

Final Terms dated 30 July 2008

## **J.P. MORGAN INTERNATIONAL DERIVATIVES LTD.**

Issue of BRL 1,430,000 Brazil NTN-B Pass Through Risk Notes due August 2012. Unconditionally and Irrevocably Guaranteed by JPMorgan Chase Bank, N.A. under the **J.P. Morgan Structured Products B.V., J.P. Morgan International Derivatives Ltd., JPMorgan Chase Bank, N.A. and JPMorgan Chase & Co. Structured Products Programme for the issuance of Notes, Warrants and Certificates**

### **PART A - CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the General Note Conditions set forth in Part A of Schedule 9 to the Agency Agreement dated 14 May 2008, and as may be further supplemented or amended and restated up to and including the Issue Date (the "**Agency Agreement**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the base prospectus for the purposes of the Prospectus Directive dated 14 May 2008, including the registration documents incorporated by reference therein, and the Supplements to the Base Prospectus listed in the Annex hereto (the "**Base Prospectus**"). 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](http://www.bourse.lu)).

**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 (2004/39/EC) ("MiFID"), 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.**

The due and punctual settlement in full of all obligations due and owing by the Issuer under the Notes is irrevocably and unconditionally guaranteed (the "**Guarantee**") by JPMorgan Chase Bank, N.A. (the "**Guarantor**"). The Guarantee is not a deposit insured or guaranteed by the United States Federal Deposit Insurance Corporation or any other government authority. The Guarantee is an unsecured and unsubordinated debt obligation of the Guarantor and not of its parent, JPMorgan Chase & Co., or any of its affiliates other than the Issuer, and will rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Guarantor subject to a preference in favour of certain deposit liabilities of the Guarantor or other obligations that are subject to any priorities or preferences.

#### **Purchase of these Notes involves substantial risks**

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 (as defined in paragraph 1), the Guarantor, 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 these Final Terms 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 to 47 inclusive) and the information set out in Annex A to these Final Terms (*Certain Additional Investment Considerations*).

Prospective investors should be aware that in respect of any day (for the purposes of this paragraph, the "Relevant Day"), the obligations of the Issuer to make any payments under the Notes shall be limited in aggregate, and the claims of Holders of under the Notes shall be limited in recourse in aggregate, to the sum of (i) all payments actually received under the Reference Securities from, and including, the Issue Date to, and including, such Relevant Day by the holder of such Reference Securities in a principal amount as of the Issue Date equal to the Reference Security Adjusted Principal Amount, and (ii) the lesser of, as determined by the Calculation Agent in good faith and in a commercially reasonable manner (a) the amount actually received on the Reference Security Maturity Date by a holder of Reference Securities in a principal amount as of the Issue Date equal to the Reference Security Adjusted Principal Amount, or (b) the amount that would have been received on a sale of Reference Securities with a principal amount as of the Issue Date equal to the Reference Security Adjusted Principal Amount, where such sale is made on or around the Relevant Day, and in the light of relevant market conditions prevailing as of or around the Relevant Day (in each case under (i) and (ii), reduced by any Additional Costs and other amounts pursuant to paragraph 5 (Adjustment Events) of Part C). In the event that an amount under (a) cannot be determined on the Relevant Day, then the applicable amount shall be that under (b). The Holders will have no recourse to the Issuer above such amount or to the Reference Securities.

Because the Notes are linked to the Reference Securities and the USD/BRL exchange rate, an investment in the Notes entails significant risks in addition to those associated with investments in a conventional debt security. Both the value of the Reference Securities and the USD/BRL exchange rate may affect the nature and value of the investment return on the Notes. Investors should form their own views on the merits of an investment related to the Reference Securities and the USD/BRL exchange rate based upon their own investigations of the USD/BRL exchange rate and should not rely on any information given in these Final Terms. As noted above, given the highly specialised nature of these Notes, the Issuer, the Guarantor and JPMSL consider that the Notes are only suitable for sophisticated investors who are able to determine for themselves the risks of an investment linked to the Reference Securities and the USD/BRL exchange rate, and who possess all other relevant knowledge and experience in financial and business matters. Consequently, if you are not an investor who falls within this description you should consider not purchasing these Notes or, at the least, should take detailed advice from a specialised professional adviser experienced in the above matters.

Prospective investors should note that the Issuer and its affiliates are regular participants in the market for certain Brazilian government securities and the foreign exchange markets and in the ordinary course of their business may effect transactions for their own account or for the account of their customers and hold long and short positions in the Brazilian government securities, currencies and related derivatives, including in the Reference Security and the USD and the BRL. Such transactions may affect the price of the Reference Securities and the USD/BRL exchange rate, the market price, liquidity or value of the Notes and could be adverse to the interests of the Holders. Neither the Issuer nor any of its affiliates has any duty to enter into such transactions in a manner which is favourable to Holders.

Changes in rates of exchange may have an adverse effect on the value of the Notes. If the value of the Reference Security declines or if the BRL weakens against the USD, the value of the Notes is likely to decrease.

As used herein, references to "**U.S.\$**" and "**USD**" are to United States Dollar, and references to "**BRL**" are to Brazilian Real, the lawful currency of the Federative Republic of Brazil.

*The Jersey Financial Services Commission (the "**Commission**") has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958, as amended to the issue of Notes by the Issuer. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.*

*A copy of this document has been delivered to the Jersey Registrar of Companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002. The Registrar has given, and has not withdrawn, his consent to its circulation.*

*It must be distinctly understood that, in giving these consents, neither the Jersey Registrar of Companies nor the Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.*

*The investments described in this document do not constitute a collective investment fund for the purpose of the Collective Investment Funds (Jersey) Law 1988, as amended. Any individual intending to invest in any investment described in this document should consult his or her professional adviser and ensure that he or she fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.*

1. (i) Issuer: J.P. Morgan International Derivatives Ltd.
- (ii) Guarantor: JPMorgan Chase Bank, N.A.
2. (i) Series Number: 2008-2864
- (ii) Tranche Number: One
3. **Specified Currency or Currencies:** United States dollars ("U.S.\$" or "USD") and Brazilian Reais (the lawful currency of the Federative Republic of Brazil) ("BRL" or "Reais")
4. **Settlement Currency:** USD
5. **Relevant Exchange Rate:** See Part C
6. **Aggregate Nominal Amount:**
  - (i) Series: The USD equivalent of BRL Investment Amount as set forth in Part C.
  - (ii) Tranche: The USD equivalent of BRL Investment Amount as set forth in Part C.
7. **Issue Price:** 175.286 per cent. of the Reference Security Principal Amount (the equivalent of 99.6474 per cent. of the Reference Security Adjusted Principal Amount) as of the Issue Date.

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, and secondary market prices are likely to exclude such amounts. In addition, pricing models of relevant market participants 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 MiFID, 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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|-----|----------------------------------|--|
| 8.  | (i) Issue Size:                  | 1,430 Notes  |
|     | (ii) Minimum trading size:       | BRL 150,000 and integral multiples of BRL 1,000 thereafter (corresponding to an amount in USD equal to BRL 150,000 <i>divided by</i> the Spot Rate on the Trade Date, and integral multiples in USD equal to BRL 1,000 <i>divided by</i> the Spot Rate on the Trade Date thereafter).  |
|     | (iii) Specified Denominations:   | BRL 150,000 and higher integral multiples of BRL 1,000.  |
|     | (iv) Trading in Units            | Not Applicable.  |
| 9.  | (i) Issue Date:                  | 30 July 2008   |
|     | (ii) Interest Commencement Date: | Issue Date   |
| 10. | <b>Maturity Date:</b>            | The earlier of: <ul style="list-style-type: none"> <li>(1) 16 August 2012 (the "<b>Final Redemption Date</b>"); or</li> <li>(2) if the Notes are redeemed pursuant to paragraph 2 of Part C (Optional Early Redemption Amount), the Optional Early Redemption Date,</li> </ul> and subject as provided in the General Note Conditions (as supplemented and amended herein) |
| 11. | <b>Redemption Date:</b>          | Not Applicable   |
| 12. | <b>Interest Basis:</b>           | Other – Part C shall apply   |
| 13. | <b>Redemption/Payment Basis:</b> | Other – Part C shall apply   |

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|-----|---|----------------|
| 14. | <b>Change of Interest or Redemption/<br/>Payment Basis:</b>     | Not Applicable |
| 15. | <b>Put/Call Options:</b>  | Call           |
| 16. | (i) Status of the Notes:  | Senior         |
|     | (ii) Status of the Guarantee:                                   | Senior         |
|     | (iii) Date of Board approval for issuance<br>of Notes obtained: | July 28, 2008  |
| 17. | <b>Method of distribution:</b>                                  | Non-syndicated |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

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|-----|---|----------------|
| 18. | <b>Fixed Rate Note Provisions:</b>  | Not Applicable |
| 19. | <b>Floating Rate Provisions:</b>  | Not Applicable |
| 20. | <b>Zero Coupon Note Provisions:</b>   | Not Applicable |
| 21. | <b>Index Linked Interest Notes/Commodity<br/>Linked Interest Notes/Foreign Exchange<br/>Linked Interest Notes/Fund Linked<br/>Interest Notes/Credit Linked Interest<br/>Notes/Inflation Linked Interest<br/>Notes/Other Variable Linked Interest<br/>Notes:</b> | Not Applicable |
| 22. | <b>Equity Linked Interest Note Provisions:</b>  | Not Applicable |
| 23. | <b>Dual Currency Note Provisions:</b>   | Not Applicable |

**PROVISIONS RELATING TO REDEMPTION**

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|-----|--|---|
| 24. | <b>Call Option</b>   | Applicable, provided that the Calculation Agent has determined in its sole discretion that an Optional Early Redemption Event has occurred in respect of the Notes on any day from, and including the Issue Date to, and excluding, the Reference Security Maturity Date. The provisions of Part C shall apply. |
|     | (i) Optional Redemption Date(s):   | The Optional Early Redemption Date (as defined in Part C)   |
|     | (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): | The Optional Early Redemption Amount or the Reference Asset Amount (as applicable), further particulars as specified in Part C  |
|     | (iii) If redeemable in part:   | Not Applicable  |
|     | (a) Minimum nominal amount to be redeemed:   | Not Applicable  |
|     | (b) Maximum nominal amount to be redeemed:   | Not Applicable  |
|     | (iv) Description of any other Issuer's option:   | Not Applicable  |

(v)	Notice period (if other than as set out in the General Note Conditions):	Not less than:
		<ul style="list-style-type: none"> <li>(i) zero Business Days (for the avoidance of doubt, the Optional Early Redemption Notice may designate the Optional Early Redemption Notice Date as the Optional Early Redemption Valuation Date); or</li> <li>(ii) in the case where the relevant Optional Early Redemption Event is or includes a Brazilian Tax Event (as defined in Part C), 15 calendar days;</li> </ul>
		irrevocable notice (there shall be no maximum notice period), subject as provided in paragraph 3(i) (Final Redemption Amount) of Part C.
		General Condition 5(d) is amended accordingly.
25.	<b>Put Option</b>	Not Applicable
26.	<b>Knock-in Event:</b>	Not Applicable
27.	<b>Knock-out Event:</b>	Not Applicable
28.	<b>Final Redemption Amount:</b>	The provisions of Part C apply
29.	<b>Early Redemption Amount:</b>	<ul style="list-style-type: none"> <li>(i) Early Redemption Amount(s) payable on redemption for taxation reasons (General Note Condition 5(c)) or an event of default (General Note Condition 9) and/or the method of calculating the same (if required or if different from that set out in the General Note Conditions) (or in the case of Equity Linked Notes following certain corporate events in accordance with General Note Condition(5)(j)(v)(A) and (B) and/or the method of calculating the same (if required or if different from that set out in General Note Condition 5(b)):</li> </ul>
		General Note Condition 5(b)(ii) applies in respect of an Event of Default as defined in General Note Condition 9, as amended by the deletion of General Note Condition 9(vi), 9(vii) and 9(viii).
		In respect of a redemption for taxation reasons, General Note Condition 5(c) shall not apply to the Notes; the provisions of Part C shall apply.
	(ii) (If Interest Payment Dates are specified in these Final Terms) redemption for taxation reasons permitted only on Interest Payment Dates (General Note Condition 5(c)):	No. General Note Condition 5(c) shall not apply to the Notes
	(iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (General Note Condition 6(f)):	Yes
30.	<b>Additional Termination Events:</b>	Not Applicable

31. **Index Linked Redemption Notes/Commodity Linked Redemption Notes/Foreign Exchange Linked Redemption Notes/Fund Linked Redemption Notes/Inflation Linked Redemption Notes/Other Variable Linked Redemption Notes:** Applicable  
See the relevant terms set forth in Part C.

32. **Equity Linked Redemption Notes:** Not Applicable

33. **Credit Linked Notes:** Not Applicable

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

34. **New Global Note:** No

35. **Form of Notes:** Bearer Notes

(i) Temporary or permanent Bearer Global Note/Registered Global Note: Temporary Bearer Global Note exchangeable for a permanent Bearer Global Note (or, at the request of a Holder, for Bearer Definitive Notes) which is exchangeable for Bearer Definitive Notes (i) automatically in the limited circumstances specified in the permanent Bearer Global Note, (ii) at any time at the option of the Issuer by giving notice to the Holders and the Fiscal Agent of its intention to effect such exchange or (iii) at any time at the request of a Holder, in each case on the terms as set forth in the relevant Bearer Global Note.

(ii) Applicable TEFRA exemption: D Rules

36. (i) Additional Financial Centre(s) (General Note Condition 6(h)) or other special provisions relating to payment dates: London (and, for the avoidance of doubt, New York pursuant to General Note Condition 6(h)).  
For the purposes of General Note Condition 6(h), "business day" shall also be a Brazilian Business Day.

(ii) Additional Business Centre(s) (General Note Condition 4(j)): London (and, for the avoidance of doubt, New York pursuant to General Note Condition 4(j)).  
For the purposes of General Note Condition 4(j), "Business Day" shall also be a Brazilian Business Day.

37. **Payment Disruption Event (General Note Condition 6(i)):** Applicable (provided that the definition of "FX Disruption Event" is amended so that the reference to "Calculation Agent" in paragraph (a) thereof shall instead be to "Calculation Agent or Hedging Entity")

(i) Relevant Currency: As may be notified by the Calculation Agent to the Holders pursuant to Condition 13 at the relevant time

	(ii)	Relevant Jurisdiction:	Reference Asset	As may be notified by the Calculation Agent to the Holders pursuant to Condition 13 at the relevant time
	(iii)	Payment Event Cut-off Date:		As set forth in General Note Condition 6(i)
38.		<b>Physical Delivery:</b>		Applicable, in the circumstances specified in Part C
	(i)	Reference Asset(s):		The Reference Securities
	(ii)	Reference Asset Amount:		The Reference Security Adjusted Principal Amount minus any Additional Costs as specified in Part C
	(iii)	Physical Delivery Cut-Off Date:		The day which is the second Business Day prior to the Optional Early Redemption Date, provided that General Note Condition 6(j) (Physical Delivery) is amended to the effect that a Reference Asset Transfer Notice need only be delivered in the event that the Notes are in definitive form.
	(iv)	Alternative Clearing System:		Not Applicable
	(v)	Other terms or special conditions:		Applicable – see Part C
				In addition, if any provision of paragraph 2 (Optional Early Redemption Amount) of Part C is inconsistent with any provision of General Note Condition 6(j) (Physical Delivery) in relation to any Settlement Disruption Event and the consequences thereof, the provisions of paragraph 2 (Optional Early Redemption Amount) of Part C shall prevail.
39.		<b>Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):</b>		No
40.		<b>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:</b>		Not Applicable
41.		<b>Details relating to Instalment Notes:</b>		Not Applicable
42.		<b>Redenomination, renominatisation and reconventioning provisions:</b>		Not Applicable
43.		<b>Consolidation provisions:</b>		Not Applicable
44.		<b>Other final terms or special conditions:</b>		Applicable - see Part C
				In addition, General Note Condition 7 shall be amended by:
				(a) inserting the following paragraphs

immediately after the heading "7. Taxation":

"All payments of principal of and interest on the Notes, Receipts or Coupons will be made without deduction or withholding for or on account of any present or future tax, assessment or other governmental charge (each such tax, a "**Withholding Tax**"), of whatever nature, imposed or levied by or within the United Kingdom, the United States or Brazil, or by or within any political subdivision or taxing authority thereof or therein, except as required by law. In the case where any such deduction or withholding is required by law, neither the Issuer nor the Guarantor will be required to gross up or make any payment of any additional amounts on account of any Withholding Tax.

On the occurrence of an Optional Early Redemption Event and the Issuer electing to deliver the Reference Security in satisfaction and discharge of its obligations under the Notes, neither the Issuer nor the Guarantor will be required to gross up for any taxes payable by the Issuer in any jurisdiction in respect of the transfer, holding, sale or redemption of the Reference Security.";

(b) deleting the paragraph appearing immediately before General Note Condition 7(i) and replacing the same with the following:

"All payments of principal of and interest on the Notes, Receipts or Coupons will be made without deduction or withholding for or on account of any present or future tax, assessment or other governmental charge, of whatever nature, imposed or levied by or within Jersey, except as required by law. In that case, the Issuer or, as the case may be, the Guarantor will, subject to certain limitations and exceptions set forth below, pay to a Holder, holder of Receipts or Couponholder who is a person who is not a Jersey Tax Resident (as defined below) such additional amounts ("Additional Amounts") as may be necessary so that every net payment by the Issuer or the Guarantor or any of their Paying Agents of principal or interest with respect to the Notes, Receipts or Coupons after deduction or withholding for or on account of any such present or future tax, assessment or other governmental charge imposed upon such Holder, Receiptholder or Couponholder, or as a result of such payment of tax imposed or levied by or within Jersey, will not be less than the amount provided for in such Notes,

Receipts or Coupons to be then due and payable. However, neither the Issuer nor the Guarantor will be required to make any payment of Additional Amounts for or on account of:"

(c) deleting from General Note Condition 7(i) the words "or the United States, as applicable", wherever such words appear in that paragraph; and

(d) deleting from General Note Condition 7(i) the words "or is a United States Alien as applicable".

Further, General Note Condition 9 shall be amended by deleting paragraphs (i) to (vii) thereof and replacing the same with the following:

"(i) non payment of any amount payable on the Notes when due which continues for at least 30 days; or

(ii) an order is made or a resolution is passed for the winding up or dissolution of the Issuer, other than for the purpose of a reorganisation on terms approved by an Extraordinary Resolution of the Holders."

## **DISTRIBUTION**

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|-----|---|--|
| 45. | <b>If syndicated, names of Managers:</b>              | Not Applicable   |
| 46. | <b>If non-syndicated, name and address of Dealer:</b> | J.P. Morgan Securities Ltd. ("JPMSL") of 125 London Wall, London EC2Y 5AJ, with J.P. Morgan Securities Inc. ("JPMSI") of 277 Park Avenue, New York, NY, 10172, solely in its capacity as agent for J.P. Morgan Securities Ltd.   |
| 47. | <b>Total commission and concession:</b>               | Not Applicable   |
| 48. | <b>U.S. selling restrictions:</b>                     | 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 " <b>Securities Act</b> ") or the U.S. Internal Revenue Code of 1986, as amended.<br><br>TEFRA D Rules – The Notes are for U.S. tax law purposes "bearer obligations" and will be issued in compliance with the D Rules. |
| 49. | <b>Non-exempt Offer:</b>                              | Not Applicable   |

50. **Additional Selling restrictions:** See the Base Prospectus.

#### **GENERAL**

51. Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with General Note Condition 10(a): Not Applicable

The aggregate principal amount of Notes issued, which is equal to the Aggregate Nominal Amount, has been translated into U.S. dollars at the rate of BRL 1.59 =U.S.\$ 1, producing a sum of (for Notes not denominated in U.S. dollars):

U.S. \$ 1,576,471.00. For the avoidance of doubt and notwithstanding anything to the contrary, the economics of the notes shall be construed in terms of Brazilian reais and will bear the foreign exchange risk associated with Brazilian reais from the perspective of a U.S. dollar investor. Additionally, for the avoidance of doubt, such amount is not the principal amount that the investor will receive at maturity.

#### **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 International Derivatives Ltd., JPMorgan Chase Bank, N.A. and JPMorgan Chase & Co.

**RESPONSIBILITY**

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms.

**Signed on behalf of the Issuer:**



Timothy R. Hailes  
Managing Director and  
Associate General Counsel

By: \_\_\_\_\_

Duly authorised

**Signed on behalf of the Guarantor:**



Timothy R. Hailes  
Managing Director and  
Associate General Counsel

By: \_\_\_\_\_

Duly authorised

## **PART B - OTHER INFORMATION**

### **LISTING AND ADMISSION TO TRADING**

Not Applicable.

### **RATINGS**

The Notes will not be rated

### **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save as discussed in the section of the Base Prospectus entitled "Subscription and Sale", 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:    | Not Applicable |
| (ii)  | Estimated net proceeds:   | Not Applicable |
| (iii) | Estimated total expenses: | Not Applicable |

### **POST-ISSUANCE INFORMATION**

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

### **OPERATIONAL INFORMATION**

Intended to be held in a manner which would allow Eurosystem eligibility:	No
ISIN Code:	XS0378751472
Common Code:	037875147
Any Clearing System(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable
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. Distribution Amounts

Subject to paragraph 5 (*Adjustment Events*) of Part C, if the Calculation Agent determines in its absolute discretion that (A) any Reference Security Distribution Amount has been paid with respect to the Reference Securities and that (b) the Issuer (or one of its agents or affiliates) would receive such Reference Security Distribution Amount if it were a holder of such Reference Securities, then such Issuer shall pay to the Holders:

- (i) if such Reference Security Distribution Amount is paid in cash, an amount in U.S. dollars equal to the Holder's *pro rata* share of such Reference Security Distribution Amount *minus* any Additional Costs (including, for the avoidance of doubt, any charges or taxes that may arise as a result of a Tax Event), each converted into USD at the PTAX Rate (as determined on the relevant PTAX Rate Determination Date (such amount, the "**Cash Distribution Amount**") on the second Business Day following the relevant PTAX Rate Determination Date; or
- (ii) if such Reference Security Distribution Amount is not paid in cash, (subject to the relevant Holder having notified Euroclear, Clearstream, Luxembourg, the Issuer, the Fiscal Agent and the Delivery Agent of its relevant local custody account details) a *pro rata* share of such Reference Security Distribution Amount shall be deliverable in respect of each Note (the "**Non-Cash Distribution Amount**", together with the Cash Distribution Amount, the "**Distribution Amount**") on the second Business Day following the relevant Reference Security Distribution Date in such manner as the Calculation Agent may determine in its sole and absolute discretion. In the event that this paragraph (ii) applies, the provisions of paragraph 2 (*Optional Early Redemption Amount*) of Part C and General Note Condition 6(j) (*Physical Delivery*), with such modifications as the Calculation Agent determines in its sole and absolute discretion, shall apply.

If the Calculation Agent determines that it is unlawful, impossible, or otherwise impracticable to pay any Cash Distribution Amount as described in (i) above (including the Calculation Agent in its sole discretion determining that the conversion of the BRL amount determined pursuant to the calculation of the Cash Distribution Amount into USD may not be feasible in whole or in part), the Issuer's obligations under this paragraph 1 (*Distribution Amounts*) of Part C will be fully satisfied and discharged by payment to the Holders (to the extent and in the manner permitted by applicable law) of the *pro rata* BRL amount determined pursuant to the calculation of the Cash Distribution Amount before conversion of such amount into USD.

For the avoidance of doubt, no further Distribution Amount (or any other amount) shall be payable in respect of the Notes following any redemption (including early redemption) of the Notes, and no further amount shall be paid or distributed, as the case may be, with effect from the earlier of the Final Redemption Date and the Optional Early Redemption Date.

### 2. Optional Early Redemption Amount

Unless otherwise previously redeemed, or purchased and cancelled in accordance with the General Note Conditions (as supplemented and amended herein), the Notes may be redeemed at the option of the Issuer in whole, but not in part, on the Optional Early Redemption Date, upon the Issuer giving notice or, if the relevant event which occurs is or includes a Brazilian Tax Event, not less than 5 calendar days' notice (other a Brazilian Tax Event, in which case such notice shall be delivered not less than 15 calendar days' notice prior to such Optional Early Redemption) (in each case, the "**Optional Early Redemption Notice**" and the date of such notice being the "**Optional Early Redemption Notification Date**") to the Holders (which notice (i) shall be irrevocable, (ii) shall designate the Optional Early Redemption Valuation Date and (iii) shall request securities and/or BRL cash account details from each Holder) informing them of its election for physical or cash settlement, if the Calculation Agent determines in its sole discretion that one or more of the following events (each such event, an "**Optional Early Redemption Event**") has occurred in respect of the Notes at any time in the period commencing on, and including, the Issue Date and ending on, and excluding, the Reference Security Maturity Date:

- (i) a Convertibility Event;

- (ii) a Sovereign Event;
- (iii) a Brazilian Tax Event;
- (iv) any redemption of the Reference Securities in whole or in part before the Reference Security Maturity Date;
- (v) any Repudiation / Moratorium;
- (vi) any Restructuring of any Reference Securities before the Reference Security Maturity Date;
- (vii) Failure to Pay;
- (viii) Obligation Acceleration;
- (ix) Tax Event.

For the avoidance of doubt, if the tax event in question can, in the determination of the Calculation Agent, be classified equally as a Brazilian Tax Event and a Tax Event, as defined below, the Issuer shall decide in its sole discretion whether such tax event shall be an Optional Early Redemption Event or an Adjustment Event.

If the Issuer delivers an Optional Early Redemption Notice to the Holders, then the Issuer shall redeem the Notes on the Optional Early Redemption Date by the selection of one of the following options, as determined by the Calculation Agent in its sole discretion, as set forth in paragraphs (i), (ii) or (iii) below by:

- (i) unless the Calculation Agent determines that Physical Delivery would be unlawful, impossible or otherwise impracticable, delivering the Reference Securities and subject to the relevant Holder having notified Euroclear, Clearstream, Luxembourg, the Issuer, the Fiscal Agent and the Delivery Agent of its relevant local custody account details, a *pro rata* share of the Reference Securities in accordance with General Note Condition 6(j) minus the *pro rata* portion of the Reference Securities liquidated to pay for its *pro rata* share of any Additional Costs (including, for the avoidance of doubt, any charges or taxes that may arise as a result of a Tax Event, as defined below), rounded down to the nearest whole Reference Security and taking into account that a Holder's entire holding may be aggregated at the Issuer's discretion for the purpose of determining the number of Reference Securities; or
- (ii) paying to each Holder a *pro rata* share of the Optional Early Redemption Amount; or
- (iii) if the Calculation Agent determines that it is unlawful, impossible, or otherwise impracticable to redeem the Notes as described in (i) or (ii) above (including the Calculation Agent in its sole discretion determining that the conversion of the BRL amount determined pursuant to the calculation of the Optional Early Redemption Amount into USD may not be feasible in whole or in part (including without limitation, where the relevant Optional Early Redemption Event is or includes a Brazilian Tax Event)), depositing into an account designated by the Holders (to the extent and in the manner permitted by applicable law) the *pro rata* BRL amount determined pursuant to the calculation of the Optional Early Redemption Amount before its conversion into USD.

Any determination by the Calculation Agent as to whether paragraphs (i), (ii) or (iii) would be unlawful, impossible or otherwise impracticable shall be subject to change if any other or additional Optional Early Redemption Event occurs in the period commencing on, but excluding, the date on which the relevant Optional Early Redemption Notice was given and ending on, but excluding, the corresponding Optional Early Redemption Date. Upon delivery or payment in respect of a Note as described above, the Issuer's obligations under such Note will be fully satisfied and discharged.

Notwithstanding the foregoing, if the Calculation Agent determines that it is unlawful, impossible or otherwise impracticable to make the delivery or payment as described above (including as a result of a Holder not having notified the Issuer and the Calculation Agent of a local custody account through which the Holder can take delivery of the *pro rata* share of the Reference Securities by the applicable Physical Delivery Cut-off Date or payment of the *pro rata* share of the Optional Early Redemption

Amount or of the payment details of an account denominated in BRL to which to make such deliveries and/or such payments), the Issuer will hold at the instruction and expense of the relevant Holder the Holder's *pro rata* share of the Reference Securities or an amount in BRL equal to its *pro rata* share of the Optional Early Redemption Amount (but without converting into USD the BRL amount provided for in its calculation) (the "**Final BRL Amount**") for the account and risk of the relevant Holder until such transfer is permitted but in any event for no longer than 365 calendar days from the Optional Early Redemption Date (the "**Holding Period**"). The Issuer may deduct the relevant Holder's share of any reasonable costs or expenses of the Issuer, its agents or affiliates in connection with holding such amounts or securities during the Holding Period (including reimbursement of any internal costs) from any amount payable to such Holder in respect of its Notes.

If after the expiration of the Holding Period the Calculation Agent determines that it is still unlawful, impossible or otherwise impracticable to make such payments or such deliveries (including the Calculation Agent in its sole discretion determining that the conversion of the Final BRL Amount into USD may not be feasible in whole or in part), then the Calculation Agent shall determine, to the extent possible, the Final U.S. Dollar Amount (as defined below) and shall, two Business Days following the expiration of the Holding Period, pay to each relevant Holder the Final U.S. Dollar Amount. Upon payment of the Final U.S. Dollar Amount in respect of any Note, which could be zero, the Issuer's obligations in respect of such Note will be fully satisfied and discharged.

If any provision of this paragraph 2 (*Optional Early Redemption Amount*) is inconsistent with any provision of Condition 6(j) (*Physical Delivery*) in relation to any Settlement Disruption Event and the consequences thereof, the provisions of this paragraph 2 (*Optional Early Redemption Amount*) shall prevail.

The Issuer shall not be required to gross up for any taxes payable by the Issuer in respect of the transfer, holding, sale or redemption of the relevant Reference Securities.

The "**Final U.S. Dollar Amount**" means an amount in USD equivalent to (i) the market value in BRL of the Holder's *pro rata* share of the Reference Security determined in the sole discretion of the Calculation Agent or (ii) the Final BRL Amount plus any interest the Calculation Agent determines to have accrued for the period during which the Final BRL Amount is held for the account and risk of the relevant Holder, in each case to the extent that the Calculation Agent was able to convert such amount into USD using a conversion rate of the first day after the last day of the Holding Period as determined by the Calculation Agent in its sole discretion. Such conversion rate may be based on the PTAX Rate, if in the sole determination of the Calculation Agent such rate reflects true market conditions, and may be determined (at the discretion of the Calculation Agent) on a day which is not a Brazilian Business Day. Otherwise the relevant conversion rate will be based on the market conditions at the time and such other information as the Calculation Agent deems fit.

The "**Optional Early Redemption Amount**" will be an amount in USD determined by the Calculation Agent on the Optional Early Redemption Valuation Date in accordance with the following formula:

$$\frac{\left[ \left( \frac{\text{Final Price}}{\text{Principal Amount}} \right) \times \left( \frac{\text{Reference Security Adjusted}}{\text{Principal Amount}} \right) \right] - \text{Additional Costs}}{\text{PTAX Rate}}$$

Where:

"**Additional Costs**" shall have the meaning ascribed to such term in paragraph 5 (*Adjustment Events*) below;

"**Optional Early Redemption Valuation Date**" means (during the period from and including the Optional Early Redemption Notification Date, to but excluding the Final Redemption Date) any Business Day specified as such in the Optional Early Redemption Notice.

"**Final Price**" means the bid price as a percentage of the Reference Security Adjusted Principal Amount inclusive of accrued but unpaid interest as determined by the Calculation Agent in its sole discretion on the Optional Early Redemption Valuation Date. The Calculation Agent will determine the

bid price by obtaining the firm bid price from each of the Reference Dealers for the sale of the Reference Securities in an amount equal to the Reference Security Adjusted Principal Amount and taking the highest of such firm bid prices provided that:

- (i) if the Calculation Agent is unable to obtain firm bid prices from each of the Reference Dealers on the Optional Early Redemption Valuation Date then the Calculation Agent shall attempt to obtain firm bid prices from three of the Reference Dealers and the bid price shall be the highest of such firm bid prices;
- (ii) if the Calculation Agent is unable to obtain three firm bid prices from the Reference Dealers on the Optional Early Redemption Valuation Date then the Calculation Agent shall attempt to obtain firm bid prices from two of the Reference Dealers and the bid price shall be the higher of such firm bid prices; and
- (iii) if the Calculation Agent is unable to obtain two firm bid prices from the Reference Dealers on the Optional Early Redemption Valuation Date then the bid price shall be a rate determined by the Calculation Agent in its sole discretion.

**"Reference Dealers"** means four leading dealers, banks or banking corporations, which deal in obligations of the type of the Reference Securities, selected by the Calculation Agent in its sole discretion.

### 3. **Final Redemption Amount**

Subject to paragraph 5 (*Adjustment Events*) of Part C, unless previously redeemed, or purchased and cancelled in accordance with the General Note Conditions (as supplemented and amended herein), the Issuer shall redeem each Note on the Final Redemption Date by payment of the Final Redemption Amount in USD on such date (subject as provided in the General Note Conditions, including General Note Condition 6(i)), determined by the Calculation Agent in respect of each Note in accordance with paragraphs (i), (ii) or (iii) below, as applicable:

- (i) if an Optional Early Redemption Event has occurred on or before the Final Redemption Date in respect of which an early redemption has not been effected, as determined by the Calculation Agent pursuant to the provisions of paragraph 2 (*Optional Early Redemption Amount*) of Part C, the Issuer may redeem each Note on the Final Redemption Date pursuant to the provisions of paragraph 2 (*Optional Early Redemption Amount*) of Part C above (with such modifications as the Calculation Agent determines in its sole and absolute discretion) or paragraph 3(ii) below, in each case at the option of the Issuer;
- (ii) if there has been no occurrence of an Optional Early Redemption Event on or before the Final Redemption Date (or if the Issuer so elects pursuant to paragraph 3(i) above) and in the event that the Calculation Agent determines on the Reference Security Maturity Date that the Issuer would receive a payment corresponding to the Reference Security Adjusted Principal Amount if it were a holder of the Reference Securities (before deduction of any Brazilian Withholding Taxes) and that the holders of the Reference Securities have received a payment corresponding to the Reference Security Adjusted Principal Amount, the Issuer shall redeem the Notes on the Final Redemption Date by payment of an amount (the **"Reference Security Redemption Amount"**) which the Calculation Agent determines the Issuer (or one of its agents or affiliates) would receive (before deduction of any Brazilian Withholding Taxes) if it was a holder of the Reference Securities, less any Additional Costs, converted into USD as provided below. On the relevant PTAX Rate Determination Date, the Calculation Agent will determine the PTAX Rate and apply the PTAX Rate to the difference between the (i) Reference Security Adjusted Redemption Amount (being an amount in BRL), and (ii) any Additional Costs. The Final Redemption Amount in respect of each Note shall be a *pro rata* share of such resulting USD amount, provided that if the relevant payment under the Reference Securities is less than the Reference Security Adjusted Principal Amount, then the Reference Security Adjusted Redemption Amount and the Final Redemption Amount shall be determined by the Calculation Agent by reference to the amount of such relevant payment; or
- (iii) if the Calculation Agent determines that it is unlawful, impossible, or otherwise impracticable to redeem the Notes as described in (ii) above (including the Calculation Agent in its sole

discretion determining that the conversion of the BRL amount determined pursuant to the calculation of the Final Redemption Amount into USD may not be feasible in whole or in part), the Issuer may redeem each Note on the Final Redemption Date by delivering to an account designated by the Holders (to the extent and in the manner permitted by applicable law) the *pro rata* BRL amount determined pursuant to the calculation of the Final Redemption Amount before its conversion into USD.

#### 4. **Certain Definitions**

The following words and expressions shall have the following meanings:

**"Additional Costs"** shall have the meaning ascribed thereto in paragraph 5 (*Adjustment Events*) of Part C.

**"Brazilian Business Day"** means a day considered by Andima - *Associação Nacional das Instituições do Mercado Financeiro* ("**Andima**"), or its successor, as a banking business day in Brazil, according to the Brazilian holiday table available at <http://www.andima.com.br/feriados/feriados.asp>, a page of Andima's website or such other page as Andima, or its successor, may determine. For the purposes of the PTAX Rate Determination Date only, a Brazilian Business Day will be determined without giving effect to any Unscheduled Holiday.

**"Brazilian Tax Event"** means the Issuer or any of its affiliates is or becomes subject to any taxes, withholding or deduction in excess of the Original Withholding Taxes (as defined below) in respect of any hedging arrangements entered into in connection with the Notes as a result of any change in, or amendment to, the laws or regulations of the Federative Republic of Brazil or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date.

For the avoidance of doubt, if the tax event in question can, in the determination of the Calculation Agent, be classified as a Brazilian Tax Event and a Tax Event, the Calculation Agent shall decide in its sole discretion whether such tax event shall be a Brazilian Tax Event or a Tax Event.

**"Brazilian Withholding Taxes"** means Brazilian taxes imposed or charged on or from (i) any local Brazilian company, including a local Brazilian bank and a local branch or (ii) on foreign investors investing in Governmental Obligations through any permitted investment route or otherwise receiving interest from a Brazilian source or (iii) with respect to any Governmental Obligations in which any local Brazilian company, including a local Brazilian bank and a local branch or foreign investors are permitted to invest, directly or indirectly.

**"BRL Investment Amount"** means BRL 2,506,589.18, which is the Reference Security Adjusted Principal Amount *multiplied by* the Issue Price.

**"Number of Reference Securities"** means 1,430 Reference Securities.

**"Business Day"** means a day that (i) is a Brazilian Business Day, (ii) is not a Saturday or Sunday, and (iii) is a day on which commercial banks and foreign exchange markets are open for business in London and New York City.

**"Business Day Adjustment Convention"** is Modified Following (which shall apply to any date referred to herein that falls on a day that is not a Business Day).

**"Convertibility Event"** means, any action, event or circumstance whatsoever which, from a legal or practical perspective:

- (i) has the direct or indirect effect of hindering, limiting or restricting the convertibility of BRL into USD, or the transfer of USD from the jurisdiction of the Reference Entity to other countries (including, without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on conversion of BRL into USD); or
- (ii) results in the unavailability of USD in the interbank foreign exchange market located in the jurisdiction of the Reference Entity in accordance with normal commercial practice.

**"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 the Reference Entity to make, when and where due, any payments in any amount under the Reference Securities, in accordance with the terms of the Reference Securities at the time of such failure.

**"Government 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 the Reference Entity or of the jurisdiction of organization of the Reference Entity.

**"Governmental Obligations"** means any local obligation of the Reference Entity for the payment or repayment of money (whether such obligation is present or future, contingent or otherwise, or as principal or surety or otherwise) including without limitation, the Reference Security and one or more of the following debt obligations of the Central Bank of Brazil or National Treasury of Brazil: Central Bank Notes (*Notas do Banco Central, Serie-E*), LFT Notes (*Letras Financieras do Tesouro*), LTN Notes (*Letras do Tesouro Nacional*) and/or NTN Notes (*Notas do Tesouro Nacional – Serie B, Serie C, Serie D and Serie F*).

**"IPCA Index"** means the *Indice Nacional de Preços ao Consumidor Amplo* (the Extended Consumer Price Index) published monthly by the *Instituto Brasileiro de Geografia e Estatística* (IBGE) or its successor (the **"Index Sponsor"**) and appearing at their website ([www.ibge.gov.br](http://www.ibge.gov.br)). If the IPCA Index is not published as above, it will be determined by the Calculation Agent in its sole discretion. The IPCA Index is an inflation index for Brazil, calculated according to the methodology published by the Index Sponsor, as such methodology may be amended by the Index Sponsor from time to time, and is published approximately 8 Brazilian Business Days after the end of the survey period each month.

**"Obligation Acceleration"** means in relation to the Reference Securities, any amount having become due and payable before it 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 the Reference Entity under the Reference Securities.

**"Optional Early Redemption Date"** means the date falling two Business Days after the PTAX Rate Determination Date with respect to the Optional Early Redemption Valuation Date.

**"Original Withholding Taxes"** means Brazilian Withholding Taxes in effect on the Trade Date.

**"PTAX Rate Determination Date"** means One Brazilian Day prior to the relevant date, including any Reference Security Distribution Date, the Reference Security Maturity Date or the Optional Early Redemption Valuation Date.

**"PTAX Rate"** means the foreign exchange commercial rate based on the offer rate for converting BRL into USD as reported by the Central Bank of Brazil on SISBACEN Data System under transaction code PTAX-800 ("*Consultas de Cambio*" or Exchange Rate Enquiry), Option 5, "*Venda*" ("*Cotações para Contabilidade*" or Rates for Accounting Purposes) (or any successor screen established by the Central Bank of Brazil) (or such other pages, screens, sections, captions, columns or other part as may replace such page on that information service, as determined by the Calculation Agent) on the relevant PTAX Rate Determination Date (or, if no such rate is available or if the Calculation Agent determines that such rate is not representative of the then prevailing market rate, the rate determined by the Calculation Agent, in its sole discretion, on such date). The determination of the PTAX Rate by the Calculation Agent shall in the absence of manifest error be final and binding on all parties.

**"Reference Entity"** means the Federative Republic of Brazil.

**"Reference Securities"** means BRL denominated *Notas do Tesouro Nacional – Serie B* ("**NTN-B**" bonds) issued by the Federative Republic of Brazil with an original principal amount on the Reference Security Base Date equal to the Reference Security Principal Amount, maturing on the Reference Security Maturity Date, ISIN: BRSTNCNTBON9, and "**Reference Security**" means any such bond.

**"Reference Security Adjusted Principal Amount"** means, in respect of any relevant date of determination, the Reference Security Principal Amount as adjusted in accordance with the terms and

conditions of the Reference Securities by the IPCA Index from the Reference Security Base Date until the first Brazilian Business Day following the relevant PTAX Rate Determination Date.

**"Reference Security Base Date"** means 15 July 2000.

**"Reference Security Coupon"** means any coupon or interest payment paid in respect of the Reference Securities.

**"Reference Security Distribution Amount"** means, with respect to any Reference Security Distribution Date and any Reference Security, any payment or distribution of any kind (including of interest, fees, penalties, rights, property of any type) which is made on a Reference Security Distribution Date with respect to the Reference Security that the Calculation Agent, in its absolute discretion, determines that the Issuer (or one of its agents or affiliates) would receive (before deduction of any Brazilian Withholding Taxes), if it were a holder as from the Issue Date of the Reference Security.

**"Reference Security Distribution Date"** means, with respect to each Reference Security Distribution Amount, the date upon which the Calculation Agent determines that the Issuer would receive such Reference Security Distribution Amount, if it were a holder of the Reference Securities. For the avoidance of doubt, there will be no further Reference Security Distribution Dates following the earlier to occur of the Final Redemption Date or the Optional Early Redemption Date.

**"Reference Security Face Value"** means, with respect to each individual Reference Security, BRL 1,000.

**"Reference Security Maturity Date"** means 15 August 2012.

**"Reference Security Principal Amount"** means BRL 1,430,000 (representing a total of 1,430 Reference Securities, each with a Reference Security Face Value of BRL 1,000).

**"Repudiation / Moratorium"** means, with respect to the Reference Securities, the occurrence of both of the following events:

- (i) an authorised officer of the Reference Entity or a Governmental Authority (a) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, the Reference Securities or (b) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to the Reference Securities; and
- (ii) a failure to pay or a Restructuring with respect to the Reference Securities occurs on or prior to the date that is the later of (a) the date that is 60 days after the occurrence of an event described in paragraph (i) above and (b) the first payment date under the Reference Securities after the occurrence of an event described in paragraph (i) above, taking into account any grace period applicable to the terms of the Reference Securities as of the Issue Date of the Notes.

**"Restructuring"** means, with respect to the Reference Securities, any one or more of the following events occurs in a form that binds all holders of the Reference Securities, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of the Reference Securities to bind all holders of the Reference Securities or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of the Reference Securities, and such event is not expressly provided for under the terms of the Reference Securities in effect as of the Issue Date of the Notes:

- (i) a reduction in the rate or amount of interest payable or 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; or
- (iv) a change in the ranking in priority of payment of the NTN-Bs, causing the subordination of such NTN-Bs to any other obligation of the Reference Entity; or

- (v) any change in the currency or composition of any payment of interest or principal to any currency that is not a Permitted Currency.

**"Permitted Currency"** means (i) the legal tender of any Group 7 country; or (ii) the legal tender of any country which, as of the date of such change, is a member of the Organization for 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 or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investor Services or any successor to the rating business thereof or AAA or higher assigned to it by Fitch ratings or any successor to the rating business thereof; or (iii) the lawful currency of the Reference Entity.

Notwithstanding the foregoing, none of the following shall constitute a Restructuring:

- (a) the occurrence of, agreement to or announcement of any of the events described in paragraphs (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
- (b) the occurrence of, agreement to or announcement of any of the events described in paragraphs (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 the Reference Entity.

**"Sovereign Event"** means the government of the Reference Entity, its agencies, instrumentalities or entities (including the Central Bank of Brazil and the National Monetary Council of Brazil) by means of any law, regulation, ruling, directive or interpretation, whether or not having the force of law, at any time takes any action which legally or de facto results in or will result in the non-payment of any of the Reference Securities in accordance with their original terms.

**"Spot Rate"** means 1.59 BRL/USD, being the BRL/USD exchange rate, as determined by the Calculation Agent, on the Trade Date.

**"Trade Date"** means 17 July 2008.

**"Unscheduled Holiday"** means a day that is not a Brazilian Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m., Sao Paulo time, two Brazilian Business Days prior to such date.

**"USD Investment Amount"** means USD 1,576,471.00, being the initial amount invested in the Notes, expressed in USD (rounded down to the nearest whole USD) and determined by the Calculation Agent on the Trade Date as (i) the BRL Investment Amount *divided by* (ii) the Spot Rate.

## 5. **Adjustment Events**

The Calculation Agent shall determine in its sole and absolute discretion whether or not at any time an Adjustment Event (as defined below) has occurred and, where it determines that such an event and/or an Optional Early Redemption Event has occurred, the Calculation Agent will make such adjustment as it determines to be appropriate, if any, to any amount that is payable in respect of the Notes (including without limitation, a reduction of any Distribution Amounts, Optional Early Redemption Amounts or the Final Redemption Amount by the amount of any Additional Costs) and/or any other adjustment and, in any case, any other variable relevant to the payment terms of the Notes as the Calculation Agent determines to be appropriate to account for that Adjustment Event and will determine the effective date(s) of such adjustment(s).

For the purposes hereof:

**"Additional Costs"** means any incidental costs (expressed in BRL) of any kind incurred (including, for the avoidance of doubt, any charges or taxes that may arise as a result of a Tax Event) in connection with maintaining any hedging transaction entered into by the Issuer or any of its affiliates in connection with the Notes which were not in existence or reasonably anticipated on the Trade Date including certain costs incurred by reason of any Adjustment Event and/or an Optional Early Redemption Event, as determined by the Calculation Agent.

**"Adjustment Event"** means the occurrence of any of the following events as determined by the Calculation Agent in its sole and absolute discretion:

- (i) a Residual Risk Event;
- (ii) a Settlement/Custodial Event; or
- (iii) Tax Event.

**"Residual Risk Event"** means any event, action or circumstance whatsoever which, in the determination of the Calculation Agent:

- (i) results in the Issuer or its agents or affiliates receiving less than the full value of any principal, Reference Security Coupon or other amounts due on any Reference Security on the date such amounts are due; or
- (ii) affects in any way the cost to the Issuer or its agent of acquiring, holding or redeeming any Reference Security, or of hedging, directly or indirectly, the obligations of the Issuer or any of its affiliates in respect of the Notes, or of converting any amount of BRL into USD (or any other freely convertible and transferable currency) or vice versa.

A **"Settlement/Custodial Event"** shall have occurred where, in the determination of the Calculation Agent, the custodian used by the Issuer with respect to any Reference Security:

- (i) is dissolved, becomes insolvent or is unable to pay its debts as they become due, makes a general assignment, arrangement or composition with or for the benefit of its creditors, institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any law, has a secured party take possession of all or substantially all its assets, or takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or
- (ii) fails to do one or more of the following:
  - (a) deliver or credit any BRL amount, or any Reference Security owned by the Issuer, to the account of the Issuer (or any of its agents or affiliates) as instructed by the Issuer (or any of its agents or affiliates);
  - (b) deliver BRL to a third party when requested to do so by the Issuer (or any of its agents or affiliates);
  - (c) surrender any Reference Security owned by the Issuer (or any of its agents or affiliates) when requested to do so by the Issuer (or any of its agents or affiliates);
  - (d) purchase or sell any Reference Security or take any other action when instructed to do so by the Issuer (or any of its agents or affiliates); or
  - (e) perform in a full and timely manner all of its obligations to the Issuer under any custodian or similar arrangements entered into by the Issuer (or any of its agents or affiliates) at any time in relation to any Reference Security (which shall include, for the avoidance of doubt, a repudiation or termination of any such arrangements without the prior consent of the Issuer).

**"Tax Event"** means, in the determination of the Calculation Agent:

- (i) (A) the enactment, promulgation, execution, ratification or adoption of, or any change in or amendment to, any rule, law, regulation or statute (or in the applicability or official interpretation of any rule, law, regulation or statute) by the Reference Entity or any Governmental Authority, (B) the issuance of any order or decree by any Governmental Authority, (C) any action being taken by a taxing authority in the jurisdiction of the Reference Entity, or (D) the occurrence of any other act or event at any time relating to withholding or deduction for or on account of tax (other than a Brazilian Withholding Tax) in relation to the

Reference Securities, which (in the case of (A), (B), (C) or (D) above) will adversely affect the economic value of this transaction to the Issuer (or its agents or affiliates);

- (ii) the imposition of taxes on the transfer of any USD out of the jurisdiction of the Reference Entity;
- (iii) the imposition of any additional taxes on debt of the Reference Entity issued in the jurisdiction of the Reference Entity, or
- (iv) the imposition of any taxes on any conversion of BRL into USD and vice versa.

6. **Determinations**

Whenever any matter fails to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, in its sole and absolute discretion. Any amounts of less than USD 0.01 or (as the case may be) BRL 0.01 shall be rounded down to zero.

7. **Responsibility**

None of the Calculation Agent, the Issuer or the Guarantor shall have responsibility to holders of the Notes for good faith errors or omissions in the Calculation Agent's calculations and determinations as provided in the Conditions, whether caused by negligence or otherwise. The calculations and determinations of the Calculation Agent shall be made in accordance with the Conditions (having regard in each case to the criteria stipulated herein 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 shall, 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, the Issuer or the Guarantor.

8. **Limited Recourse**

In respect of any day (for the purposes of this paragraph, the "**Relevant Day**"), the obligations of the Issuer to make any payments under the Notes shall be limited in aggregate, and the claims of Holders in aggregate under the Notes shall be limited in recourse, to the sum of (i) all payments actually received under the Reference Securities from, and including, the Issue Date to, and including, such Relevant Day by the holder of such Reference Securities in a principal amount as of the Issue Date equal to the Reference Security Adjusted Principal Amount, and (ii) the lesser of, as determined by the Calculation Agent in good faith and in a commercially reasonable manner (a) the amount actually received on the Reference Security Maturity Payment Date by a holder of Reference Securities in a principal amount as of the Issue Date equal to the Reference Security Adjusted Principal Amount, or (b) the amount that would have been received on a sale of Reference Securities with a principal amount as of the Issue Date equal to the Reference Security Adjusted Principal Amount, where such sale is made on or around the Relevant Day, and in the light of relevant market conditions prevailing as of or around the Relevant Day (in each case under (i) and (ii), reduced by any Additional Costs and other amounts pursuant to paragraph 5 (*Adjustment Events*) of Part C). In the event that an amount under (a) cannot be determined on the Relevant Day, then the applicable amount shall be that under (b). The Holders will have no recourse to the Issuer above such amount or to the Reference Securities.

For the avoidance of doubt, claims in respect of principal and accrued issue discount, if any, on the Notes will be limited in recourse to payments actually received by the holders of the Reference Securities in an amount equal to (i) any Reference Security Distribution Amounts and (ii) the Reference Security Adjusted Principal Amount, each reduced by any Additional Costs. Holders will not have general recourse to the Issuer or the Reference Security.

## ANNEX A

### CERTAIN ADDITIONAL INVESTMENT CONSIDERATIONS

The Notes described herein are suitable only for sophisticated investors who have the requisite knowledge and experience in financial and business matters as to be capable of evaluating the merits, risks and suitability of an investment in the Notes in the context of the investor's financial situation and such investor should satisfy itself that it has been given access to all information about the Issuer, the Guarantor, Brazil, BRL and the Governmental Obligations that the investor needs or requires for purposes of any such evaluation. Investment in the Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes. A prospective purchaser shall be responsible for assessing the legality and suitability of an investment by it in the Notes.

A prospective purchaser of the Notes should consult with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent that it deems necessary, and make its own investment, hedging and trading decisions including decisions regarding the suitability of this investment based upon their own judgment and upon advice from such advisers as they deem necessary and not upon any view expressed by the Issuer, the Guarantor or any of their affiliates.

No person has been authorized to give any information or make any representation not contained in or not consistent with these Final Terms, the Base Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Guarantor, J.P. Morgan Chase & Co. or any of its subsidiaries or affiliates (together "JPMorgan" for the purposes of this Annex A).

Terms used in this section and not defined herein shall have the meanings given to them elsewhere in this document or in the Base Prospectus.

#### **Certain Investment Considerations relating to the Notes**

##### *Notes not Secured or Guaranteed or Insured*

The obligations of the Issuer and the Guarantor under the Notes are not, and will not be, secured and investors in the Notes will have no rights against the Reference Entity or interests in the Reference Security in the event that the Issuer or the Guarantor defaults on its obligations under the Notes for any reason, including its insolvency or other inability to pay its debts. The Fiscal Agent and the Transfer Agent will act solely as agents of the Issuer for the purpose of making payments to the Holders and assume no obligation toward any person claiming any rights under the Notes.

The due and punctual settlement in full of all obligations due and owing by the Issuer under the Notes is irrevocably and unconditionally guaranteed by the Guarantor. The obligations of the Issuer under the Notes are not guaranteed or otherwise supported by any other member of the JPMorgan Chase & Co. group.

The Guarantee is not a deposit insured or guaranteed by the United States Federal Deposit Insurance Corporation or any other government authority. The Guarantee is an unsecured and unsubordinated debt obligation of the Guarantor and not of its parent, JPMorgan Chase & Co., or any of its affiliates, and will rank pari passu with all other unsecured and unsubordinated indebtedness of the Guarantor subject to a preference in favour of certain deposit liabilities of the Guarantor or other obligations that are subject to any priorities or preferences.

The Notes will not evidence deposits of the Issuer and will not be guaranteed or insured by any government entity (including the United States Federal Deposit Insurance Corporation (FDIC)) in the United States or in any other jurisdiction and holders of the Notes will not be entitled to a preference in right of payment of certain claims realised in liquidation or other resolution of the Issuer.

##### *Payments Subject to Issuer Default Risk*

An investor in the Notes will be taking the credit risk of the Issuer and the Guarantor. Therefore payments under the Notes will be subject to default risk of the Issuer and the Guarantor.

### *Highly Structured Nature of Notes; Limited Recourse*

The Notes are highly structured and their price may be more volatile than that of unstructured securities. The occurrence of any Convertibility Event, Sovereign Event, Brazilian Tax Event, the redemption of the Reference Securities in whole or in part before the Reference Security Maturity Date, Failure to Pay, Obligation Acceleration, Repudiation/Moratorium or Restructuring of the Reference Security, may cause the Notes to redeem early.

In respect of any day (for the purposes of this paragraph, the "**Relevant Day**"), the obligations of the Issuer to make any payments under the Notes shall be limited in aggregate, and the claims of the Holders under the Notes shall be limited in recourse in aggregate, to the sum of (i) all payments actually received under the Reference Securities from, and including, the Issue Date to, and including, such Relevant Day by the holder of such Reference Securities in a principal amount as of the Issue Date equal to the Reference Security Adjusted Principal Amount, and (ii) the lesser of, as determined by the Calculation Agent in good faith and in a commercially reasonable manner (a) the amount actually received on the Reference Security Maturity Date by a holder of Reference Securities in a principal amount as of the Issue Date equal to the Reference Security Adjusted Principal Amount, or (b) the amount that would have been received on a sale of Reference Securities with a principal amount as of the Issue Date equal to the Reference Security Adjusted Principal Amount, where such sale is made on or around the Relevant Day, and in the light of relevant market conditions prevailing as of or around the Relevant Day (in each case under (i) and (ii), reduced by any Additional Costs and other amounts pursuant to paragraph 5 (*Adjustment Events*) of Part C). In the event that an amount under (a) cannot be determined on the Relevant Day, then the applicable amount shall be that under (b). The Holders will have no recourse to the Issuer above such amount or to the Reference Securities.

### *Notes May be Redeemed at Less Than 100% of Principal if Redeemed Early or Held to Maturity*

If the Notes are, for any reason, redeemed at the option of the Issuer following an Optional Early Redemption Event, investors will either receive Reference Securities or the Optional Early Redemption Amount, as determined by the Calculation Agent, or may face delays in payment. The Optional Early Redemption Amount is calculated by reference to any amounts received by holders of the Reference Securities and the fair market value of Reference Securities and is accordingly liable to be affected by market conditions. In addition, the Optional Early Redemption Amount will be reduced by Additional Costs and any other relevant amounts.

In the event that the Calculation Agent determines that it is unlawful, impossible or otherwise impracticable to redeem the Notes by paying the Optional Early Redemption Amount to the Holders, the Issuer may deliver to each Holder an amount in BRL equivalent to the Optional Early Redemption Amount before its conversion into USD.

Notwithstanding the above, if the Calculation Agent determines that it is unlawful, impossible or otherwise impracticable (including as a result of a Holder not having notified the Issuer of the relevant account details) to deliver a *pro rata* share of the Reference Securities or the BRL equivalent to the Optional Early Redemption Amount, the Issuer will hold, at the instruction and expense of the relevant Holder, its share of the Reference Security or the BRL amount for the account and risk of the relevant Holder until such transfer is permitted (but in any event for no longer than for 365 calendar days from the Optional Early Redemption Date).

Where the Notes are held to maturity, if holders of the Reference Securities receive an amount in BRL equal to the Reference Security Adjusted Principal Amount, investors will receive an amount in USD equal to (i) the Reference Security Adjusted Principal Amount less any Additional Costs *divided by* (ii) the PTAX Rate. An investor's return is therefore linked to the value of the BRL against the USD at that time. There can be no guarantee that investors will not lose a substantial portion of their investment in the Notes in the event they are redeemed early or held to maturity.

In the event that the Calculation Agent determines that it is unlawful, impossible or otherwise impracticable to redeem the Notes by paying the Final Redemption Amount to the Holders, the Issuer may deliver to each Holder an amount in BRL equivalent to the Final Redemption Amount before its conversion into USD.

### *Notes May be Redeemed Early if Optional Early Redemption Event or Event of Default Occurs*

The Notes will be redeemed prior to the Final Redemption Date in the event that (i) an Optional Early Redemption Event occurs prior to such date and the Issuer opts to redeem the Notes early, or (ii) an Event of Default occurs prior to such date. On redemption of the Notes in these circumstances, investors may not be repaid the full amount of their investment in the Notes. See "Notes May be Redeemed at Less Than 100% of Principal if Redeemed Early or Held to Maturity" above.

Action or lack of action taken by the government of the Reference Entity and changes in political, economic or social conditions in the jurisdiction of the Reference Entity could lead to the occurrence of an Optional Early Redemption Event which would affect the rights of the Holders to receive payments in respect of Notes in USD and would affect the market conditions and price of the Reference Securities.

If a Convertibility Event occurs, the Holders may receive an amount in BRL which cannot be converted to USD.

If an Optional Early Redemption Event occurs, the Issuer, at its option, may call the Notes for early redemption.

#### *Payments Subject to Reduction for Additional Costs*

Payments on the Notes will be subject to reduction for any Additional Costs. Additional Costs include any incidental costs of any kind incurred in connection with maintaining any hedging transactions entered into by the Issuer or any of its affiliates in connection with the Notes which are not in existence or reasonably anticipated on the Issue Date including certain costs incurred by reason of any Adjustment Event. Any such reduction will reduce the return to the Holders.

#### *Exchange Rate Risk*

The amount of any payment in USD on the Notes will be affected by the exchange rate of BRL to USD, since the underlying amounts by reference to which USD amounts are determined are in BRL. The exchange rate between the BRL and the USD will fluctuate during the term of the Notes and may affect the amount of any payment on the Notes. In recent years, the exchange rate of BRL to USD has been volatile and such volatility may occur in the future and could significantly affect the returns to the Holders. In addition, for investors whose investment currency is USD, the movement of the currency exchange rates (including the PTAX Rate) could result in any amount due under the Notes being less than the initial USD amount paid for the Notes. As a result, a holder could lose a substantial amount of its investment in the Notes.

Prospective investors should note that it is a general feature of emerging markets that they are subject to rapid change and high volatility and that the risks involved also may change rapidly. Furthermore, several risks could have a simultaneous or compounding effect with respect to the PTAX Rate and relative returns on securities denominated in BRL or USD. No assurance can be given about the effect that any combination of risks may have on an investor's return on the Notes. The amount of any payment on the Notes could be less than investments in other instruments.

#### *IPCA Index Risk*

The Reference Securities are linked to the performance of the IPCA Index. The return of principal and payment of Coupon on the Reference Securities will be based on the performance of the IPCA Index since the Reference Security Base Date. The historical performance of the IPCA Index may not be indicative of future results. Changes in the level of the IPCA Index may not result in comparable changes in the market value of the Notes. Holders cannot predict the future performance of the IPCA Index based on the historical performance of the IPCA Index. The value of the IPCA Index may decrease, in which event the Holders will receive at maturity an amount of principal less than the original principal amount of the Notes.

Relevant information about the IPCA Index is only available in Portuguese at the Index Sponsor's website ([www.ibge.gov.br](http://www.ibge.gov.br)). Such information may influence an investor's decision whether to purchase the Notes and/or sell or hold the Notes. Consequently, it is advisable that investors willing to purchase the Notes (i) be fluent in Portuguese language; (ii) access the Index Sponsor's website mentioned herein; (iii) read carefully all information about the IPCA Index; (iv) comprehend how the IPCA Index is periodically calculated (including its method for gathering/collecting the data related

thereto); and (v) understand what the IPCA Index's key component drivers are. Neither the Issuer nor the Guarantor has verified or warrants the completeness or accuracy of the information at the Index Sponsor's website.

The Index Sponsor could change the method of calculating the IPCA Index, or may discontinue or suspend calculation or dissemination of the IPCA Index or the government of the Reference Entity could change the method of calculation which could affect the return or principal amount paid on the Notes.

The government of the Reference Entity may adjust its economic policies which could affect inflation rates or increase the inflation rate at a rate that does not correlate with the USD/BRL exchange rate. These adjustments or government actions could adversely affect the value of the Notes and the return or principal amount paid on the Notes.

#### *No Assurance of Future Rates of Exchange of BRL to USD*

Historical or prevailing rates of exchange of BRL to USD should not be taken as an indication of future exchange rates. No assurance can be given that the BRL will not depreciate as against the USD and thereby reduce the amount of any payment in USD due to the Holders under the Notes.

The government of the Reference Entity may from time to time intervene in the foreign exchange market and these interventions or other governmental actions could adversely affect the value of the Notes, as well as the yield (in USD terms) on the Notes and the amount payable at maturity. Even in the absence of governmental action directly affecting exchange rates, political or economic developments in the jurisdiction of the Reference Entity or elsewhere could lead to significant and sudden changes in the exchange rate of BRL to USD.

#### *Account Details Required for Deliveries or Payments*

Where the Issuer redeems the Notes by delivery of the Reference Asset Amounts or where a payment made under the Notes is required to be made in BRL, investors will need to notify the Issuer of their account details for the purpose of receiving any such delivery or payment. Failure to make such notification will result in delays in delivery or payment.

#### *No Tax Gross Up on Payments; Tax Call*

Payments on the Notes will be made subject to applicable withholding taxes (if any). Consequently, neither the Issuer nor the Guarantor will be required to pay any further amounts in respect of the Notes in the event that any taxes are levied on such payment.

The Notes may be redeemed early if certain tax events occur in Brazil and the Issuer is or becomes subject to any taxes, withholding or deduction in excess of the Original Withholding Taxes in respect of any hedging arrangements entered into in connection with the Notes.

#### *Notes Financing Risk*

If an investor decides to finance an investment in the Notes with borrowed money, the investor will be obligated to repay the principal amount and to pay interest on such borrowing independently from its return on its investment in the Notes. Payments on the Notes (if any) will be subject to Issuer, Reference Entity and Reference Securities default risk and the amount of any such payments will depend on the level of the exchange rate of BRL to USD. Thus, an investor should consider carefully whether it will be able to fulfil its obligations under such borrowing if the repayment and return on its investment in the Notes is not as expected.

#### *Market Value of the Notes May Differ From Their Issue Price*

Assuming no change in market conditions or any other relevant factors, the price, if any, at which the Dealer is willing, but not obligated, to purchase the Notes in a secondary market transaction is likely to be lower than the original issue price, since the original issue price included, and secondary market prices are likely to exclude, the projected profit included in the cost of hedging obligations in connection with the Notes. In addition, any such prices may differ from values determined by pricing models used by the Issuer and its affiliates, as a result of dealer discounts, mark-ups or other transaction

costs. Accordingly, the Notes are not liquid instruments, and the price an investor receives as a result of the Dealer purchasing the Notes may be substantially less than the original purchase price.

The Notes are not designed to be short-term trading instruments. The price at which a Holder will be able to sell its Notes may be at a substantial discount from the nominal amount of the Notes.

The Notes are not actively traded in any financial market and there may exist at times only limited markets for the Notes resulting in low or non-existent volumes of trading in the Notes and such obligations, and therefore a lack of liquidity and price volatility of the Notes and such obligations. Although JPMorgan, at its discretion, may provide a repurchase bid price for the Notes if requested, JPMorgan is under no obligation to do so and, in any event, as a result of market conditions may be unable to provide a repurchase bid price if requested.

#### *Holder's Analysis of Risk*

The Notes are complex instruments which involve a high degree of risk and are suitable for purchase only by sophisticated investors who are capable of understanding the risks involved. In particular, the Notes should not be purchased by or sold to individuals and other non-expert investors. Each prospective purchaser of Notes must determine, based on its own independent review of the business, financial condition, prospects, creditworthiness, status and affairs of the Issuer, the Reference Entity, the Reference Securities and the Notes and of the rights attaching to the Notes (without reliance upon the Issuer or any Dealer or any of their affiliates) and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes: (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity), or (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes; and that its acquisition and holding of the Notes (notwithstanding the risks relating thereto) is fully consistent with the restrictions relating to the custody of assets applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity). Certain representations investors are deemed to make on purchase of the Notes are set out in this document.

#### **Certain Investment Considerations Relating to the Reference Entity and the Reference Securities**

##### *Payments Subject to Reference Entity and Reference Securities Default Risk*

An investor in the Notes will be taking the credit risk of the Reference Entity and the Reference Securities. The obligation for payment under the Notes is dependent on the performance by the Reference Entity of its obligations under the Reference Securities. There can be no assurance that the Reference Entity will pay or perform its obligations under the Reference Securities in accordance with its expected payments schedule or terms, as the case may be, and that, as a result, the Issuer will be able to service payments due under the Notes in full and on a timely basis. A Holder will have no right, title, interest or voting rights in the Reference Securities unless the Reference Asset Amount is delivered to such Holder in connection with an early redemption.

This document does not provide information with respect to the Reference Entity, including current financial information or other developments with respect to the Reference Entity. No investigation of the Reference Entity (including, without limitation, any investigation as to its financial condition or creditworthiness) or of the Reference Securities (including, without limitation, any investigation as to their ratings) has been made by the Issuer or the Dealer or any of their affiliates. Potential Holders should obtain and evaluate information concerning the Reference Securities in the same way as they would obtain and evaluate it if they were investing directly in the Reference Securities or other securities issued by the Reference Entity.

The information referred to above may not be all of the information available regarding the Reference Securities or the Reference Entity and may not be accurate or complete. The Reference Entity may at any time cease to file reports and other information with the Commission. Neither the Issuer nor the Dealer has made, nor will either of them make, any due diligence investigation or inquiry with respect to the Reference Securities or the Reference Entity. Furthermore there can be no assurance that all events occurring prior to the date hereof that may affect or may have affected any of the Reference

Securities, the Reference Entity or the value of the Notes have been publicly disclosed. The information cited above as available to the investor is not incorporated by reference herein. Prospective investors in the Notes should consult independent advisors and make an independent decision concerning the Reference Securities and the Reference Entity as if they were making a direct investment in the Reference Securities.

### **Certain Other Investment Considerations**

#### *Potential Conflicts of Interest*

The Issuer, the Guarantor and members of the JPMorgan Chase & Co. group may from time to time act in other capacities with regard to the Notes, including as Calculation Agent, reference bank and dealer for providing pricing information or custodian of the Reference Security.

Because the Calculation Agent is an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and the Holders, including with respect to certain determinations and judgments that the Calculation Agent must make as to the amount (if any) due on redemption of the Notes.

The Issuer, the Guarantor and its affiliates are active participants in the foreign exchange markets throughout the world. The Issuer, the Guarantor and its affiliates make a market in, engage in proprietary trading of, and otherwise buy or sell a wide variety of currencies including BRL and instruments relating to a wide variety of currencies and may engage in hedging transactions related to the Notes. Any of the foregoing activities will be conducted without regard to, and may have adverse effects on, the market prices, rates or other market factors underlying the Notes and, consequently, the value of the Notes. The Issuer and the Guarantor will assume that investors understand the foregoing when purchasing the Notes.

Members of the JPMorgan Chase & Co. group may also underwrite securities for the Reference Entity or may provide advisory services to the Reference Entity. In the course of this business, members of the JPMorgan Chase & Co. group (including the Issuer, the Guarantor, the Dealer or the Calculation Agent) may acquire non-public information about the Reference Entity and such information will not be disclosed to the Holders or potential investors.

The terms of the Notes entitle the Calculation Agent to exercise discretion in determining an applicable exchange rate or Reference Securities' final price. Although the Calculation Agent will make any such determination in good faith, any such determination may have adverse effects on the market prices, rates or other market factors underlying the Notes. In addition, different dealers may arrive at different rates. Consequently, the Calculation Agent cannot and does not represent to investors that the rates determined by the Calculation Agent will be the most favourable rates to investors or the rates that are available in the market generally.

## ANNEX

*This Annex shall be included after publication of any supplement to the Base Prospectus dated 14 May 2008.*

The Base Prospectus dated 14 May 2008 has been supplemented by the following Supplement:

<b>Supplement</b>	<b>Description</b>	<b>Date</b>
Supplement No. 1	in respect of 05 June 2008 Form 8-K and the correction of Selected Financial Information within the JPMSP Registration Document	13 June 2008