actions involve derivative lawsuits brought on behalf of purchasers of partnership interests in the two U.S. feeder funds. Plaintiffs in these actions allege that the Bear Stearns defendants mismanaged the Funds and made material misrepresentations to and/or withheld information from investors in the funds. These actions seek, among other things, unspecified compensatory damages based on alleged investor losses. A fourth action, brought by the Joint Voluntary Liquidators of the Cayman Islands feeder funds, makes allegations similar to those asserted in the derivative lawsuits related to the U.S. feeder funds, and seeks compensatory and punitive damages. A motion to dismiss or alternatively to stay is pending in one of the derivative suits relating to one of the U.S. feeder funds. In the remaining three cases, motions to dismiss have been granted in part and denied in part, and discovery is ongoing. The fifth action was brought by Bank of America and Banc of America Securities LLC (together "BofA") alleging breach of contract and fraud in connection with a May 2007 \$4 billion securitisation, known as a "CDO-squared", for which BSAM served as collateral manager. This securitisation was composed of certain collateralised debt obligation ("CDO") holdings that were purchased by BofA from the High Grade Fund and the Enhanced Leverage Fund. Defendants' motion to dismiss in this action was largely denied; an amended complaint was filed; and discovery is ongoing in this case as well.

Ralph Cioffi and Matthew Tannin, the portfolio managers for the Funds, were tried on criminal charges of securities fraud and conspiracy to commit securities and wire fraud brought by the U.S. Attorney's Office for the Eastern District of New York. The U.S. Attorney's Office contended, among other things, that Cioffi and Tannin made misrepresentations concerning the Funds' performance, prospects and liquidity, as well as their personal investments in the Funds. On 10 November 2009, after a five-week trial, the jury found Cioffi and Tannin not guilty of all charges submitted to the jury. The SEC is proceeding with its action against Cioffi and Tannin.

Municipal Derivatives Investigations and Litigation. The U.S. Department of Justice's Antitrust Division and the SEC have been investigating JPMorgan Chase and Bear Stearns for possible antitrust and securities violations in connection with the bidding or sale of guaranteed investment contracts and derivatives to municipal issuers. A group of state attorneys general and the U.S. Office of the Comptroller of the Currency (the "OCC") have opened investigations into the same underlying conduct. JPMorgan Chase has been cooperating with all of these investigations. The Philadelphia Office of the SEC provided notice to J.P. Morgan Securities Inc. ("JPMSI") that it intends to recommend that the SEC bring civil charges in connection with its investigations. JPMSI has responded to that notice, as well as to a separate notice that that Philadelphia Office provided to Bear, Stearns & Co. Inc.

Purported class action lawsuits and individual actions (the "**Municipal Derivatives Actions**") have been filed against JPMorgan Chase and Bear Stearns, as well as numerous other providers and brokers, alleging antitrust violations in the reportedly \$100 billion to \$300 billion annual market for financial instruments related to municipal bond offerings referred to collectively as "municipal derivatives." The Municipal Derivatives

Actions have been consolidated in the U.S. District Court for the Southern District of New York. The court denied in part and granted in part defendants' motions to dismiss the purported class and individual actions, permitting certain claims to proceed against JPMorgan Chase and others under U.S. federal and California state antitrust laws and under the California false claims act.

As previously reported, following public reports of JPMSI's settlement with the SEC in connection with certain Jefferson County, Alabama (the "**County**") warrant underwritings and related swap transactions, the County filed a complaint against JPMorgan Chase and several other defendants in the Circuit Court of Jefferson County, Alabama. The suit alleges that JPMorgan Chase made payments to certain third parties in exchange for which it was chosen to underwrite more than \$3 billion in warrants issued by the County and chosen as the counterparty for certain swaps executed by the County. In its complaint, Jefferson County alleges that JPMorgan Chase concealed these third party payments and that, but for this concealment, the County would not have entered into the transactions. The County further alleges that the transactions increased the risks of its capital structure and that, following the downgrade of certain insurers that insured the warrants, the County's interest obligations increased and the principal due on a portion of its outstanding warrants was accelerated. JPMorgan Chase moved to dismiss.

A putative class action was filed on behalf of sewer ratepayers against JPMorgan Chase and Bear Stearns and numerous other defendants, based on substantially the same conduct described above (the "**Wilson Action**"). Defendants moved to dismiss the claims. The plaintiff in the Wilson Action recently filed a sixth amended complaint. The court has ordered that defendants file briefs in support of their motion to dismiss.

An insurance company that guaranteed the payment of principal and interest on warrants issued by the County has also filed an action against JPMorgan Chase and others in New York state court asserting that defendants fraudulently misled it into issuing the insurance coverage, based upon substantially the same alleged conduct described above and other alleged non-disclosures. Plaintiff claims that it insured an aggregate principal amount of nearly \$1.2 billion in warrants, and seeks unspecified damages in excess of \$400 million, as well as unspecified punitive damages.

The Alabama Public Schools and College Authority ("**APSCA**") brought a declaratory judgment action in the U.S. District Court for the Northern District of Alabama claiming that certain interest rate swaption transactions entered into with JPMorgan Chase Bank, N.A. are void on the grounds that the APSCA purportedly did not have the authority to enter into transactions or, alternatively, are voidable at the APSCA's option because of its alleged inability to issue refunding bonds in relation to the swaption. Following the denial of its motion to dismiss the action, JPMorgan Chase Bank, N.A. answered the complaint and filed a counterclaim seeking the amounts due under the Swaption transactions. Discovery is under way.

Interchange Litigation. A group of merchants have filed a series of putative class action complaints in several U.S. federal courts. The complaints allege that Visa and MasterCard, as well as certain other

banks and their respective bank holding companies, conspired to set the price of credit card interchange fees, enacted respective association rules in violation of Section 1 of the

Sherman Antitrust Act (the "Sherman Act"), and engaged in tying/bundling and exclusive dealing. The complaint seeks unspecified damages and injunctive relief based on the theory that interchange would be lower or eliminated but for the challenged conduct. Based on publicly available estimates, Visa and MasterCard branded payment cards generated approximately \$40 billion of interchange industry-wide in 2009. All cases have been consolidated in the U.S. District Court for the Eastern District of New York for pretrial proceedings. The amended consolidated class action complaint extended the claims beyond credit to debit cards. Defendants filed a motion to dismiss all claims that predated January 2004. The Court granted the motion to dismiss those claims.

Plaintiffs then filed a second amended consolidated class action complaint. The basic theories of the complaint remain the same, and defendants again filed motions to dismiss. The Court has not yet ruled on the motions. Fact discovery has closed, and expert discovery in the case is ongoing. The plaintiffs have filed a motion seeking class certification, and the defendants have opposed that motion. The Court has not yet ruled on the class certification motion.

In addition to the consolidated class action complaint, plaintiffs filed supplemental complaints challenging the MasterCard and Visa initial public offerings (the "IPO Complaints"). With respect to MasterCard, plaintiffs allege that the offering violated Section 7 of the U.S. Clayton Antitrust Act and Section 1 of the Sherman Act and that the offering was a fraudulent conveyance. With respect to the Visa IPO, plaintiffs are challenging the Visa IPO on antitrust theories parallel to those articulated in the MasterCard IPO pleading. Defendants have filed motions to dismiss the IPO Complaints. The Court has not yet ruled on those motions.

Mortgage-Backed Securities Litigation. JPMorgan Chase and affiliates, heritage-Bear Stearns and affiliates and heritage-Washington Mutual affiliates have been named as defendants in a number of cases relating to various roles they played in mortgage-backed securities ("MBS") offerings. These cases are generally purported class action suits, actions by individual purchasers of securities, or actions by insurance companies that guaranteed payments of principal and interest for particular tranches. Although the allegations vary by lawsuit, these cases generally allege that the offering documents for dozens of securitisation trusts in the aggregate more than \$140 billion of securities contained material misrepresentations and omissions, including statements regarding the underwriting standards pursuant to which the underlying mortgage loans were issued, the ratings given to the tranches by rating agencies, and the appraisal standards that were used.

Purported class actions are pending against JPMorgan Chase, heritage-Bear Stearns, and certain of their affiliates and current and former employees in the U.S. District Courts for the Eastern and Southern Districts of New York. Defendants have moved to dismiss the action pending against heritage Bear Stearns entities and certain of their former employees. Heritage Washington Mutual affiliates, Washington Mutual.

Asset Acceptance Corp. and Washington Mutual Capital Corp., are defendants, along with certain former officers or directors of Washington Mutual Asset Acceptance Corp., in two now-consolidated purported class action cases pending in the Western District of Washington. In addition to allegations as to mortgage underwriting standards and ratings, plaintiffs in these cases allege that defendants failed to disclose Washington Mutual

Bank's alleged coercion of or collusion with appraisal vendors to inflate appraisal valuations of the loans in the pools. Defendants have moved to dismiss. In addition to the purported class actions, certain JPMorgan Chase entities and several heritage Bear Stearns entities are defendants in actions filed in state courts in Pennsylvania and Washington brought by the Federal Home Loan Banks ("FHLB") of Pittsburgh and Seattle, respectively. These actions relate to each Federal Home Loan Bank's purchases of certificates in MBS offerings. Defendants moved to dismiss the complaint brought by the FHLB of Pittsburgh. Defendants removed the action by FHLB Seattle to federal court, where it was consolidated with 10 other identical lawsuits by that FHLB against other financial services firms. FHLB of Seattle has moved to remand the consolidated cases back to state court. Two additional and virtually identical suits have been filed in California state court by the Federal Home Loan Bank of San Francisco against various financial services firms, including certain heritage Bear Stearns entities.

EMC Mortgage Corporation ("EMC"), a subsidiary of JPMorgan Chase, is a defendant in four pending actions commenced by bond insurers that guaranteed payment on certain classes of MBS offerings sponsored by EMC. Two of the actions, commenced respectively by Ambac Assurance Corporation and Syncora Guarantee, Inc. ("Syncora"), are pending in the U.S. District Court for the Southern District of New York and involve five securitisations sponsored by EMC. The third action was commenced by Syncora, seeking access to certain loan files. The fourth was filed by CIFG Assurance North America, Inc. in state court in Texas, and involves one securitisation sponsored by EMC. In each action, plaintiffs claim the underlying mortgage loans had origination defects that purportedly violate certain representations and warranties given by EMC to plaintiffs and that EMC has breached the relevant agreements between the parties by failing to repurchase allegedly defective mortgage loans. Each action seeks unspecified damages and an order compelling EMC to repurchase those loans.

An action is pending in the U.S. District Court for the Southern District of New York brought on behalf of purchasers of certificates issued by various MBS securitisations sponsored by affiliates of IndyMac Bancorp ("IndyMac Trusts"). JPMSI, along with numerous other underwriters and individuals, is named as a defendant, both in its own capacity and as successor to Bear Stearns & Co. Inc. The defendants have moved to dismiss. JPMorgan Chase and JPMSI are defendants in an action pending in state court in Pennsylvania brought by FHLB-Pittsburgh, relating to its purchase of a certificate issued by one IndyMac Trust. Defendants have moved to dismiss. JPMorgan Chase, as alleged successor to Bear Stearns & Co. Inc., and other underwriters, along with certain individuals, are defendants in an action pending in state court in California brought by MBIA Insurance Corp. ("MBIA") relating to certain certificates issued by three IndyMac trusts, as to two of which Bear Stearns was an underwriter, and as to which MBIA provided guaranty insurance policies. MBIA purports to be subrogated to the rights of the certificate holders, and seeks recovery of sums it has paid and will pay pursuant to those policies.

A heritage-Bear Stearns subsidiary is a defendant in a purported class action that is pending in U.S. federal court in New Mexico against a number of financial institutions that served as depositors and/or underwriters for ten MBS offerings issued by Thornburg Mortgage, a bankrupt mortgage originator.

JPMorgan Chase and certain other heritage entities have been sued in other purported class actions for their roles as an underwriter or depositor of third party MBS offerings but, other than the matters described in the above two paragraphs, JPMorgan Chase is indemnified in these other litigations.

Auction-Rate Securities Investigations and Litigation. Beginning in March 2008, several regulatory authorities initiated investigations of a number of industry participants, including JPMorgan Chase, concerning possible state and federal securities law violations in connection with the sale of auction-rate securities. The market for many such securities had frozen and a significant number of auctions for those securities began to fail in February 2008. JPMorgan Chase, on behalf of itself and affiliates, agreed to a settlement in principle with the New York Attorney General's Office which provided, among other things, that JPMorgan Chase would offer to purchase at par certain auction-rate securities purchased from JPMSI, Chase Investment Services Corp. and Bear, Stearns & Co. Inc. by individual investors, charities, and small- to medium-sized businesses. JPMorgan Chase also agreed to a substantively similar settlement in principle with the Office of Financial Regulation for the State of Florida and the North American Securities Administrator Association ("NASAA") Task Force, which agreed to recommend approval of the settlement to all remaining states, Puerto Rico and the U.S. Virgin Islands. JPMorgan Chase finalized the settlement agreements with the New York Attorney General's Office and the Office of Financial Regulation for the State of Florida. The settlement agreements provide for the payment of penalties totalling \$25 million to all states. JPMorgan Chase is currently in the process of finalising consent agreements with NASAA's member states. More than 30 of these consent agreements have been finalised to date.

JPMorgan Chase is also the subject of a putative securities class action in the U.S. District Court for the Southern District of New York and a number of individual arbitrations and lawsuits in various forums, brought by institutional and individual investors that together allege damages of more than \$200 million, relating to JPMorgan Chase's sales of auction-rate securities. One action is brought by an issuer of auction-rate securities. The actions generally allege that JPMorgan Chase and other firms manipulated the market for auction-rate securities by placing bids at auctions that affected these securities' clearing rates or otherwise supported the auctions without properly disclosing these activities. Some actions also allege that JPMorgan Chase misrepresented that auction-rate securities were short-term instruments. Plaintiffs filed an amended consolidated complaint, which JPMorgan Chase moved to dismiss. JPMorgan Chase also filed a motion to transfer and coordinate before the Southern District five other purported auction-rate securities class actions. The Southern District subsequently denied the motion to dismiss the purported securities class action with leave to re-file upon resolution of the transfer motion.

Additionally, JPMorgan Chase was named in two putative antitrust class actions in the U.S. District Court for the Southern District of New York, which actions allege that JPMorgan Chase, in collusion with numerous other financial institution defendants, entered into an unlawful conspiracy in violation

of Section 1 of the Sherman Act. Specifically, the complaints allege that defendants acted collusively to maintain and stabilise the auction-rate securities market and similarly acted collusively in withdrawing their support for the auction-rate securities market in February

2008. On 26 January 2010, the District Court dismissed both actions. The appeal is currently pending in the Second Circuit Court of Appeals. City of Milan Litigation and Criminal Investigation. In January 2009, the City of Milan, Italy (the "City") issued civil proceedings against (among others) JPMorgan Chase Bank, N.A. and J.P. Morgan Securities Ltd. in the District Court of Milan. The proceedings relate to (a) a bond issue by the City in June 2005 (the "**Bond**") and (b) an associated swap transaction, which was subsequently restructured on a number of occasions between 2005 and 2007 (the "**Swap**"). The City seeks damages and/or other remedies against JPMorgan Chase (among others) on the grounds of alleged "fraudulent and deceitful acts" and alleged breach of advisory obligations by JPMorgan Chase (among others) in connection with the Swap and the Bond, together with related swap transactions with other counterparties. The civil proceedings continue and no trial date has been set as yet. JPMorgan Chase Bank, N.A. filed a challenge to the Italian Supreme Court's jurisdiction over it. In January 2009, JPMorgan Chase Bank, N.A. also received a notice from the Prosecutor at the Court of Milan placing it and certain current and former JPMorgan Chase personnel under investigation in connection with the above transactions. Since April 2009, JPMorgan Chase Bank, N.A. has been contesting an attachment order obtained by the Prosecutor, purportedly to freeze assets potentially subject to confiscation in the event of a conviction. The original Euro 92 million attachment has been reduced to Euro 44.9 million, and JPMorgan Chase Bank, N.A.'s application for a further reduction remains pending. The judge has directed four current and former JPMorgan Chase personnel and JPMorgan Chase Bank, N.A. (as well as other individuals and three other banks) to go forward to a full trial starting in May 2010. Although JPMorgan Chase is not charged with any crime and does not face criminal liability, if one or more of its employees were found guilty, JPMorgan Chase could be subject to administrative sanctions, including restrictions on its ability to conduct business in Italy and monetary penalties.

Physical Segregation of Assets in U.K. Affiliate. JPMorgan Chase discovered in July 2009 that one of its U.K. affiliates was not holding certain client money in a segregated trust status account with JPMorgan Chase Bank, N.A. as required by the rules of the U.K. Financial Services Authority (the "FSA"). JPMorgan Chase took immediate action to rectify the error and to notify the FSA. The matter is being reviewed by the FSA's Enforcement Division.

Washington Mutual Litigations. Subsequent to JPMorgan Chase's acquisition from the U.S. Federal Deposit Insurance Corporation ("FDIC") of substantially all of the assets and certain specified liabilities of Washington Mutual Bank, Henderson Nevada ("**Washington Mutual Bank**"), in September 2008, Washington Mutual Bank's parent holding company, Washington Mutual, Inc. ("**WMI**") and its wholly-owned subsidiary, WMI Investment Corp. (together, the "**Debtors**") both commenced voluntary cases under Chapter 11 of Title 11 of the U.S. Code in the U.S. Bankruptcy Court for the District of Delaware (the "**Bankruptcy Case**"). In the Bankruptcy Case, the Debtors have asserted rights and interests in certain assets. The assets in dispute include principally the following: (a) approximately \$4 billion in securities contributed by WMI to Washington Mutual Bank; (b) the right to tax refunds arising from overpayments attributable to operations of Washington Mutual Bank and its subsidiaries; (c) ownership of and other rights in approximately \$4 billion that WMI contends are deposit accounts at Washington Mutual Bank and one of its subsidiaries; and (d) ownership of and rights in various other contracts and other assets (collectively, the "**Disputed Assets**").

JPMorgan Chase commenced an adversary proceeding in the Bankruptcy Case against the Debtors and (for interpleader purposes only) the FDIC seeking a declaratory judgment and other relief determining JPMorgan Chase's legal title to and beneficial interest in the Disputed Assets. Discovery is underway in the JPMorgan Chase adversary proceeding.

The Debtors commenced a separate adversary proceeding in the Bankruptcy Case against JPMorgan Chase, seeking turnover of the same \$4 billion in purported deposit funds and recovery for alleged unjust enrichment for failure to turn over the funds. The Debtors have moved for summary judgment in the turnover proceeding. Discovery is under way in the turnover proceeding.

In both JPMorgan Chase's adversary proceeding and the Debtors' turnover proceeding, JPMorgan Chase and the FDIC have argued that the Bankruptcy Court lacks jurisdiction to adjudicate certain claims. JPMorgan Chase moved to have the adversary proceedings transferred to U.S. District Court for the District of Columbia and to withdraw jurisdiction from the Bankruptcy Court to the District Court. That motion is fully briefed. In addition, JPMorgan Chase and the FDIC filed papers with the U.S. District Court for the District of Delaware appealing the Bankruptcy Court's rulings rejecting the jurisdictional arguments, and that appeal is fully briefed. JPMorgan Chase is also appealing a separate Bankruptcy Court decision holding, in part, that the Bankruptcy Court could proceed with certain matters while the first appeal is pending. Briefing on that appeal is under way.

The Debtors submitted claims substantially similar to those submitted in the Bankruptcy Court in the FDIC receivership for, among other things, ownership of certain Disputed Assets, as well as claims challenging the terms of the agreement pursuant to which substantially all of the assets of Washington Mutual Bank were sold by the FDIC to JPMorgan Chase. The FDIC, as receiver, disallowed the Debtors' claims and the Debtors filed an action against the FDIC in the U.S. District Court for the District of Columbia challenging the FDIC's disallowance of the Debtors' claims, claiming ownership of the Disputed Assets, and seeking money damages from the FDIC. JPMorgan Chase has intervened in the action. In January 2010, the District Court stayed the action pending developments in the Bankruptcy Court and ordered the parties to submit a joint status report every 120 days. In connection with the stay, the District Court denied WMI's and the FDIC's motions to dismiss without prejudice.

In addition, the Debtors moved in the Bankruptcy Court to take discovery from JPMorgan Chase purportedly related to a litigation originally filed in the 122nd State District Court of Galveston County, Texas (the "**Texas Action**"). JPMorgan Chase opposed the motion, but the Bankruptcy Court ordered that the discovery proceed. Debtors are also seeking related discovery from various third parties, including several government agencies. Plaintiffs in the Texas Action are certain holders of

WMI common stock and the debt of WMI and Washington Mutual Bank who have sued JPMorgan Chase for unspecified damages alleging that JPMorgan Chase acquired substantially all of the assets of Washington Mutual Bank from the FDIC at an allegedly too low price. The FDIC intervened in the Texas Action, had it removed to the U.S. District Court for the Southern District of Texas, and then the FDIC and JPMorgan Chase moved to have the Texas Action dismissed or transferred. The Court transferred the

Texas Action to the District of Columbia. Plaintiffs have moved to have the FDIC dismissed as a party and to remand the action to the state court, or, in the alternative, dismissed for lack of subject matter jurisdiction. JPMorgan Chase and the FDIC have moved to have the entire action dismissed. In April 2010, in the previously disclosed Texas Action, the U.S. District Court for the District of Columbia granted JPMorgan Chase's motion to dismiss the complaint, granted the FDIC's parallel motion to dismiss the complaint and denied plaintiffs' motion to dismiss the FDIC as a party and to remand the case to Texas state court.

Other proceedings related to Washington Mutual's failure also pending before the U.S. District Court for the District of Columbia include a lawsuit brought by Deutsche Bank National Trust Company against the FDIC alleging breach of various mortgage securitisation agreements and alleged violation of certain representations and warranties given by certain WMI subsidiaries in connection with those securitisation agreements. JPMorgan Chase has not been named a party to the Deutsche Bank litigation, but the complaint includes assertions that JPMorgan Chase may have assumed certain liabilities.

On 12 March 2010, at a hearing for the previously disclosed Bankruptcy Case, the Debtors announced on the record that they had reached a settlement with JPMorgan Chase and FDIC that, subject to documentation, would resolve the previously disclosed disputes. On 26 March 2010, the Debtors filed a Plan and Proposed Disclosure Statement, together with a proposed global settlement agreement (the "**Proposed Global Settlement Agreement**"), by and among Debtors, JPMorgan Chase, and the FDIC, which incorporated the terms of the announced settlement. Debtors disclosed that while the provisions of the Proposed Global Settlement Agreement were agreed to by WMI, JPMorgan Chase and significant creditor groups of WMI, the FDIC has not agreed to all of the provisions contained in the Proposed Global Settlement Agreement. Settlement discussions are ongoing among the parties. It is unclear if those discussions will result in adherence to the terms contained in the Proposed Global Settlement Agreement or any settlement at all. While these discussions are ongoing, the previously disclosed appeals and motion to withdraw the reference pending before the U.S. District Court for the District of Delaware have been stayed. Likewise, the stay of the action Debtors commenced against the FDIC in the U.S. District Court for the District of Columbia also remains in place.

Securities Lending Litigation. JPMorgan Chase Bank N.A. has been named as a defendant in four putative class actions asserting ERISA and non-ERISA claims pending in the U.S. District Court for the Southern District of New York related to JPMorgan Chase's securities lending business. Three of the pending actions relate to losses of plaintiffs' money (i.e., cash collateral for securities loan transactions) in medium-term notes of a structured investment vehicle known as Sigma Finance Inc. ("**Sigma**"). The fourth action concerns losses of money invested in Lehman Brothers medium-term notes, as well as asset-backed securities offered by nine other issuers. JPMorgan Chase has moved to dismiss the claims regarding Lehman Brothers medium-term notes and the asset-backed securities.

Investment Management Litigation. Four cases have been filed claiming that investment portfolios managed by JPMorgan Investment Management Inc. ("**JPMIM**") were inappropriately invested in securities backed by subprime residential real estate collateral. Plaintiffs claim that JPMIM and related defendants are liable for the loss in market value

of these securities. The first case was filed by NM Homes One, Inc. in U.S. federal court in New York. The Southern District Court granted JPMIM's motion to dismiss nine of plaintiff's ten causes of action. Five of the claims were dismissed without prejudice to plaintiff's right to replead. The remaining four claims were dismissed with prejudice. The second case, filed by Assured Guaranty (U.K.) in New York state court, was dismissed and Assured has appealed the court's decision. In the third case, filed by Ambac Assurance UK Limited in New York state court, the Court granted JPMIM's motion to dismiss in March 2010, and plaintiff has filed a notice of appeal. The fourth case was filed by CMMF LLP in New York state court in December 2009; the Court granted JPMIM's motion to dismiss the claims, other than claims for breach of contract and misrepresentation. Both CMMF and JPMIM have filed notices of appeal.

Lehman Brothers Bankruptcy Proceedings. In March 2010, the Examiner appointed by the Bankruptcy Court presiding over the Chapter 11 bankruptcy proceedings of Lehman Brothers Holdings Inc ("LBHI") and several of its subsidiaries (collectively, "**Lehman**") released a report as to his investigation into Lehman's failure and related matters. The Examiner concluded that one common law claim potentially could be asserted against JPMorgan Chase for contributing to Lehman's failure, though he characterised the claim as "not strong." The Examiner also opined that certain cash and securities collateral provided by LBHI to JPMorgan Chase in the weeks and days preceding LBHI's demise potentially could be challenged under the Bankruptcy Code's fraudulent conveyance or preference provisions, though JPMorgan Chase is of the view that its right to such collateral is protected by the Bankruptcy Code's safe harbor provisions. In addition, JPMorgan Chase may also face claims in the liquidation proceeding pending before the same Bankruptcy Court under the U.S. Securities Investor Protection Act ("**SIPA**") for LBHI's U.S. broker-dealer subsidiary, Lehman Brothers Inc. ("**LB**"). The SIPA Trustee has advised JPMorgan Chase that certain of the securities and cash pledged as collateral for JPMorgan Chase's claims against LBI may be customer property free from any security interest in favour of JPMorgan Chase.

Enron Litigation. JPMorgan Chase and certain of its officers and directors are involved in several lawsuits that together seek damages of more than \$1.6 billion arising out of its banking relationships with Enron Corp. and its subsidiaries ("**Enron**"). A number of actions and other proceedings against JPMorgan Chase have been resolved, including a class action lawsuit captioned Newby v. Enron Corp. and adversary proceedings brought by Enron's bankruptcy estate. The remaining Enron-related actions include individual actions by Enron investors, creditors and counterparties.

The remaining litigation also includes a suit against JPMorgan Chase alleging, in relevant part, breach of contract and breach of fiduciary duty based upon JPMorgan Chase's role as Indenture Trustee in connection with an indenture agreement between JPMorgan Chase and Enron. The case has been dismissed. In April 2010, the New York Court of Appeals affirmed the order dismissing the action.

A putative class action on behalf of JPMorgan Chase employees who participated in JPMorgan Chase's 401(k) plan asserted claims under ERISA for alleged breaches of fiduciary duties and negligence by JPMorgan Chase, its directors and named officers. JPMorgan Chase moved for judgment on the pleadings and the district court granted the motion in March 2010. Plaintiffs have appealed.

IPO Allocation Litigation. JPMorgan Chase and certain of its securities subsidiaries, including Bear Stearns, were named, along with numerous other firms in the securities industry, as defendants in a large number of putative class action lawsuits filed in the U.S. District Court for the Southern District of New York alleging improprieties in connection with the allocation of securities in various public offerings, including some offerings for which a JPMorgan Chase entity served as an underwriter. They also claim violations of securities laws arising from alleged material misstatements and omissions in registration statements and prospectuses for the initial public offerings ("IPOs") and alleged market manipulation with respect to aftermarket transactions in the offered securities. Antitrust lawsuits based on similar allegations have been dismissed with prejudice. A settlement was reached in the securities cases, which the District Court approved; JPMorgan Chase's share of the settlement is approximately \$62 million. Appeals have been filed in the U.S. Court of Appeals for the Second Circuit seeking reversal of the decision approving the settlement.

In addition to the various cases, proceedings and investigations discussed above, JPMorgan Chase & Co. and its subsidiaries are named as defendants or otherwise involved in a number of other legal actions and governmental proceedings arising in connection with their businesses. JPMorgan Chase believes it has meritorious defences to the claims asserted against it in its currently outstanding litigations, investigations and proceedings and it intends to defend itself vigorously in all such matters. Additional actions, investigations or proceedings may be initiated from time to time in the future.

In view of the inherent difficulty of predicting the outcome of legal matters, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories, involve a large number of parties or are in early stages of discovery, JPMorgan Chase cannot state with confidence what the eventual outcome of these pending matters will be, what the timing of the ultimate resolution of these matters will be or what the eventual loss, fines, penalties or impact related to each pending matter may be. JPMorgan Chase believes, based upon its current knowledge, after consultation with counsel and after taking into account its current litigation reserves, that the legal actions, proceedings and investigations currently pending against it should not have a material adverse effect on JPMorgan Chase's consolidated financial condition. However, in light of the uncertainties involved in such proceedings, actions and investigations, there is no assurance that the ultimate resolution of these matters will not significantly exceed the reserves currently accrued by JPMorgan Chase; as a result, the outcome of a particular matter may be material to JPMorgan Chase's operating results for a particular period, depending on, among other factors, the size of the loss or liability imposed and the level of JPMorgan Chase's income for that period.

Save as disclosed in the section entitled "*JPMorgan Chase & Co. – Litigation*" in the Base Prospectus as updated by the disclosure above, the Issuer is not and has not been involved in any governmental, legal or arbitration proceedings relating to claims or amounts that are material during the 12 month period ending on the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer nor, so far as the Issuer is aware, are any such governmental, legal or arbitration proceedings pending or threatened.

4. Documents on Display

The following documents, or copies thereof, will be available, during normal business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the office of the Paying Agent in Luxembourg:

- (a) the JPMorgan Chase & Co. 2008 Form 10-K Annual Report and the JPMorgan Chase & Co. 2007 Form 10-K Annual Report,;
- (b) the Restated Certificate of Incorporation of JPMorgan Chase & Co.;
- (c) a copy of this Base Prospectus, including any documents incorporated in this Base Prospectus or any supplement to this Base Prospectus (in addition to those mentioned in (a));
- (d) any Final Terms relating to Securities which are admitted to listing or trading on or by any listing authority or stock exchange;
- (e) the Agency Agreement (which includes the form of the Bearer Global Notes, the Bearer Definitive Notes, the Registered Global Notes, the Registered Definitive Notes, the Coupons, the Receipts, the Talons, the Global Certificates and the Global Warrants);
- (f) the Deed of Covenant;
- (g) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document;
- (h) the historical financial information of the issuer or, in the case of a group, the historical financial information of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document; and
- (i) any supplement or amendment to any of the foregoing.

Index of Defined Terms

2.5-year Limitation Date	A-23	Base Prospectus	1
2005 Matrix Supplement	A-1	Bear Stearns defendants	33
20-year Limitation Date	A-23	BofA	34
5-year Limitation Date	A-23	Bond	A-14 15 , 39
Accelerated or Matured	A-18 20	Bond or Loan	A-14 15
Accreting Obligation	A-1	Borrowed Money	A-14 15
Additional Amount	28 29	BSAM	33
Additional Amount Following Credit Event	28 29	Business Day	D-6 8
Additional Amount Payment Date	28 29	Cap Amount.....	D-6 8
Additional LPN	A-31	CDO	34
Additional Obligation	A-32	CDS Auction	A-17
Adjustment Amount	D-34	City	39
Administrators	D-68	Class Period	32
Affected Reference Entity	A-20 , 25 , D-1	Conditionally Transferable Obligation	A-20 22
Affiliate	A-14 15	Consent Required Loan	A-18 19
Agency Agreement.....	15	Convertible Obligation	A-1
Amendment Date	16	County	35
APSCA	35	Credit Annex	15
Assignable Loan	A-18 19	Credit Derivatives Auction Settlement Terms.....	A-16 17
Auction	A-16 , 17 , D-1	Credit Derivatives Definitions	C-2
Auction Cancellation Date	A-16 17	Credit Derivatives Determinations Committees	A-78
Auction Covered Transaction	A-17	Credit Event.....	A-24
Auction Covered Transactions	D-68	Credit Event Backstop Date.....	A-78
Auction Currency Fixing Date	D-68	Credit Event Notice	A-89
Auction Currency Rate	D-23	Credit Event Resolution Request Date	A-79
Auction Date.....	D-68	Credit Event Trigger.....	A-1 , A-61
Auction Final Price	10 , A-16 17	Credit Observation Period	A-9
Auction Final Price Determination Date	A-16 , 17 , D-68	CSSF.....	1
Auction Methodology.....	D-1	Currency Rate Source	D-68
Auction Settlement Date.....	D-68	DC Credit Event Announcement	A-1
 Auction-Settled Entity	 A-17	DC No Credit Event Announcement	A-2
Bankruptcy	A-23	DC Resolution	A-89
Bankruptcy Case	39		

Debtors	39
Default Requirement	A-4
Deliverable Obligation	A- 17 19
Deliverable Obligation Category	A- 17 19
Deliverable Obligation Characteristics	A- 19
Deliverable Obligation Provisions	A-17
Deliverable Obligation Terms	A-18
Direct Loan Participation	A- 18 20
Disputed Assets	40
Domestic Currency	A- 15 16
Downstream Affiliate	A-14
Due and Payable Amount	A- 12 12
Eligible Transferee	A- 19 22
EMC	37
Enabling Obligation	A-23
Enhanced Leverage Fund	33
Enron	42
ERISA	33
ESOP	32
Event Determination Date	A-6
Event Determination Date Conditions	A-6
Exchange Act	32
Exchangeable Obligation	A-2
Excluded Deliverable Obligation	A- 17 19
Exercise Amount	A- 5 24
Exercise Cut-off Date	A-8
Extension Date	29,30 , A- 10 11
Failure to Pay	A- 34 34
Fallback Settlement Method	28 29
FDIC	39
FHLB	37
Final List	A-2
Final Price	A- 17 19
First Ranking	A-32
First Ranking Interest	A-32
Fitch	A- 45 45
Form of Auction Settlement Terms	D-1

FSA	39
Fully Transferable Obligation	A- 19 21
Funds	34
Governmental Authority	A- 12 12
Grace Period	A- 10 11
Grace Period Business Day	A-11
Grace Period Extension Date	A- 11 12
High Grade Fund	33
IndyMac Trusts	37
Initial Bidding Information Publication Time	D- 79 79
Initial Bidding Period	D- 79 79
Interest Period	A- 24 29
IPO Complaints	36
IPOs	43
ISDA	A- 1,2 2 , D-1
Issuer	1
JPMIM	42
JPMorgan	9, 13
JPMSI	34
JPMSL	2
July 2009 Supplement	11, A-2, C-1
Latest Maturity Restructured Bond or Loan	A-21
LBHI	42
LBI	42
Lehman	42
Limitation Date	A-23
Listed	A- 16 16
Loan	A-15
Loan	A-14
London Stock Exchange	1
March 2009 Supplement	11, A-1, C-1
LPN	A-31
LPN Issuer	A-31
LPN Reference Obligation	A-32
Market Position	D- 79 79
Markets in Financial Instruments Directive	12 12

Markit Published LPN Reference Obligation	A-31
Maturity Bucket	D-2
Maturity Bucket End Date	D-3
Maximum Initial Market Bid-Offer Spread	D-79
Maximum Maturity	A-18 20
MBIA	37
MBS	36
Mod Mod R	D-2
Mod R	D-2
Mod R Restructuring	A-20
Mod/ModMod R Restructuring	A-20
Modified Eligible Transferee	A-20 23
Modified Restructuring Maturity Limitation Date	A-23
ModMod R Restructuring	A-20
Moody's	A-45
Movement Option	A-24
Movement Option Cut-off Date	A-24
Multiple Exercise	A-5 24
Multiple Holder Obligation	A-6
Municipal Derivatives Actions	34
NASAA	38
New Securities	A-24 28
No Auction Announcement Date	A-16 18
Not Bearer	A-18 20
Not Contingent	A-17 19
Not Domestic Currency	A-15 16
Not Domestic Issuance	A-15 16
Not Domestic Law	A-15 16
Not Sovereign Lender	A-15 16
Not Subordinated	A-14 15
Notes	1
Notice Delivery Period	A-9
Notice of Publicly Available Information	A-89
Notice to Exercise Movement Option	A-24
Notification Date	A-21 26
Obligation Acceleration	A-34

Obligation Category	A-14 15
Obligation Characteristics	A-14 15
Obligation Currency	A-12
Obligation Default	A-34
Obligations	A-12 13
OCC	34
Original Reference Entity	A-21 26
Parallel Auction Settlement Terms	A-18
Participating Bidders	D-79
Paying Agent	28 29
Payment	A-14 15
Payment Requirement	A-4
Permissible Deliverable Obligations	A-24
Permitted Currency	A-45
Physical Settlement Buy Request	D-24
Physical Settlement Matrix	28 29 , B-1
Physical Settlement Sell Request	D-24
Potential Credit Event	A-9 10
Potential Failure to Pay	A-9 10
Potential Repudiation/Moratorium	A-9 11
Price	28 29
Prior Reference Obligation	A-15
Programme	1
Proposed Global Settlement Agreement	41
Prospectus Directive	1
Protection Leverage	29
Public Sources	A-89
Publicly Available Information	A-8 10
Qualifying Affiliate Guarantee	A-13 14
Qualifying Guarantee	A-13 14
Quotation Amount	A-17 19
Reference Entity	A-12
Reference Obligation	29, A-13 31 , See
Reference Obligations Only	A-14 15
Relevant City Business Day	A-3
Relevant Pairing	D-23
Relevant Pricing Increment	D-79

Relevant Seller	C-4	Subordination	A- 15 <u>16</u>
Replacement Successor	A- 20 <u>25</u>	Subsequent Bidding Information Publication Time.....	D- 79
Representative Auction-Settled Transaction D- 79		Substitute Reference Obligation	A- 13 <u>14</u>
Repudiation/Moratorium	A- 34	Succession Date	A- 22 <u>27</u>
Repudiation/Moratorium Evaluation Date A- 11 <u>12</u>		Succession Event	A- 21 <u>26</u>
Repudiation/Moratorium Extension Condition	A- 12 <u>13</u>	Succession Event Backstop Date.....	A- 22 <u>27</u>
Repudiation/Moratorium Extension Notice A- 12 <u>13</u>		Succession Event Notice	A- 22 <u>27</u>
Resolve	A- 83	Succession Event Resolution Request Date A- 22 <u>27</u>	
Restructured Bond or Loan	A- 19 <u>21</u> , A- 23	Successor	A- 23 <u>27</u>
Restructuring	A- 35	Supranational Organization	A- 23
Restructuring Date.....	A- 19 <u>22</u> , A- 23	<u>Swap</u>	<u>39</u>
Restructuring Maturity Limitation Date .. A- 19 <u>21</u>		<u>Syncora</u>	<u>37</u>
Rules	11 , A- 7 , 3 , C-1, D-1	<u>Texas Action</u>	<u>40</u>
S&P	A- 45	Trade Date	29 <u>30</u>
Scheduled Credit Observation End Date	29	<u>Transaction Auction Settlement Terms</u>	A- 18
Scheduled Maturity Date	16	Transaction Type	29 , 30 , A- 23
Securities Act	1 , 2 , 22	Transferable	A- 18 <u>20</u>
<u>Securities Agent</u>	<u>A-3</u>	U.S. Person	22
Senior Obligation	A- 15 <u>16</u>	UK Listing Authority.....	1
Settlement Date	29	Underlying <u>Finance Instrument</u>	<u>A-31</u>
Settlement Method	29	<u>Underlying Loan</u>	<u>A-31</u>
<u>Sherman Act</u>	<u>36</u>	<u>Underlying</u> Obligation	A- 13 <u>See</u>
<u>Sigma</u>	<u>41</u>	Underlying Obligor.....	A- 13 <u>14</u>
<u>SIPA</u>	<u>42</u>	Valuation Date	A- 17 <u>18</u>
Sovereign.....	A- 23	Voting Shares	A- 14 <u>15</u>
Sovereign Agency	A- 23	<u>Washington Mutual Bank</u>	<u>39</u>
Specified Currency - Standard Specified Currencies	A- 15 <u>16</u>	<u>Wilson Action</u>	<u>35</u>
Subordinated Obligation.....	A- 15 <u>16</u>	<u>WMI</u>	<u>39</u>

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