

Report Prepared On: 10/25/12

Structured Product Details

Name	Buffered Return Enhanced Note Linked to the iShares MSCI EAFE Index Fund
Issue Size	\$2.62 million
Issue Price	\$1,000
Term	18 Months
Annualized Coupon	0.00%
Pricing Date	December 22, 2010
Issue Date	December 28, 2010
Valuation Date	June 26, 2012
Maturity Date	June 29, 2012
Issuer	JPMorgan
CDS Rate	37.51 bps
Swap Rate	0.82%
Reference Asset	iShares MSCI EAFE Index Fund
Initial Level	\$57.75
Dividend Rate	2.39%
Implied Volatility	24.78%
Delta¹	0.52
Fair Price at Issue	\$958.13
Realized Return	-5.01%
CUSIP	48124A3X3
SEC Link	www.sec.gov/Archives/edgar/ data/19617/000089109210005889/ e41371_424b2.htm

**Buffered Return Enhanced Note Linked
 to the iShares MSCI EAFE Index Fund**

Description

JPMorgan issued \$2.62 million of Buffered Return Enhanced Note Linked to the iShares MSCI EAFE Index Fund on December 28, 2010 at \$1,000 per note.

These notes are JPMorgan-branded Buffered PLUS securities that do not pay periodic coupons, but instead pay a single amount at maturity depending on the final level of iShares MSCI EAFE Index Fund.

If on June 26, 2012 iShares MSCI EAFE Index Fund's share price is higher than \$57.75, but lower than \$62.37, the notes pay a return equal to the percentage increase in iShares MSCI EAFE Index Fund multiplied by 2.0, up to a cap of 16.00%. If on June 26, 2012 iShares MSCI EAFE Index Fund's share price is below \$57.75 but not below \$51.98, investors receive \$1,000 face value per note. If iShares MSCI EAFE Index Fund's share price on June 26, 2012 is lower than \$51.98, investors receive face value per note reduced by the amount the reference asset is below \$51.98 as a percent of the initial level, \$57.75.

Valuation

This Buffered Return Enhanced Note linked to iShares MSCI EAFE Index Fund can be valued as a combination of a note from JPMorgan, one short out-of-the-money put option, two long at-the-money call options, and two short out-of-the-money call options. For reasonable valuation inputs this note was worth \$958.13 when it was issued on December 28, 2010 because the value of the options investors gave JPMorgan plus the interest investors would have received on JPMorgan's straight debt was worth \$41.87 more than the options investors received from JPMorgan.

There is no active secondary market for most structured products. Structured products, including this note, therefore are much less liquid than simple stocks, bonds, notes and mutual funds. Investors are likely to receive less than the structured product's estimated market value if they try to sell the structured product prior to maturity. Our valuations do not incorporate this relative lack of liquidity and therefore should be considered an upper bound on the value of the structured product.

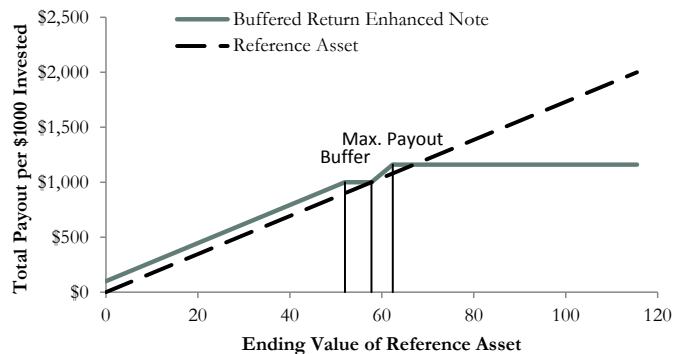
Related Research

Research Papers:
www.slcg.com/research.php

- "Are Structured Products Suitable for Retail Investors?" December 2006.
- "Structured Products in the Aftermath of Lehman Brothers," November 2009.
- "What TiVo and JP Morgan Teach Us about Reverse Convertibles," June 2010.

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Payoff Curve at Maturity

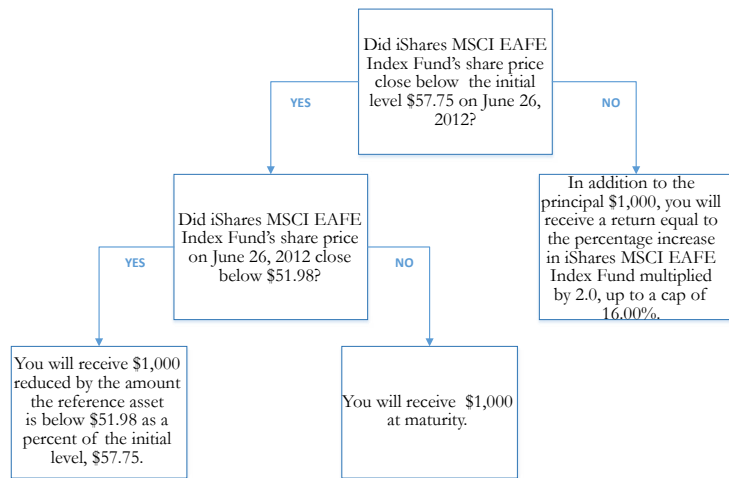


The payoff diagram shows the final payoff of this note given iShares MSCI EAFE Index Fund's share price (horizontal axis). For comparison, the dashed line shows the payoff if you invested in iShares MSCI EAFE Index Fund directly.

Principal Payback Table

iShares MSCI EAFE Index Fund	Note Payoff
\$0.00	\$100.00
\$5.78	\$200.00
\$11.55	\$300.00
\$17.33	\$400.00
\$23.10	\$500.00
\$28.88	\$600.00
\$34.65	\$700.00
\$40.43	\$800.00
\$46.20	\$900.00
\$51.98	\$1,000.00
\$57.75	\$1,000.00
\$63.53	\$1,160.00
\$69.30	\$1,160.00
\$75.08	\$1,160.00
\$80.85	\$1,160.00
\$86.63	\$1,160.00

Maturity Payoff Diagram

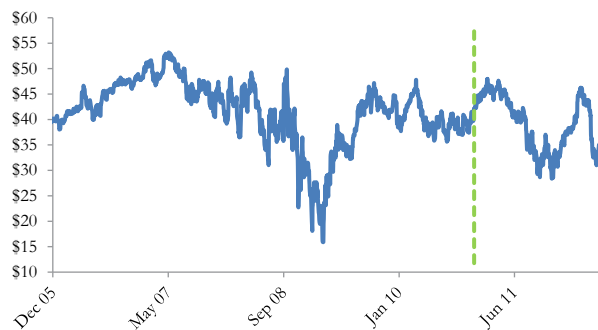


The contingent payoffs of this Buffered Return Enhanced Note.

Analysis

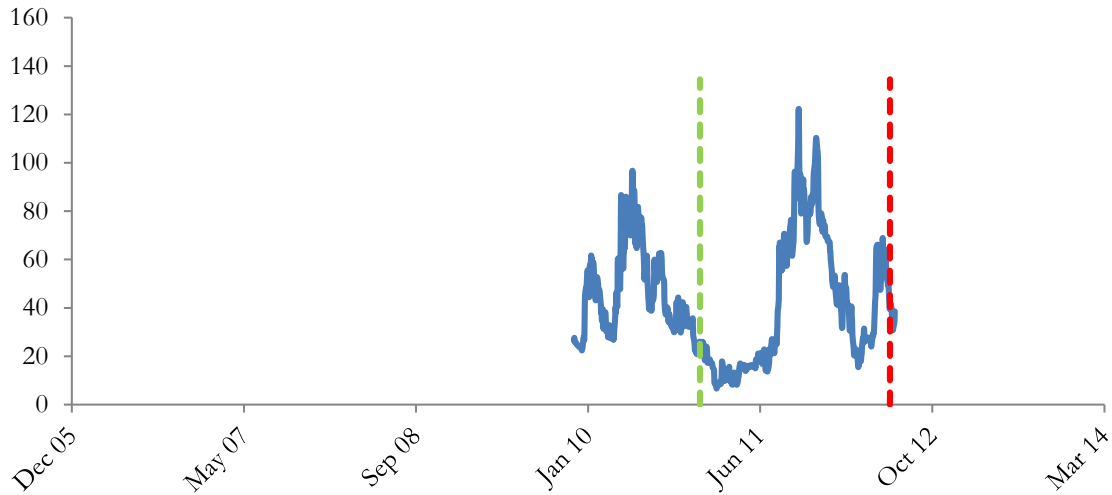
This Buffered Return Enhanced Note pays investors the increase in iShares MSCI EAFE Index Fund multiplied by 2.0 capped at 16.00%, but if iShares MSCI EAFE Index Fund declines over the term of the note, investors will suffer losses equal to the percentage decline in iShares MSCI EAFE Index Fund. In addition, investors bear the credit risk of JPMorgan. Investors purchasing this Buffered Return Enhanced Note effectively sell at-the-money put and out-of-the-money call options to JPMorgan, buy at-the-money call options, and a zero-coupon note from JPMorgan. This Buffered Return Enhanced Note is fairly priced if and only if the market value of the options investors received from JPMorgan equals the market value of the options investors gave JPMorgan plus the interest investors would have received on JPMorgan's straight debt.

JPMorgan's Stock Price



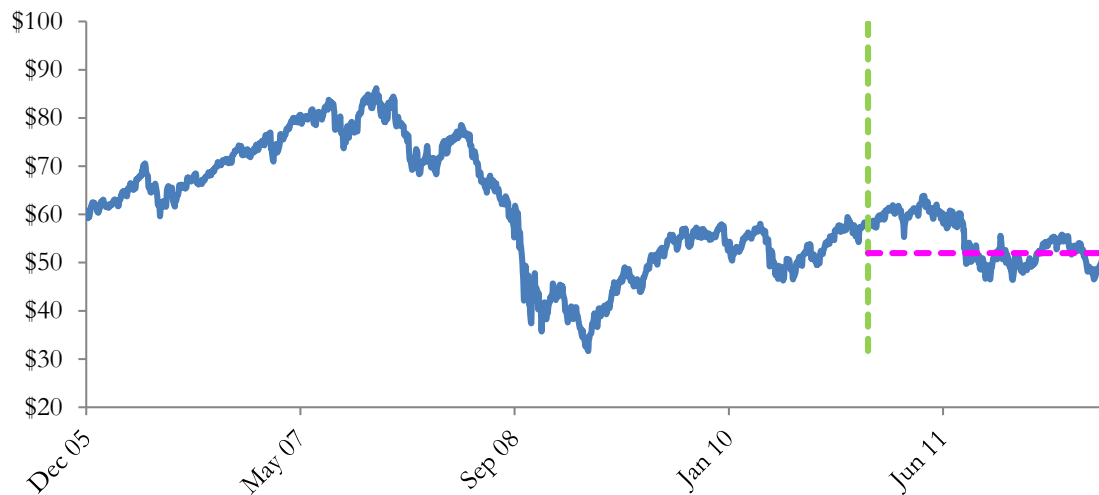
The graph above shows the adjusted closing price of the issuer JPMorgan for the past several years. The stock price of the issuer is an indication of the financial strength of JPMorgan. The adjusted price shown above incorporates any stock split, reverse stock split, etc.

JPMorgan's CDS Rate



Credit default swap (CDS) rates are the market price that investors require to bear credit risk of an issuer such as JPMorgan. CDS rates are usually given in basis points (bps). One basis point equals 0.01%. Higher CDS rates reflect higher perceived credit risk, higher required yields, and therefore lower market value of JPMorgan's debt, including outstanding Buffered Return Enhanced Note. Fluctuations in JPMorgan's CDS rate impact the market value of the notes in the secondary market.

iShares MSCI EAFE Index Fund's Share Price

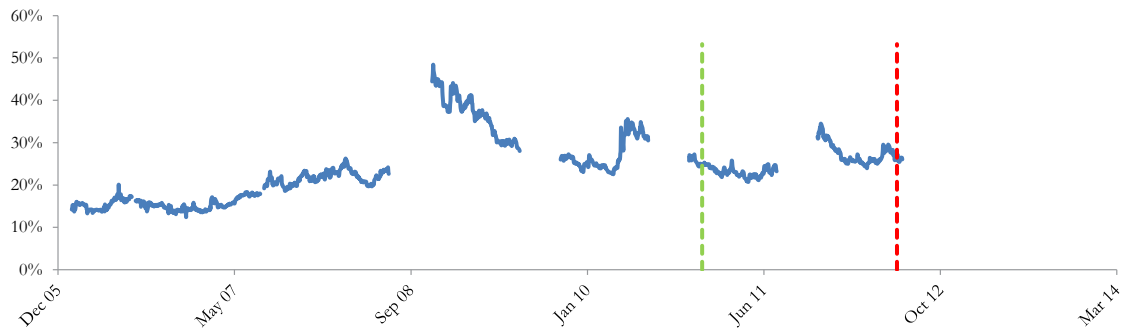


The graph above shows the historical levels of iShares MSCI EAFE Index Fund for the past several years. The final payoff of this note is determined by iShares MSCI EAFE Index Fund's share price at maturity. Higher fluctuations in iShares MSCI EAFE Index Fund's share price correspond to a greater uncertainty in the final payout of this Buffered Return Enhanced Note.

Realized Payoff

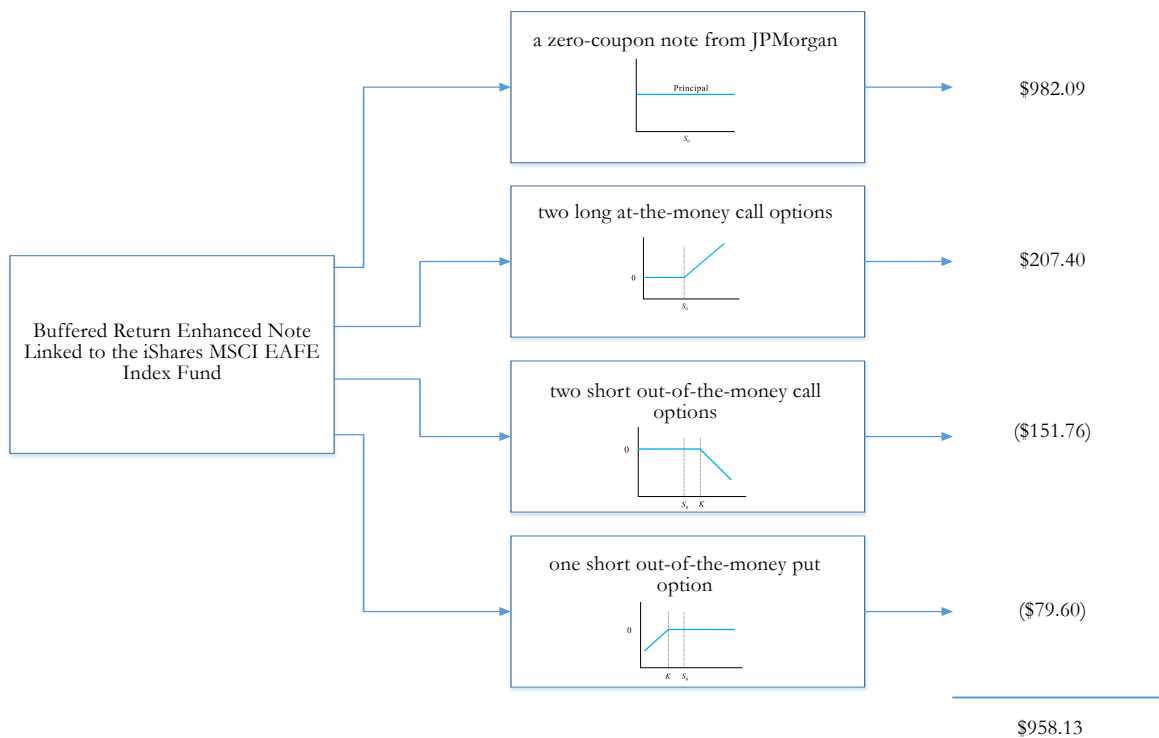
This note matured on June 29, 2012 and investors received \$925.63 per note.

Reference Asset iShares MSCI EAFE Index Fund's Implied Volatility



The annualized implied volatility of iShares MSCI EAFE Index Fund on December 22, 2010 was 24.78%, meaning that options contracts on iShares MSCI EAFE Index Fund were trading at prices that reflect an expected annual volatility of 24.78%. The higher the implied volatility, the larger the expected fluctuations of iShares MSCI EAFE Index Fund's share price and of the Note's market value during the life of the Notes.

Decomposition of this Buffered Return Enhanced Note



This note can be decomposed into different components, and each component can be valued separately. The chart above shows the value of each component of this Buffered Return Enhanced Note.

1. Delta measures the sensitivity of the price of the note to the iShares MSCI EAFE Index Fund's share price on December 22, 2010.
2. CDS rates can be considered a measure of the probability that an issuer will default over a certain period of time and the likely loss given a default. The lower the CDS rate, the lower the default probability. CDS rate is given in basis points (1 basis point equals 0.01%), and is considered as a market premium, on top of the risk-free rate, that investors require to insure against a potential default.
3. Fair price evaluation is based on the Black-Scholes model of the iShares MSCI EAFE Index Fund on December 22, 2010.
4. Calculated payout at maturity is only an approximation, and may differ from actual payouts at maturity.
5. Our evaluation does not include any transaction fees, broker commissions, or liquidity discounts on the notes.