SECURITIES LITIGATION & CONSULTING GROUP

Structured Products Research Report

Report Prepared On: 08/02/13

Structured Product Details

Name	Buffered Equity Notes linked to iShares MSCI Emerging Markets Index
Issue Size	$2.24 million
Issue Price	$1,000
Term	13 Months
Annualized Coupon	0.00%
Pricing Date	March 14, 2012
Issue Date	March 19, 2012
Valuation Date	April 15, 2013
Maturity Date	April 18, 2013
Issuer	JPMorgan
CDS Rate	33.2 bps
Swap Rate	1.02%
Reference Asset	the iShares MSCI Emerging Markets Index
Initial Level	43.77
Dividend Rate	1.83%
Implied Volatility	27.93%
Delta[1]	0.5
Fair Price at Issue	$980.23
Realized Return	0.00%
CUSIP	48125VRW2
SEC Link	www.sec.gov/Archives/edgar/data/19617/000095010312001358/dp29341_424b2-ps252.htm

Buffered Equity Notes linked to iShares MSCI Emerging Markets Index

Description

JPMorgan issued $2.24 million of Buffered Equity Notes linked to iShares MSCI Emerging Markets Index on March 19, 2012 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 the iShares MSCI Emerging Markets Index.

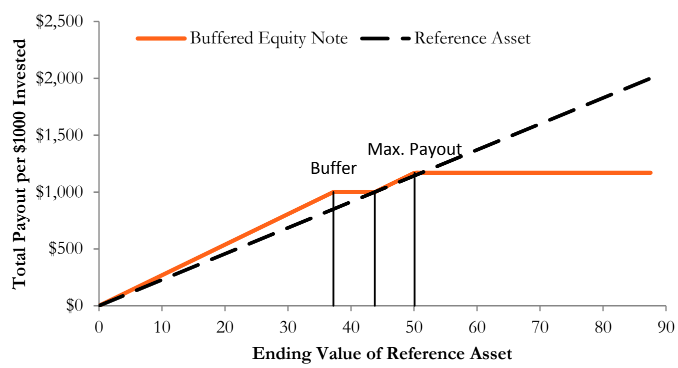
If on April 15, 2013 the iShares MSCI Emerging Markets Index level is higher than 43.77, but lower than 50.09, the notes pay a return equal to the percentage increase in the iShares MSCI Emerging Markets Index multiplied by 1.18, up to a cap of 17.00%. If on April 15, 2013 the refe is below 43.77 but not below 37.2, investors receive $1,000 face value per note. If the iShares MSCI Emerging Markets Index level on April 15, 2013 is lower than 37.2, investors receive face value per note reduced by 1.18 times the amount the reference asset is below 37.2 as a percent of the initial level, 43.77.

Valuation

This product can be valued as a combination of a note from JPMorgan, 1.18 short out-of-the-money put options, 1.18 long at-the-money call options, and 1.18 short out-of-the-money call options. For reasonable valuation inputs this note was worth $980.23 when it was issued on March 19, 2012 because the value of the options investors gave JPMorgan plus the interest investors would have received on JPMorgan's straight debt was worth $19.77 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.

Payoff Curve at Maturity



The payoff diagram shows the final payoff of this note given the iShares MSCI Emerging Markets Index level (horizontal axis). For comparison, the dashed line shows the payoff if you invested in the iShares MSCI Emerging Markets Index directly.

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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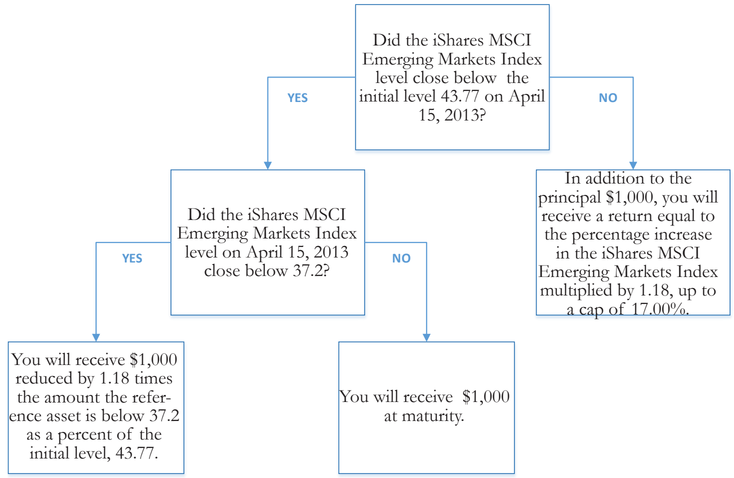
Principal Payback Table

The iShares MSCI Emerging Markets Index	Note Payoff
0.00	$0.00
4.38	$117.63
8.75	$235.28
13.13	$352.93
17.51	$470.58
21.89	$588.23
26.26	$705.88
30.64	$823.53
35.02	$941.18
39.39	$1,000.00
43.77	**$1,000.00**
48.15	$1,117.65
52.52	$1,170.00
56.90	$1,170.00
61.28	$1,170.00
65.66	$1,170.00

Maturity Payoff Diagram

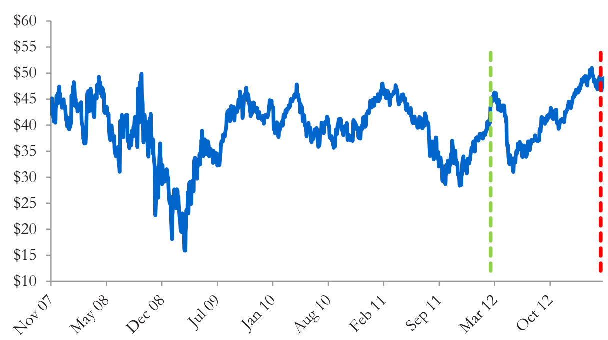


The contingent payoffs of this Buffered Equity Note.

Analysis

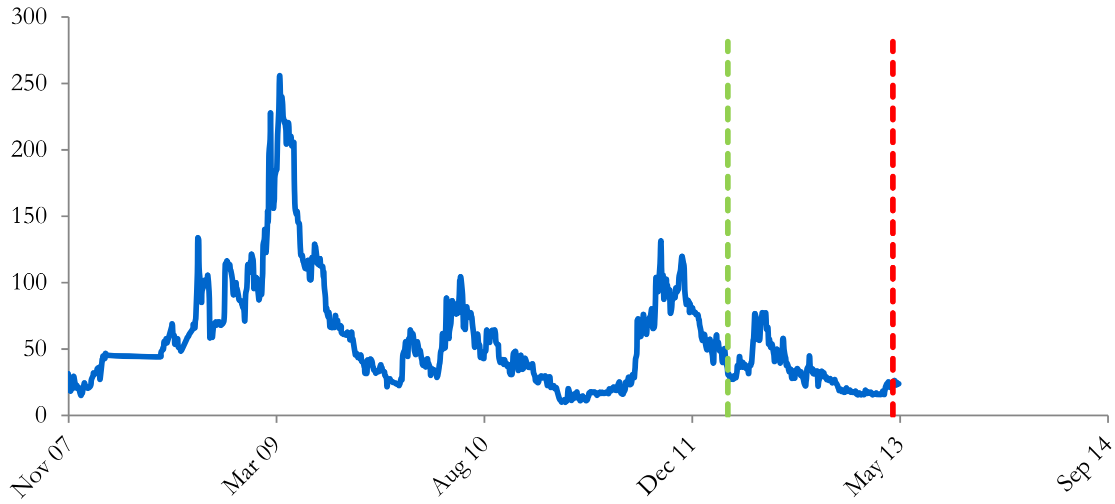
This Buffered Equity Note pays investors the increase in the iShares MSCI Emerging Markets Index multiplied by 1.18 capped at 17.00%, but if the iShares MSCI Emerging Markets Index declines over the term of the note, investors will suffer losses equal to the percentage decline in the iShares MSCI Emerging Markets Index. In addition, investors bear the credit risk of JPMorgan. Investors purchasing this Buffered Equity 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 Equity 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



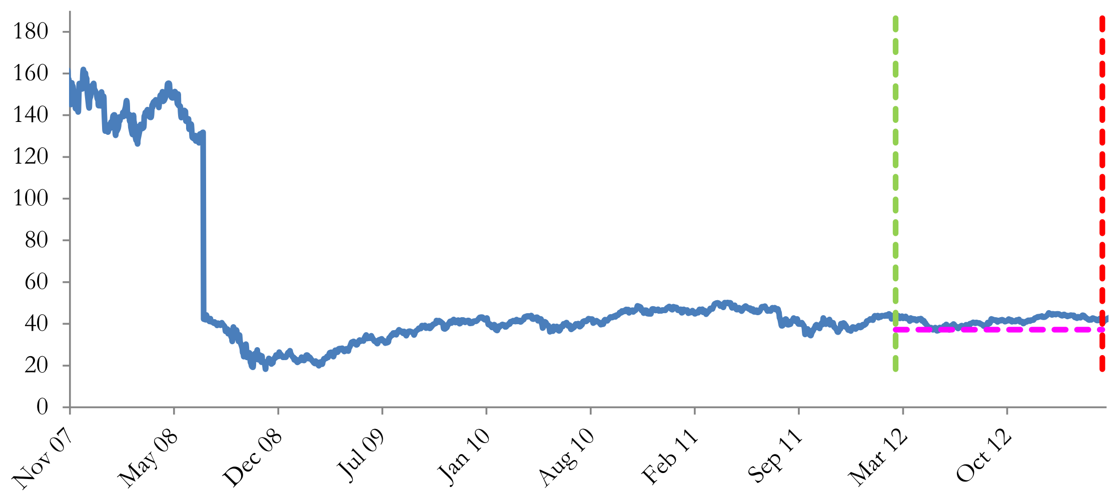
The graph above shows the adjusted closing price of the issuer JPMorgan for the past several years. The stock price of the issuer is an indication of the financial strength of JPMorgan. The adjusted price shown above incorporates any stock split, reverse stock split, etc.

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 Equity Note. Fluctuations in JPMorgan's CDS rate impact the market value of the notes in the secondary market.

The iShares MSCI Emerging Markets Index Level

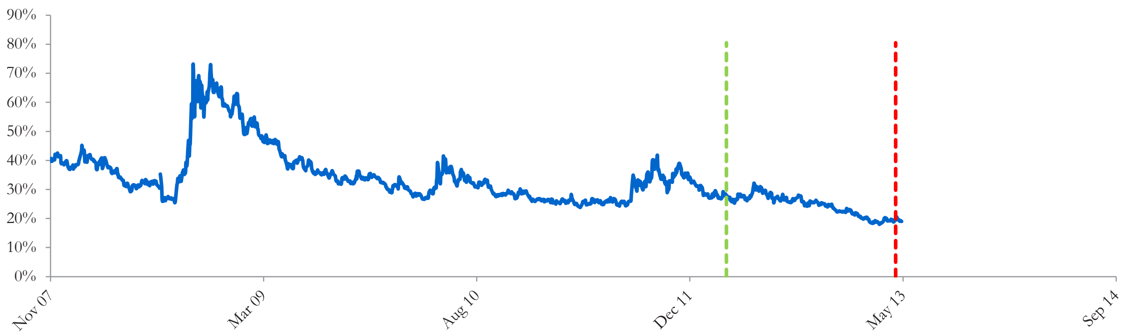


The graph above shows the historical levels of the iShares MSCI Emerging Markets Index for the past several years. The final payoff of this note is determined by the iShares MSCI Emerging Markets Index level at maturity. Higher fluctuations in the iShares MSCI Emerging Markets Index level correspond to a greater uncertainty in the final payout of this Buffered Equity Note.

Realized Payoff

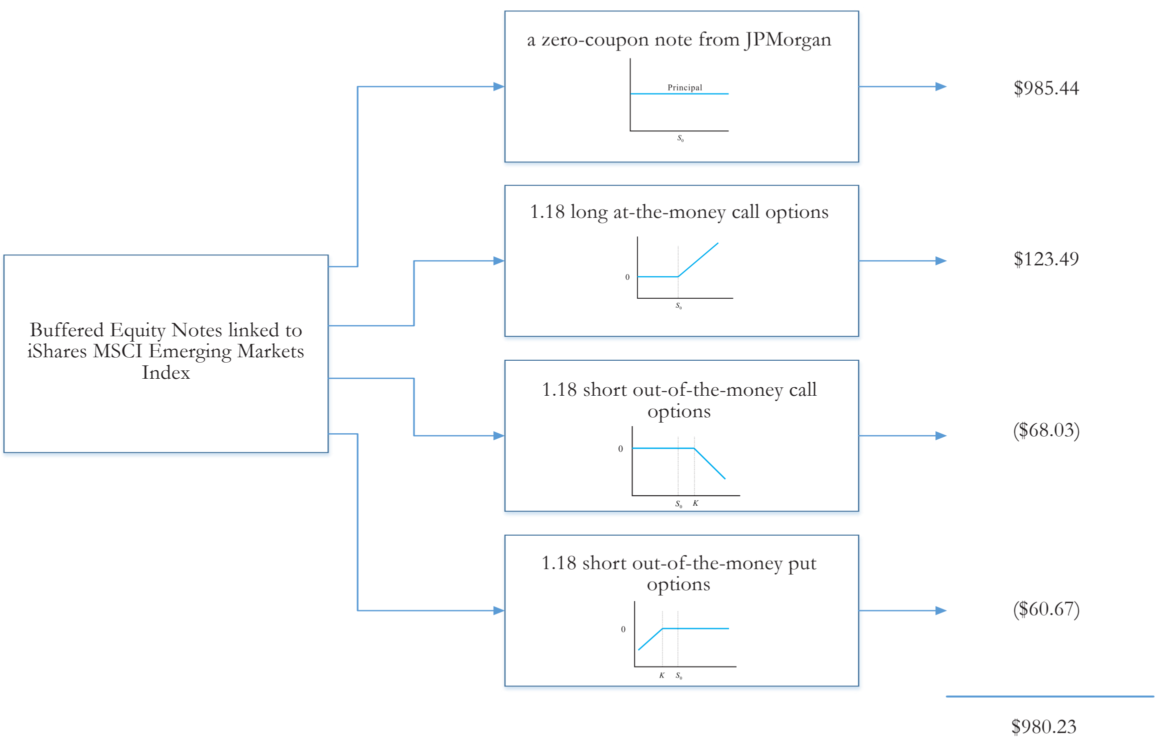
This note matured on April 18, 2013 and investors received $1,000.00 per note.

Reference Asset The iShares MSCI Emerging Markets Index's Implied Volatility



The annualized implied volatility of the iShares MSCI Emerging Markets Index on March 14, 2012 was 27.93%, meaning that options contracts on the iShares MSCI Emerging Markets Index were trading at prices that reflect an expected annual volatility of 27.93%. The higher the implied volatility, the larger the expected fluctuations of the iShares MSCI Emerging Markets Index level and of the Note's market value during the life of the Notes.

Decomposition of this Buffered Equity 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 Equity Note.

1. Delta measures the sensitivity of the price of the note to the the iShares MSCI Emerging Markets Index level on March 14, 2012.
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 the iShares MSCI Emerging Markets Index on March 14, 2012.
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.