

**QUESTIONS AND ANSWERS RELATING TO
THE J.P. MORGAN MOMENTUM (SEK) INDEX (THE “MOMENTUM INDEX”)**

These questions and answers highlight selected information to help you understand the nature of the Momentum Index. You must carefully read this document to help understand certain information about the Momentum Index, its constituents and other important features of the Momentum Index. Please also refer to the disclaimer at the end of this document for further information about the Momentum Index.

What is the Momentum Index?

The Momentum Index is a notional, rules-based proprietary strategy that tracks the returns of a basket of indices (each a “**Basket Constituent**”) above their respective cash indices (where applicable) (their respective “**Cash Components**”).

As explained further below, each Basket Constituent is allocated a weight within the Basket. The weighting allocation is revised each month according to a non-discretionary, rules-based algorithm which over-weights the Basket Constituents which displayed the highest historical returns over the previous six months. The algorithm is based on the concept of cross asset momentum. For additional information on this, please refer to the more detailed description below.

Who is the Index Calculation Agent?

JPMSL or any affiliate, subsidiary or third party designated by it will act as index calculation agent (the “**Index Calculation Agent**”) for the Momentum Index. The Index Calculation Agent’s determinations in respect of the Momentum Index and interpretation of these Rules are final.

What is the composition of the Momentum Index?

The indices comprised in the Momentum Index are set out in the table below. The table also contains the Bloomberg ticker for each Basket Constituent for ease of identification, as well as the Basket Constituent Sponsor and Currency in which each of the Basket Constituents is reported. The Cash Component and the Cash Component Ticker relating to each Basket Constituent are also reported.

<i>i</i>	Basket Constituent	Basket Constituent Sponsor	Currency	Bloomberg Code	Cash Component	Cash Component Bloomberg Code
1	OMX Stockholm 30 TR Index	NASDAQ OMX Group, Inc	SEK	OMXS30GI	J.P. Morgan Cash Index SEK 3 Month	JPCASE3M
2	MSCI Daily TR Net World USD Index	Morgan Stanley Capital International	USD	NDDUWI	J.P. Morgan Cash Index USD 3 Month	JPCAUS3M
3	MSCI Daily TR Net EM USD Index	Morgan Stanley Capital International	USD	NDUEEGF	J.P. Morgan Cash Index USD 3 Month	JPCAUS3M
4	J.P. Morgan GBI Global Unhedged in USD Index	J.P. Morgan Securities Limited	USD	JPMGGLBL	J.P. Morgan Cash Index USD 3 Month	JPCAUS3M
5	J.P. Morgan JPMCCI Ex-Front Month TR Index	J.P. Morgan Securities Limited	USD	JMCXEXTR	J.P. Morgan Cash Index USD 3	JPCAUS3M

					Month	
6	J.P. Morgan Alternative Multi-Strategy 5 Index ER USD	J.P. Morgan Securities Limited	USD	AIJPM5UE	N/A	N/A

Where can I find more information in relation to the Basket Constituents?

Information on Basket Constituent 1 can be found on Nadaq OMX’s website:
<https://indexes.nasdaqomx.com>

Information on Basket Constituents 2 and 3 can be found on MSCI’s website:
<http://www.msci.com/>

Basket Constituent 4 is a widely accepted benchmark for global government bonds and represents the returns of government bonds issued by the following countries: Australia, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Spain, Sweden, Switzerland, UK and the USA.

Information on Basket Constituent 5 can be found at:
<http://www.jpmorgan.com/pages/jpmorgan/investbk/solutions/commodities/solutions/jpmcci>

Information on Basket Constituent 6 can be found at:
<https://www.jpmorganindices.com/indexrule/ViewIndexRuleDocument.action>
with reference id: 39323230363231383232303131303

What is the timeline for rebalancing and how often does the Momentum Index rebalance?

The Momentum Index rebalances every month on the first Index Business Day (as defined below) of the month. Each day on which the Momentum Index is rebalanced is known as a “Re-weighting Date”. On each Re-weighting Date, the weights assigned to each Basket Constituent may be adjusted.

The determination of the weights assigned to the Basket Constituent on a particular Re-weighting Date is calculated two Index Business Days prior to such Re-weighting Date (such date is known as the “Ranking Observation Date”).

How are the weights for each Basket Constituent determined?

On each Ranking Observation Date the Index Calculation Agent calculates the historical excess return of each Basket Constituent. This is calculated by taking the performance of each Basket Constituent over the preceding six months and deducting the performance of their respective Cash Component (where applicable) over the same period. Basket Constituent 6 (J.P. Morgan Alternative Multi-Strategy 5 Index ER USD) does not have a Cash Component because it is an excess return index.

The performance of a Basket Constituent is calculated by dividing the level of the Basket Constituent on the Ranking Observation Date by its level on the day which is 6 Ranking Observation Dates prior to the relevant Ranking Observation Date. A similar calculation is performed for the respective Cash Component. Note that for Basket Constituent 6 the performance of the Cash Component will be deemed to be 100%.

The Index Calculation Agent then ranks the Basket Constituents based on their historical excess returns and assigns a weight of 50% to the Basket Constituent with the highest historical excess return, 30% to the index with the second highest historical excess return and 20% to the index with the third highest historical excess return. The remaining Basket Constituents will have a weighting of 0% for that month.

What is “cross-asset momentum” concept?

As mentioned above, the selection algorithm is in part based on the cross-asset momentum concept. Cross-asset refers to financial instruments that are made up of different asset classes, e.g. equities, bonds and commodities. The Momentum Index uses the cross-asset concept in that the portfolio is based on the returns of a cross asset portfolio which includes the asset classes of equities, bonds and commodities.

A “momentum” trading strategy (that is only allowed to take long positions) seeks to capitalize on positive trends in the price of assets. The concept of momentum is based on the assumption that if there is momentum in an asset, future returns are likely to be similar to past returns. For example, if an asset displayed a positive return of 5% over the previous year and there is momentum in the asset, the asset is likely to exhibit a positive return over the next year and possibly the following year of a similar magnitude to 5%.

The algorithm uses a momentum concept in that it takes into account the historical performance of the Basket Constituents to determine the allocation on the Re-weighting Date.

What are the costs and fees within the strategy?

There are no adjustments to level of the Momentum Index. However, it should be noted that the Momentum Index tracks the excess returns of a notional basket of indices, which means that they measure the returns accrued from notionally investing in uncollateralized assets (e.g. futures and swaps).

How is the Momentum Index level calculated?

The level of the Momentum Index is calculated on each Index Business Day by measuring the weighted performance of each Basket Constituent within the Momentum Index minus the returns of their respective Cash Components, converted into Swedish Krona.

As mentioned above, some of the Basket Constituents may have a 0% allocation. The performance will be measured with reference to the official closing level of each Basket Constituent.

The level of the Momentum Index on the base date, 1 April 2011, was SEK 100.00.

What are the Index Business Days?

Index Business Day means a day on which the London Stock Exchange, New York Stock Exchange, Tokyo Stock Exchange and Stockholm Stock Exchange are scheduled to be open (or any successor or substitute to such exchange or quotation system) and a day on which the TARGET System is operating.

What happens if an Index Business Day is a Disrupted Day?

A Disrupted Day is a day on which a Market Disruption Event occurs or exists. A Market Disruption Event means (i) a failure by the Basket Constituent Sponsor to calculate and publish the Closing Level for the Basket Constituent or (ii) in respect of a Basket Constituent other than Basket Constituent 5 (J.P. Morgan JPMCCI Ex-Front Month TR Index) any event that, in the determination of the Index Calculation Agent, disrupts or impairs the ability of market participants generally to effect transactions in or obtain market values for any securities that comprise 20 per cent or more of the level of the relevant Basket Constituent or (iii) in respect of Basket Constituent 5 (J.P. Morgan JPMCCI Ex-Front Month TR Index) (the “Affected Basket Constituent”) any of the following events which the Index Calculation Agent determines has a material effect on the ability of market participants to effect transactions in, or obtain market values for, Basket Constituent 5: (a) a material limitation, suspension, or disruption of trading in one or more of the futures contracts to which the Affected Basket Constituent is synthetically exposed on such date which results in failure by the relevant exchange on which

such futures contract(s) is/are traded to report a closing settlement price for such futures contract(s) on the day on which such event occurs or any succeeding day on which it continues, or (b) the closing settlement price for any futures contract to which the Affected Basket Constituent is synthetically exposed on such date is a “Limit Price”, meaning that the closing settlement price for such futures contract on such day has increased or decreased from the previous day’s closing settlement price by the maximum amount permitted under the rules of the relevant exchange on which such futures contract(s) is/are traded, or (c) failure by the relevant exchange or other price source to announce or publish the closing settlement price for any futures contract to which the Affected Basket Constituent is synthetically exposed on such date.

In these circumstances, the Index Calculation Agent will determine its good faith estimate for the level of the Momentum Index on the affected day or suspend the publication of the Momentum Index until the first Index Business Day which is not a Disrupted Day.

What currency is the Momentum Index calculated in?

The Momentum Index is calculated in Swedish Krona.

Is the strategy protected?

No. The strategy itself is not protected. However, it may be offered in products with full or partial principal protection. Investors should carefully read and understand the terms of any particular product linked to the Momentum Index prior to investing in it.

Does the Momentum Index follow a portfolio managed by JPMorgan?

No. The Momentum Index tracks a hypothetical portfolio consisting of the underlying assets, selected in accordance with its rules-based methodology. There is no pool of exchange traded funds, securities or commodities or other assets underlying the Basket Constituents to which any person is entitled or in which any person has any ownership, voting or other interest or which serve as collateral on products referencing the Momentum Index.

Are any research analysts involved in selection of the asset allocation within the Momentum Index?

No. The Momentum Index is a completely rules-based, non-discretionary strategy. No discretionary allocation decisions are made.

Is the Index Calculation Agent under an obligation to consider interests of investors in products linked to the Momentum Index?

No. The Index Calculation Agent is responsible for calculating and maintaining the Momentum Index. It is entitled to exercise discretion in relation to the Momentum Index, including but not limited to the calculation of the level of the Momentum Index in the event of a Market Disruption Event. Although JPMSL, acting as the Index Calculation Agent, will make all determinations and take all action in relation to the Momentum Index acting in good faith, it should be noted that the policies and judgments for which JPMSL is responsible could have an impact, positive or negative, on the level of the Momentum Index. JPMSL may also amend the rules governing the Momentum Index in certain circumstances.

Although judgments, policies and determinations concerning the Momentum Index are made by JPMSL, JPMorgan Chase Bank, N.A., as the parent company of JPMSL, ultimately controls JPMSL. JPMSL has no obligation to consider the interests of investors in products linked to the Momentum Index in making determinations in relation the Momentum Index. Furthermore, the inclusion of the Basket Constituents in the

Momentum Index is not an investment recommendation by JPMSL of the Basket Constituents, or any of the securities underlying the Basket Constituents.

Will the Momentum Index achieve its objectives?

The Momentum Index follows a notional rules-based proprietary strategy that operates on the basis of pre-determined rules. No assurance can be given that the investment strategy on which the Momentum Index is based will be successful or that the Momentum Index will outperform any alternative strategy that might be employed in respect of the Basket Constituents.

Will the Momentum Index perform in the same way as shown in any back-testing or similar analysis?

The Momentum Index has a limited operating history. Any back-testing or similar analysis performed by any person in respect of the Momentum Index must be considered illustrative only and may be based on estimates or assumptions not used by the Index Calculation Agent when determining the level of the Momentum Index. Past performance should not be considered indicative of future performance.

Does the weighting affect the possible return on the Momentum Index?

The Basket Constituents are subject to monthly rebalancing and maximum weighting based on performance. By contrast, a synthetic portfolio that does not rebalance monthly and is not subject to any weighting in this manner could see greater compounded gains over time through exposure to a consistently and rapidly appreciating portfolio consisting of the Basket Constituents. Therefore, the return on a product linked to the Momentum Index may be less than the return an investor could realize on an alternative investment in the Basket Constituents that is not subject to rebalancing and weighting constraints. No assurance can be given that the investment strategy used to construct the Momentum Index will outperform any alternative investment in the Basket Constituents.

Will the Basket Constituents comprising the Momentum Index be replaced by a substitute index?

In certain circumstances, yes. Following the occurrence of certain extraordinary events with respect to a Basket Constituent, as set out in the rules, the affected Basket Constituent may be replaced by a successor index.

Disclaimer

All information provided in this document regarding the Momentum Index is provided for informational purposes only and nothing in this document constitutes, or forms part of, an offer to issue or sell, or any solicitation of any offer to subscribe, purchase or sell any securities or other financial product or participate in any transaction. Furthermore, nothing in this document should be construed as a recommendation to adopt any investment strategy or as legal, tax, regulatory or accounting advice. JPMorgan expressly disclaims any responsibility for the veracity, currency, completeness or accuracy of any of the Momentum Index or any information provided in connection with the Momentum Index or any use to which such information is put.