

CORE COMMODITY-IGAR SIGMA LONG-SHORT

October 2009

J.P.Morgan

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Information herein about the past performance of any reference index (each a “Constituent” of the C-IGAR Sigma) should not be viewed as indicative of future results.

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Executive summary

- n The JPMorgan Commodity-Investable Global Asset Rotator (“**Commodity-IGAR**”) product suite uses **momentum-based algorithms** that seek to maximize the performance of investments in a selection of the S&P GSCI™ commodity excess return sub-indices. The particular Commodity-IGAR strategy chosen depends on each investor's objective.
- n **Core Commodity-IGAR Sigma Long-Short (“C-IGAR Sigma”)** synthetically invests in up to 7 long positions based upon the best performing sub-indices which have positive 12-month returns and pass the Consistency and Reversal Tests¹, and up to 7 short positions based upon the worst performing sub-indices which have negative 12-month returns and pass the Consistency and Reversal Tests¹. The hypothetical historical performance of the C-IGAR Sigma is **14.83%** with a volatility of **15.94%**² on an annualized basis.

Source: JPMorgan

¹ Please refer to the Appendix for more details on the Consistency and Reversal Tests

² Information is calculated for the period January 1991 to September 2009, please refer to the important notice in relation to composite performance

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Momentum investing

- n Momentum is the empirical tendency of currently outperforming assets to outperform in the future. If there is momentum, assets that were “winners” in the past have a high probability to outperform past “losers”
- n Momentum strategies attempt to capture the potential profitable opportunities that arise from consistent performance
- n Momentum strategies within commodities seek to capture the relative momentum trends that arise among different commodity sub-indices

Behavioral reasons for momentum

- n The existing explanations for the profitability of momentum strategies rely on behavioral biases
 - n Investors may be unable to process all the information that is publicly available and
 - n Investors may follow trends and create momentum
- n Behavioral biases affect future prices and create momentum

Why is there momentum in commodity markets?

- n Links between business and monetary cycles
- n Inelastic supply and demand
- n Structural investment flow

Energy, precious metals and agriculture: spot price indices



Source: JPMorgan. Data from January 1991 to September 2009
The three indices represented above are S&P GSCI™ spot return indices

Links between business and monetary policy cycles

- n On a historical basis, commodity prices generally tend to trend for approximately three years, with average moves of 45% during such 3-year periods.
- n Many commodities (e.g. energy and base metals) are production inputs, so trends in commodity prices will generally follow the business cycle
- n Others (e.g. precious metals) are viewed by certain investors as a form of currency. Trends in these commodity prices will generally follow central bank cycles

Average duration and amplitude of commodity price cycles, 1970—2007

	No. of completed cycles	Commodity price booms		Commodity price slumps		Current phase	Current duration (months)	Amplitude (%)
		Average duration (months)	Average increase (%)	Average duration (months)	Average loss (%)			
All commodities	5	37	45	36	(42)	Boom (since Jan-02)	72	262
Energy	3	36	58	27	(54)	Boom (since Jan-02)	72	374
Base metals	4	28	48	47	(43)	Slump (since May-07)	7	(24)
Precious metals	5	30	47	43	(42)	Boom (since Mar-01)	82	223
Agriculture	6	35	48	34	(45)	Boom (since Nov-04)	38	132

Source: JPMorgan Research

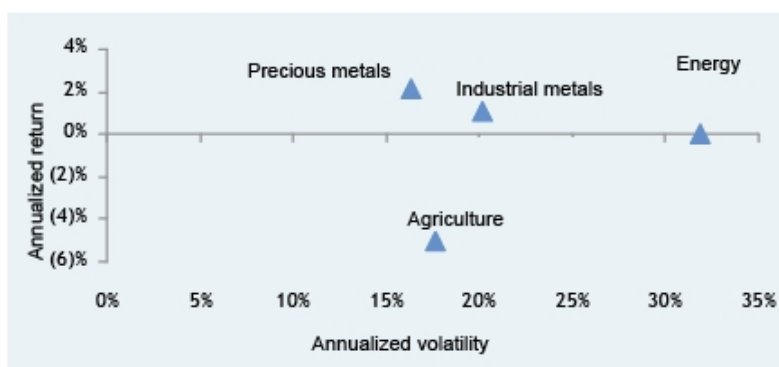
Investment universe: Correlation matrix

- n As an investment universe, for certain defined periods, the S&P GSCI™ sub-indices have historically displayed some propensity for trending, which, coupled with their diversity, make them good candidates for momentum-based investment
- n The S&P GSCI™ sub-indices sectors demonstrate:
 - n Moderate inter-correlation of performance among sub-indices
 - n Potential for a diverse risk-reward profile

S&P GSCI™ excess return sub-indices sector correlation matrix

	Precious metals	Agricultural	Energy	Industrial metals
Precious metals	1	0.218	0.223	0.291
Agricultural		1	0.222	0.237
Energy			1	0.214
Industrial metals				1

S&P GSCI™ excess return sub-indices risk and return



Source: Bloomberg, JPMorgan; Information is calculated for the period January 1991 to September 2009

Performance calculations from and including the first available publication date for each sub-index

Correlation calculations are based on monthly returns from and including the first available publication date for the most recent sub-index in the pair and for the entire period until February 2007

Core Commodity-IGAR: Current investment universe

Sector: Energy		Sector: Industrial metals	
S&P GSCI™ excess return sub-indices	Bloomberg ticker	S&P GSCI™ excess return sub-indices	Bloomberg ticker
▮ Natural gas	SPGCNGP index	▮ Nickel	SPGCIKP index
▮ Gasoline	SPGCHUP index	▮ Lead	SPGCILP index
▮ Heating oil	SPGCHOP index	▮ Copper	SPGCICP index
▮ Brent crude	SPGCBRP index	▮ Aluminium	SPGCIAP index
▮ WTI Crude oil	SPGCCLP index		
Sector: Agricultural		Sector: Precious metals	
S&P GSCI™ excess return sub-indices	Bloomberg ticker	S&P GSCI™ excess return sub-indices	Bloomberg ticker
▮ Wheat	SPGCWHP index	▮ Silver	SPGCSIP index
▮ Soybean	SPGCSOP index	▮ Gold	SPGCGCP index
▮ Corn	SPGCCNP index		

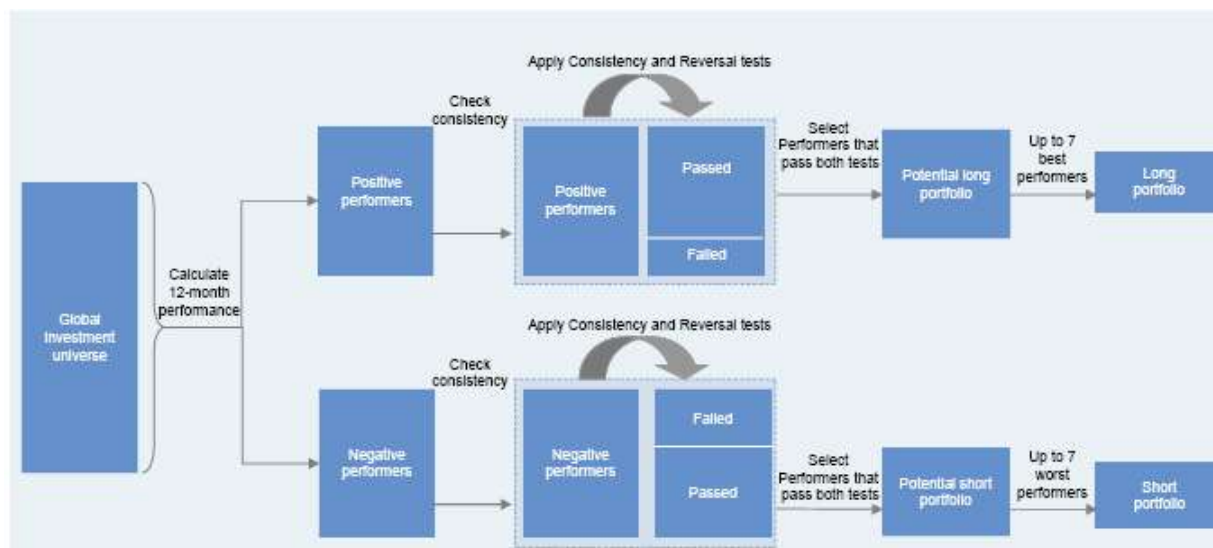
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Core Commodity-IGAR Sigma Long-Short rotation methodology

Illustrative summary¹

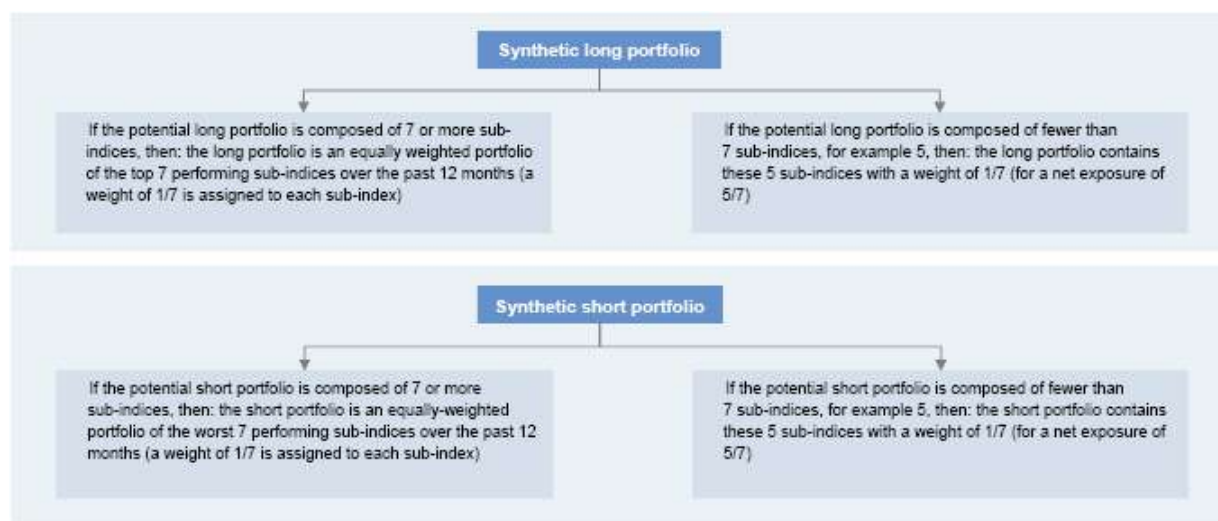
- The monthly reallocation helps identify the C-IGAR Sigma's long and short positions and consists of a series of tests leading to a refinement of the global investment universe



¹ For illustration only – for a more detailed description of the algorithm, please refer to the Appendix and the C-IGAR Sigma strategy rules therein

Rotation methodology (cont'd)

Example¹

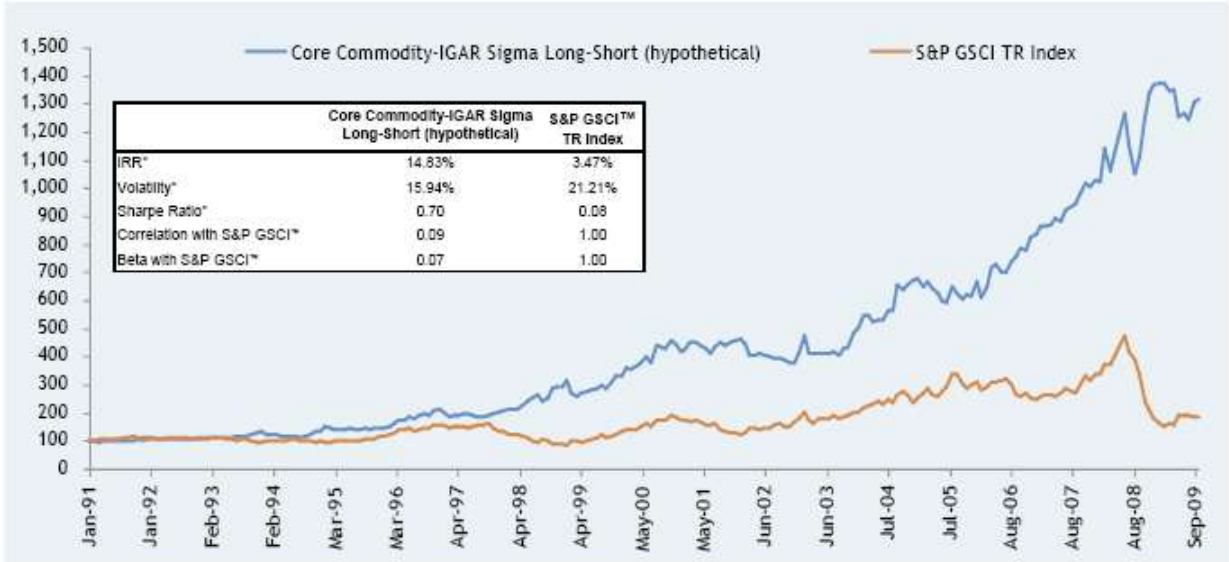


¹ For illustration purposes only – for a more detailed description of the algorithm, please refer to the Appendix and the C-IGAR Sigma strategy rules therein. An investment in a Commodity-IGAR product does not represent a direct investment in the underlying indices.

Performance against benchmark: Core Commodity-IGAR Sigma Long-Short

Hypothetical historical backtesting shows that the Core Commodity-IGAR Sigma Long-Short exhibits high returns and low correlation to the Goldman Sachs Total Return Commodity Index™

Hypothetical excess return profile

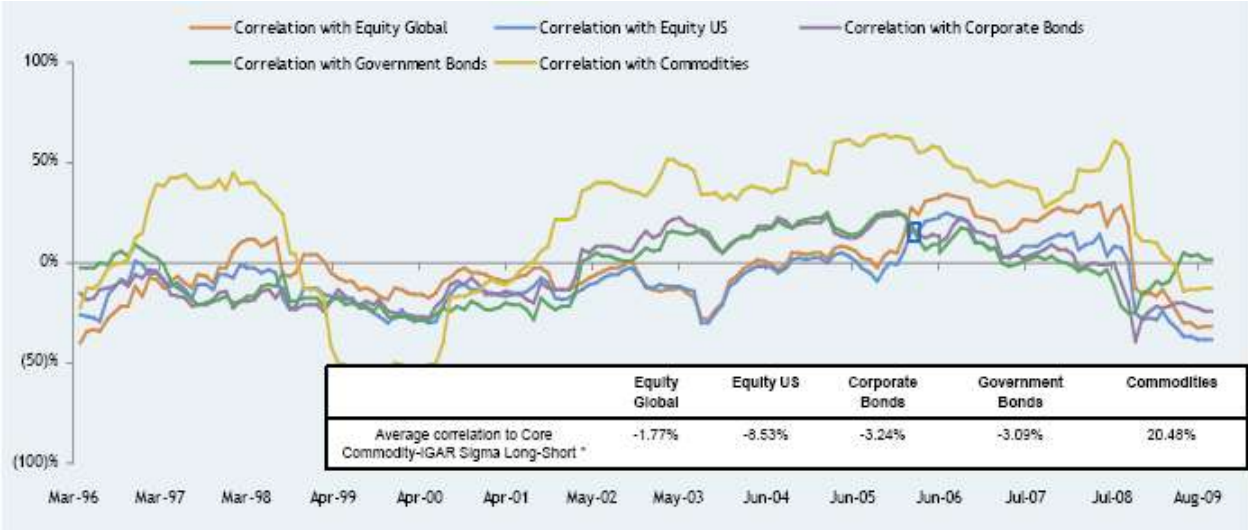


Source: JPMorgan. Information is calculated for the period January 1991 to September 2009
"S&P GSCI™ TR Index" refers to Standard & Poor's Goldman Sachs Total Return Commodity Index™
*"IRR" means annualised total returns; "Volatility" means annualised standard deviation of returns; "Sharpe Ratio" is defined as the ratio of annualised excess returns over annualised volatility
Excess returns are approximated by finding the difference between the S&P GSCI™ Total Return Index return and the S&P GSCI™ Excess Return Index return

Correlation with market benchmarks

n Hypothetical historical analysis shows that Core Commodity-IGAR Sigma Long-Short has limited correlation to the major asset classes

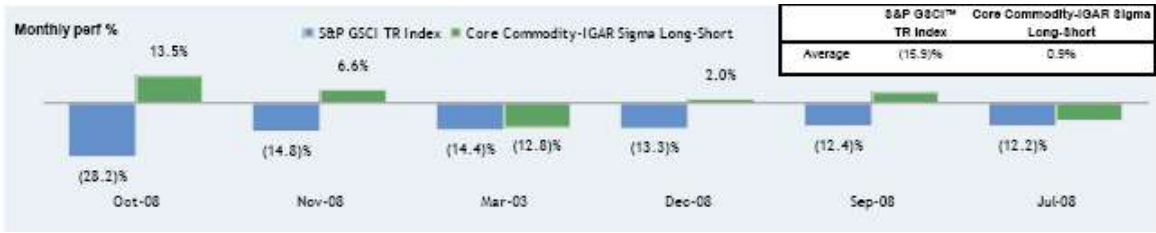
3-year rolling correlation of monthly excess returns



Equity Global is represented by the MSCI World®
Equity US is represented by Standard & Poor's 500 Total Return Index®
Corporate Bonds are represented by the Lehman Aggregate®
Government Bonds are represented by JPMorgan Hedged USD GBI Global Index®
Commodities are represented by Standard and Poor's Goldman Sachs Total Return Commodity Index®
*Correlations are calculated as rolling 36-month correlations of monthly returns starting with the 36-month period ending in March 1996 and ending with the 36-month period ending in August 2009
Source: JPMorgan; Information is calculated for the period April 1993 to September 2009

Core Commodity-IGAR Sigma Long-Short hypothetical performance in down markets

Core Commodity-IGAR Sigma Long-Short performance during S&P GSCI™ TR Index' six worst months*



Core Commodity-IGAR Sigma Long-Short performance during S&P 500®'s six worst months*



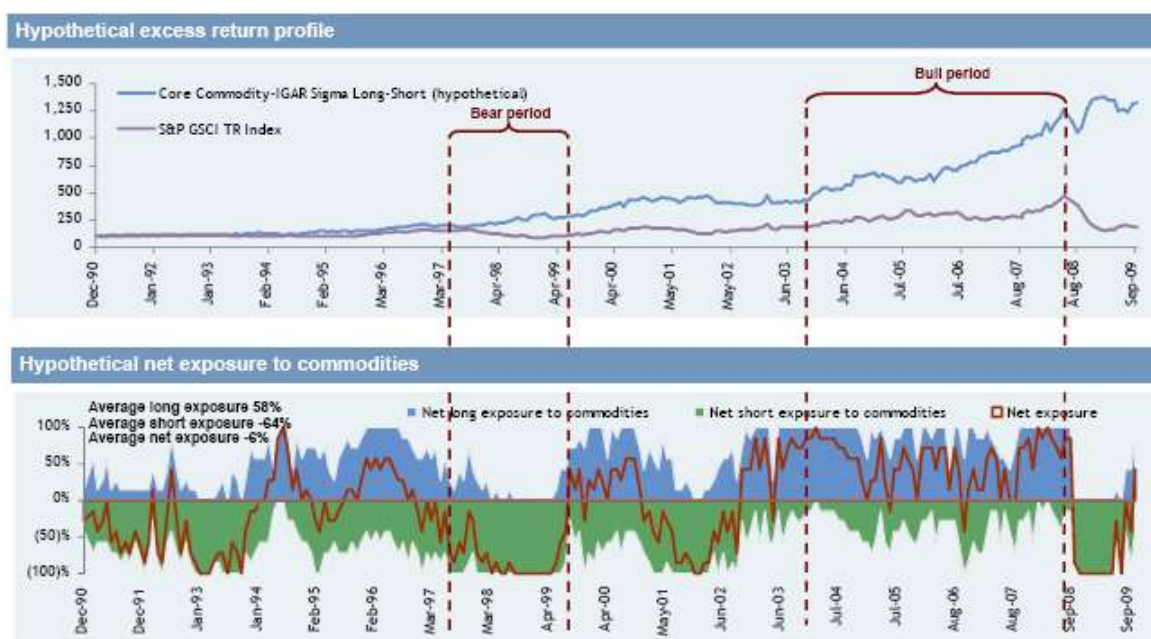
Core Commodity-IGAR Sigma Long-Short performance during JPMorgan GBI®'s six worst months*



Source: JPMorgan; "S&P 500®" refers to Standard & Poor's 500 Total Return Index®; "GBI®" to JPMorgan Hedged USD GBI Global Index®; and "S&P GSCI™ TR Index" refers to Standard & Poor's Goldman Sachs Total Return Commodity Index™

*Information is calculated for the period January 1991 to September 2009, except with respect to the JPMorgan GBI®, for which returns are available since April 1993

Core Commodity-IGAR Sigma Long-Short : hypothetical net exposure to commodities over time

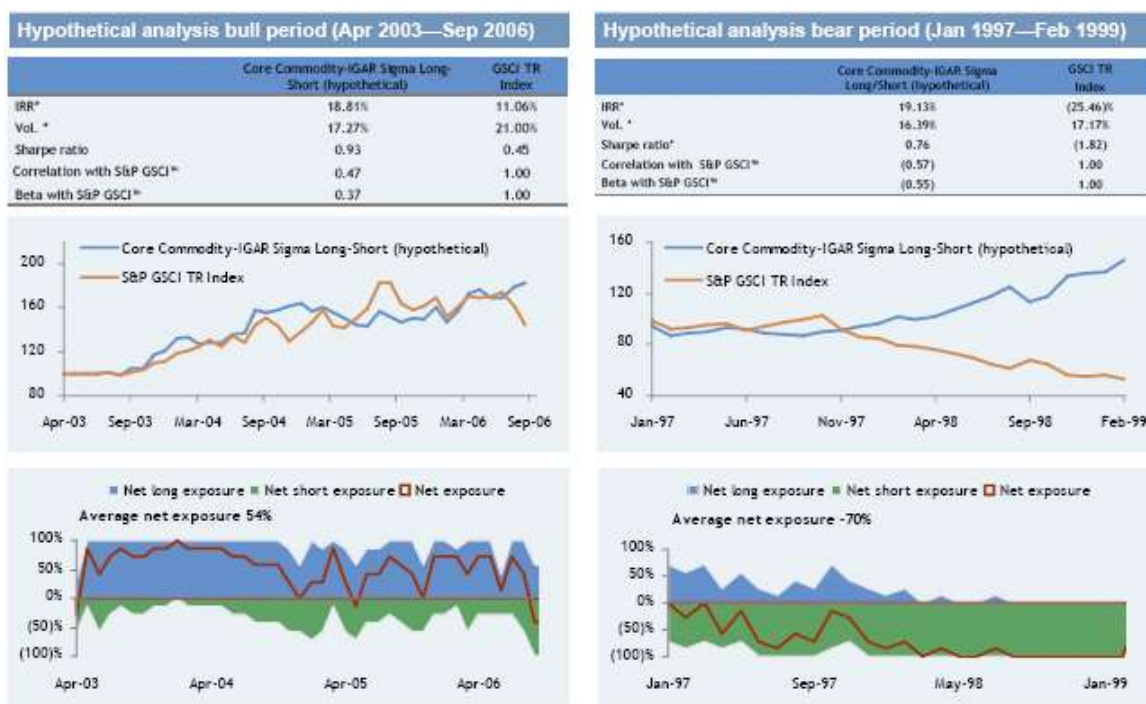


Source: JPMorgan; Information is calculated for the period January 1991 to September 2009

"S&P GSC TR Index" refers to Standard & Poor's Goldman Sachs Total Return Commodity Index™

Net long (or short) exposure to commodities means the hypothetical historical percentage long (or short, as applicable) allocation of the Core Commodity-IGAR investment portfolio "Net exposure" is defined as the sum of the net long exposure and the net short exposure

Core Commodity-IGAR Sigma Long-short : Bull and bear period analysis



Source: JPMorgan. Information is calculated for the period January 1991 to September 2009

"S&P GSCI™ TR Index" refers to Standard & Poor's Goldman Sachs Total Return Commodity Index®

Net long (or short) exposure to commodities means the hypothetical historical percentage long (or short) allocation of the Core Commodity-IGAR investment portfolio in the investment universe

"Net exposure" is defined as the sum of the net long exposure and the net short exposure

*"IRR" means annualised total returns; "Volatility" means annualised standard deviation of returns; "Sharpe Ratio" is defined as the ratio of annualised excess returns over annualised volatility. Excess returns are approximated by finding the difference between the S&P GSCI™ Total Return Index return and the S&P GSCI™ Excess Return Index return

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- n A: Important Risk Factors
- n B: Hypothetical Historical Performance
- n C: Additional Back-Testing
- n D: Methodology and References
- n E: Additional Information

IMPORTANT RISK FACTORS

An investment in notes linked to C-IGAR Sigma involves significant risks. Investing in such notes is not equivalent to investing directly in the S&P GSCI™ constituent sub-indices, in any of the commodities whose futures contracts determine the levels of the S&P GSCI™ constituent sub-indices, or in any contracts relating to such commodities for which there is an active secondary market. These risks are explained in more detail in the “Risk Factors” section of the product supplement no. 167-A-II dated October 7, 2009, referenced in the “Additional Information” section of this presentation.

Commodity prices are characterized by high and unpredictable volatility, which could lead to high and unpredictable volatility in C-IGAR Sigma.

Market prices of the commodity options futures contracts underlying the constituent sub-indices that compose C-IGAR Sigma tend to be highly volatile and may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships; governmental programs and policies, national and international monetary, trade, political and economic events, changes in interest and exchange rates, speculation and trading activities in commodities and related contracts, weather, and agricultural, trade, fiscal and exchange control policies. Many commodities are also highly cyclical. These factors may affect the level of the constituent sub-indices and the level of C-IGAR Sigma in varying ways, and different factors may cause the value of different commodities included in C-IGAR Sigma, and the commodity futures contracts of their prices, to move in inconsistent directions at inconsistent rates. This, in turn, will affect the value of the notes linked to the C-IGAR Sigma.

C-IGAR Sigma provides one avenue for exposure to commodities. The high volatility and cyclical nature of commodity markets may render these investments inappropriate as the focus of an investment portfolio. However, commodities investments may fluctuate independently of stock and bond investments, rendering moderate exposure a method of obtaining overall portfolio diversification.

Because C-IGAR Sigma may include notional short positions, C-IGAR Sigma may be subject to additional risks.

C-IGAR Sigma employs a technique generally known as “long-short” strategy. This means C-IGAR Sigma could include a number of notional long positions and a number of notional short positions. Unlike long positions, short positions are subject to unlimited risk of loss because there is no limit on the amount by which the price that the relevant asset may appreciate before the short position is closed. It is possible that any notional short position included in C-IGAR Sigma may appreciate substantially with an adverse impact on the performance of C-IGAR Sigma.

C-IGAR Sigma lacks an extensive operating history and may perform in unanticipated ways.

C-IGAR Sigma was established on June 15, 2009, and therefore has limited historical performance. Back-testing or similar analysis in respect of C-IGAR Sigma must be considered illustrative only and may be based on estimates or assumptions not used by the C-IGAR Sigma Calculation Agent when determining the C-IGAR Sigma values. The actual future performance of C-IGAR Sigma may bear little relation to its hypothetical and historical returns.

The performance of sub-indices underlying C-IGAR Sigma may offset each other.

C-IGAR Sigma consists of 14 different sub-indices, each of which will be assigned a weight based on the rebalancing algorithm. The algorithm under which the weights for the constituent sub-indices are established and rebalanced allows various constituent sub-indices to be weighted positively or negatively (i.e., a short position could be established for one or more constituent sub-indices) or accorded zero weight. For any period of time, gains attributable to long or short positions in particular constituent sub-indices could be reduced, offset or more than offset by losses attributable to the performance of other constituent sub-indices. Similarly, losses attributable to long or short positions in particular constituent sub-indices could be reduced, offset or more than offset by gains attributable to the performance of other constituent sub-indices.

The weightings of the constituent sub-indices for any monthly period will be based on, among other things, the assumption that past performance can be used as an indicator for future performance. Past performance is not necessarily indicative of future performance, and a reversal in momentum may result in a decline in the constituent sub-index and a decline in the level of CIGAR Sigma. C-IGAR Sigma is not designed to respond to rapid changes in momentum (or changes in momentum of limited duration).

IMPORTANT RISK FACTORS (continued)**An investment in the notes carries the risks associated with C-IGAR Sigma momentum investment strategy.**

C-IGAR Sigma employs a mathematical model intended to implement what is generally known as a momentum investment strategy, which seeks to capitalize on consistent positive market price trends based on the supposition that consistent positive market price trends may continue. This strategy is different from a strategy that seeks long-term exposure to a portfolio consisting of constant components. C-IGAR Sigma strategy may fail to realize gains that could occur as a result of holding a commodity that has experienced price declines, but after which experiences a sudden price spike. Further, the rules of C-IGAR Sigma limit exposure to rapidly appreciating sub-indices. This is because C-IGAR Sigma rebalances its exposure to sub-indices each month so that the exposure to any one sub-index does not exceed one-twelfth of the total synthetic portfolio as of the time of a monthly rebalancing. By contrast, a synthetic portfolio that does not rebalance monthly in this manner could see greater compounded gains over time through exposure to a consistently and rapidly appreciating sub-index.

No assurance can be given that the investment strategy used to construct C-IGAR Sigma will be successful or that C-IGAR Sigma will outperform any alternative basket that might be constructed from the constituent sub-indices. Furthermore, because the rules of C-IGAR Sigma limit the synthetic portfolio to holding only to sub-indices that have shown consistent positive price appreciation, the synthetic portfolio may experience periods where it holds few or no sub-indices, and therefore is unlikely during such periods to achieve returns that exceed the returns realized by other investment strategies or be able to capture gains from other appreciating assets in the market that are not included in the universe of constituent sub-indices.

C-IGAR Sigma may not be successful and may not outperform any alternative strategy that might be employed with respect to the constituent sub-indices.

C-IGAR Sigma follows a proprietary strategy that operates on the basis on pre-determined rules. No assurance can be given that the investment strategy on which C-IGAR Sigma is based will be successful or that C-IGAR Sigma will outperform any alternative strategy that might be employed with respect to the constituent sub-indices.

C-IGAR Sigma may perform poorly during periods characterized by short-term volatility.

C-IGAR Sigma's strategy is based on momentum investing. Momentum investing strategies are effective at identifying the current market direction in trending markets. However, in non-trending, sideways markets, momentum investment strategies are subject to 'whipsaws.' A whipsaw occurs when the market reverses and does the opposite of what is indicated by the trend indicator, resulting in a trading loss during the particular period. Consequently, C-IGAR Sigma may perform poorly in non-trending, "choppy" markets characterized by short-term volatility.

Suspension or disruptions of market trading in the commodity and related futures markets may affect the level of one or more of the constituent sub-indices and thus may adversely affect the level of C-IGAR Sigma.

The commodity markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. In addition, U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in futures contract prices that may occur during a single business day. These limits are generally referred to as "daily price fluctuation limits" and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a "limit price." Once the limit price has been reached in a particular contract, no trades may be made at a price higher than the maximum price or lower than the minimum price. Limit prices may have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices. These circumstances could affect the levels of the constituent sub-indices, which in turn may adversely affect the performance of C-IGAR Sigma.

The commodity futures contracts underlying the constituent sub-indices of C-IGAR Sigma are subject to legal and regulatory regimes and changes to such regimes or the occurrence of certain extraordinary events may have an adverse effect on the level of C-IGAR Sigma.

The commodity futures contracts that underlie the constituent sub-indices of C-IGAR Sigma are subject to legal and regulatory regimes in the United States and, in some cases, in other countries that may change in ways that could negatively affect the performance of C-IGAR Sigma. Changes to the legal or regulatory regimes applicable to the commodity futures contracts that underlie the constituent sub-indices of C-IGAR Sigma may result in the C-IGAR Sigma Calculation Agent exercising its discretionary right under Strategy Rules to remove and/or replace constituent sub-indices of C-IGAR Sigma, which may, in turn, have a negative effect on the performance of C-IGAR Sigma strategy. The removal or replacement of constituent sub-indices described above could affect the diversification amongst the constituent sub-indices or the volatility of C-IGAR Sigma notwithstanding the normal diversification and volatility constraints imposed on C-IGAR Sigma by Strategy Rules. In addition, changes to the legal or regulatory regimes applicable to the commodity futures contracts that underlie the constituent sub-indices of C-IGAR Sigma may also result in modifications to the Strategy Rules, which may, in turn, have a negative effect on the performance of C-IGAR Sigma strategy.

IMPORTANT RISK FACTORS (continued)

Furthermore, if an upon the occurrence of legal or regulatory changes that the C-IGAR Sigma Calculation Agent determines have interfered with JPMorgan's or its affiliates' ability to hedge obligations in relation to notes linked to C-IGAR Sigma, or if for any other reason JPMorgan or its affiliates are unable to enter into or maintain hedge positions the C-IGAR Sigma Calculation Agent deems necessary to hedge obligations under notes linked to C-IGAR Sigma, the C-IGAR Sigma Calculation Agent may exclude or substitute affected constituent sub-index or sub-indices or accelerate such notes. The exclusion of one or more constituent sub-index may adversely affect the performance of C-IGAR Sigma by restricting the available number of constituent sub-indices that can be referenced. Additionally, the substitution of an affected sub-index will alter C-IGAR Sigma, and such substitution may adversely change the level of C-IGAR Sigma. For example, the substitute constituent sub-index may have a higher volatility or less of a directional bias than the original sub-index.

Higher future prices of the commodity futures contracts constituting the underlying sub-indices relative to their current prices may affect the level of the C-IGAR Sigma.

The potential constituent sub-indices underlying the C-IGAR Sigma strategy are composed of futures contracts on physical commodities. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, commodity futures contracts normally specify a certain date for delivery of the underlying physical commodity. As the exchange-traded futures contracts that compose the constituent sub-indices approach expiration, they are replaced by contracts that have a later expiration. Thus, for example, a contract purchased and held in August may specify an October expiration. As time passes, the contract expiring in October is replaced by a contract for delivery in November. This process is referred to as "rolling." If the market for these contracts is (putting aside other considerations) in "backwardation," where the prices are lower in the distant delivery months than in the nearer delivery months, the sale of the October contract would take place at a price that is higher than the price of the November contract, thereby creating a positive "roll yield." The presence of backwardation could adversely affect the value of constituent sub-indices with a short weighting at the time and thus the performance of C-IGAR Sigma. While many of the contracts included in the constituent sub-indices have historically exhibited consistent periods of backwardation, backwardation will most likely not exist at all times. The presence of "contango" in the commodity markets, where the prices are higher in the distant delivery months than in the nearer delivery months, could result in negative "roll yields," which could adversely affect the value of constituent sub-indices with a long weighting at that time and thus the performance of the C-IGAR Sigma strategy.

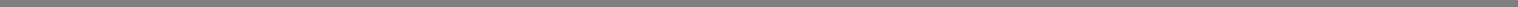
Commodity prices may change unpredictably, affecting the level of C-IGAR Sigma in unforeseeable ways.

Trading in commodity futures contracts underlying the constituent sub-indices is speculative and can be extremely volatile. Market prices of the commodities on which such futures contracts are based may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships; weather; agriculture; trade; fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; legal, regulatory and administrative rules (and proposed and actual changes to such rules) applicable to trading in commodity futures contracts; disease; technological developments and changes in interest rates. These factors may affect the level of the constituent sub-indices and, therefore, the level of C-IGAR Sigma in varying and unpredictable ways.

The commodities markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. These circumstances could adversely affect the price of futures contracts and, therefore, the performance of the constituent sub-indices and of C-IGAR Sigma.

Some of the potential constituent sub-indices will be subject to pronounced risks of pricing volatility.

As a general matter, the risk of low liquidity or volatile pricing around the maturity date of a commodity futures contract is greater than in the case of other futures contracts because (among other factors) a number of market participants take physical delivery of the underlying commodities. Many commodities, like those in the energy and industrial metals sectors, have liquid futures contracts that expire every month. Therefore, these contracts are rolled forward every month. Contracts based on certain other commodities, most notably agricultural and livestock products, tend to have only a few contract months each year that trade with substantial liquidity. Thus, these commodities, with related futures contracts that expire infrequently, roll forward less frequently than every month, and can have further pronounced pricing volatility during extended periods of low liquidity. In respect of sub-indices that represent energy, it should be noted that due to the significant level of its continuous consumption, limited reserves, and oil cartel controls, energy commodities are subject to rapid price increases in the event of perceived or actual shortages.



IMPORTANT RISK FACTORS (continued)

Investment in the C-IGAR Sigma strategy is subject to interest rate risk associated with total return indices.

C-IGAR Sigma is a total return index, which means that it includes an interest component that reflects hypothetical interest earned on the cash deposited as collateral for the purchase of the relevant futures contracts. Because a portion of the performance of C-IGAR Sigma will be based on the t-bill rate, changes in interest rates will affect the performance of C-IGAR Sigma. In general, if interest rates increase, we might expect the level of C-IGAR Sigma to increase, notwithstanding the excess return associated with the selected constituent sub-indices, and, conversely, if the interest rates decrease, we might expect that the level of C-IGAR Sigma may decline because the appreciation of the C-IGAR Sigma level is linked to the t-bill rate.

C-IGAR Sigma is not a fully diversified portfolio.

Diversification is generally considered to reduce the amount of risk associated with generating returns. The results that may be obtained from investing in any security or investment or otherwise participating in any transaction linked to C-IGAR Sigma might well be significantly different from the results that could theoretically be obtained from a direct investment in the constituent sub-indices or any related derivatives. In addition, diversification is generally considered to reduce the amount of risk associated with generating returns, however there can be no assurance that CIGAR Sigma will be sufficiently diversified at any time to reduce or minimize such risks to any extent.

The C-IGAR Sigma synthetic portfolio will not replicate the components or weightings of the S&P GSCI™ Commodity Index.

The synthetic portfolio referenced from time to time by C-IGAR Sigma will consist of between zero and seven long positions and between zero and seven short positions in equally-weighted components. By contrast, the S&P GSCI™ seeks to allocate weights based on the relative importance of component commodities within the overall economy. In addition, a portion or even all of C-IGAR Sigma synthetic portfolio could be deemed uninvested in any given month. For example, as of February 1, 2009, the C-IGAR Sigma Long-Short synthetic portfolio contains a long position in one component and short positions in seven components. As a result, C-IGAR Sigma will not track an econometric-weighted commodity portfolio or assume constant exposure to commodity positions.

Prior to maturity, the value of the notes will be influenced by many unpredictable factors.

Many economic and market factors will affect the value of notes linked to C-IGAR Sigma. We expect that, generally, the level of the constituent sub-indices and interest rates on any day will affect the value of such notes more than any other single factor. However, you should not expect the value of such notes in the secondary market to vary in proportion to changes in the level of the constituent sub-indices. The value of such notes will be affected by a number of other factors that may either offset or magnify each other, including:

- the volatility in the constituent sub-indices;
- the time to maturity of such notes;
- the market price of the physical commodities upon which the futures contracts that compose the constituent sub-indices are based;
- interest and yield rates in the market generally;
- economic, financial, political, regulatory, geographical, agricultural, meteorological or judicial events that affect the commodities underlying the constituent sub-indices or markets generally and which may affect the value of the commodity futures contracts, and thus the closing levels of the constituent sub-indices; and
- our creditworthiness.

Certain calculations and determinations will be made in the sole discretion of the C-IGAR Sigma Calculation Agent.

JPMorgan and its affiliates play a variety of roles in connection with C-IGAR Sigma, and J.P. Morgan Securities Ltd., one of its affiliates, will act as the C-IGAR Sigma Calculation Agent. The CIGAR Sigma Calculation Agent has responsibility for calculating and publishing the closing levels of C-IGAR Sigma. It is entitled to exercise discretion in relation to C-IGAR Sigma, including but not limited to, the determination of the values to be used in the event of market disruptions that affect its ability to calculate and publish the closing levels of C-IGAR Sigma, its ability to substitute or exclude constituent sub-indices and the interpretation of the rules for valuing C-IGAR Sigma. Although the C-IGAR Sigma Calculation Agent will make all determinations and take all action in relation to C-IGAR Sigma acting in good faith, it should be noted that such discretion could have an impact, positive or negative, on the levels and performance of C-IGAR Sigma. The C-IGAR Sigma Calculation Agent is under no obligation to consider your interests in taking any actions that might affect C-IGAR Sigma.

Core Commodity-IGAR Sigma Long-Short Long Leg Constituents 2008/09

Core Commodity-IGAR Sigma Long-Short Long Leg Monthly Constituents 2008/2009

	1	2	3	4	5	6	7
Nov/Dec Long Leg							
Dec/Jan Long Leg							
Jan/ Feb Long Leg							
Feb/ Mar Long Leg							
Mar/Apr Long Leg							
Apr/ May Long Leg							
May/ June Long Leg							
June/ July Long Leg	Gold SPGCGCP						
July / Aug Long Leg							
Aug/ Sep Long Leg	Gold SPGCGCP	Silver SPGCSIP	Lead SPGCILP				
Sep/ Oct Long Leg	Gold SPGCGCP	Silver SPGCSIP	Lead SPGCILP				
Oct/Nov Long Leg	Gold SPGCGCP	Silver SPGCSIP	Lead SPGCILP	Copper SPGCICP	Nickel SPGCIKP	Soybean SPGCSOP	

Please refer to the important notices including that in relation to composite performance, and the certain risk factors herein.
Past performance is not a guide to future results.

Core Commodity-IGAR Sigma Long-Short Short Leg Constituents 2008/09

Core Commodity-IGAR Sigma Long-Short Short Leg Monthly Constituents in 2008/2009

	1	2	3	4	5	6	7
Nov/Dec Short Leg	Lead SPGCILP	Brent Crude SPGCBRP	Silver SPGCSIP	Copper SPGCICP	Gasoline SPGCHUP	Crude Oil SPGCCLP	Nickel SPGCIKP
Dec/Jan Short Leg	Lead SPGCILP	Brent Crude SPGCBRP	Wheat SPGCWHP	Copper SPGCICP	Gasoline SPGCHUP	Crude Oil SPGCCLP	Nickel SPGCIKP
Jan/ Feb Short Leg	Natural Gas SPGCNGP	Brent Crude SPGCBRP	Copper SPGCICP	Gasoline SPGCHUP	Crude Oil SPGCCLP	Heating Oil SPGCHOP	Nickel SPGCIKP
Feb/ Mar Short Leg	Lead SPGCILP	Brent Crude SPGCBRP	Aluminium SPGCIAP	Gasoline SPGCHUP	Crude Oil SPGCCLP	Natural Gas SPGCNGP	Nickel SPGCIKP
Mar/Apr Short Leg	Brent Crude SPGCBRP	Heating Oil SPGCHOP	Aluminium SPGCIAP	Crude Oil SPGCCLP	Natural Gas SPGCNGP	Wheat SPGCWHP	Nickel SPGCIKP
Apr/ May Short Leg	Lead SPGCILP	Aluminium SPGCIAP	Crude Oil SPGCCLP	Natural Gas SPGCNGP	Gold SPGCGCP	Silver SPGCSIP	Wheat SPGCWHP
May/ June Short Leg	Corn SPGCCNP	Brent Crude SPGCBRP	Heating Oil SPGCHOP	Aluminium SPGCIAP	Wheat SPGCWHP	Soybean SPGCSOP	Nickel SPGCIKP
June/ July Short Leg	Corn SPGCCNP	Aluminium SPGCIAP	Natural Gas SPGCNGP				
July / Aug Short Leg	Corn SPGCCNP	Brent Crude SPGCBRP	Heating Oil SPGCHOP	Crude Oil SPGCCLP	Natural Gas SPGCNGP	Wheat SPGCWHP	Soybean SPGCSOP
Aug/ Sep Short Leg	Corn SPGCCNP	Natural Gas SPGCNGP	Wheat SPGCWHP				
Sep/ Oct Short Leg	Corn SPGCCNP	Brent Crude SPGCBRP	Heating Oil SPGCHOP	Natural Gas SPGCNGP	Wheat SPGCWHP	Soybean SPGCSOP	
Oct/Nov Short Leg	Heating Oil SPGCHOP	Natural Gas SPGCNGP	Wheat SPGCWHP				

Please refer to the important notices including that in relation to composite performance, and the certain risk factors herein. Past performance is not a guide to future results.

Hypothetical historical annual returns

Hypothetical annual returns

Year	Core Commodity-IGAR Sigma Long-Short	S&P GSCI TR Index	GBI [®]	S&P 500 [®]
1991	14.88 %	-6.13 %	8.70 %	30.47 %
1992	-1.75 %	4.42 %	0.70 %	7.62 %
1993	20.18 %	-12.33 %	11.20 %	10.08 %
1994	2.80 %	5.29 %	-3.83 %	1.32 %
1995	7.11 %	20.33 %	18.13 %	37.58 %
1996	45.29 %	33.92 %	8.66 %	22.96 %
1997	-6.30 %	-14.07 %	10.84 %	33.36 %
1998	44.70 %	-35.75 %	11.45 %	28.58 %
1999	13.92 %	40.92 %	0.68 %	21.04 %
2000	35.16 %	49.74 %	10.80 %	-9.10 %
2001	2.19 %	-31.93 %	6.15 %	-11.89 %
2002	-16.90 %	32.07 %	8.40 %	-22.10 %
2003	27.82 %	20.72 %	2.09 %	28.68 %
2004	37.89 %	17.28 %	4.88 %	10.88 %
2005	-7.88 %	25.55 %	4.97 %	4.91 %
2006	33.13 %	-15.09 %	3.09 %	15.79 %
2007	25.10 %	32.67 %	5.99 %	5.49 %
2008	32.66 %	-46.49 %	9.42 %	-37.00 %

Source: JPMorgan; Information is calculated for the period January 1991 to September 2009

"S&P 500[®]" refers to Standard & Poor's 500 Total Return Index[®]

"GBI[®]" refers to GBI Global Traded Index Total Return Index Level US \$ for the period Jan-1991 to March-1993 and to JPMorgan Hedged USD GBI Global Index[®] for the period April-1993 to September 2009

"S&P GSCI[™] TR Index" refers to Standard & Poor's Goldman Sachs Total Return Commodity Index[™]

Summary

Summary

	Core Commodity-IGAR Sigma Long-Short	S&P GSCI TM TR Index
Average monthly returns	1.26%	0.47%
Annualised returns	14.83%	3.47%
St. dev. of monthly returns	4.60%	6.12%
St. dev.—annualised	15.94%	21.21%
Sharpe ratio*	0.70	0.08
Largest one-month gain	16.72%	19.67%
Largest one-month loss	-14.17%	-28.20%
Largest peak-to-trough loss	-18.37%	-67.64%
Maximum drawdown period (months)	15	50
% positive months	60.71%	55.80%

Source: JPMorgan; Information is calculated for the period January 1991 to September 2009
"S&P GSCITM TR Index" refers to Standard & Poor's Goldman Sachs Total Return Commodity Index®
*Sharpe ratio" is defined as the ratio of annualised excess returns over annualised volatility

Hypothetical historical drawdown analysis

- n C-IGAR Sigma has posted historical drawdowns of smaller magnitude and duration than the S&P GSCI™ Total Return Index
- n Drawdowns are calculated as the negative monthly returns starting with a new high. The duration of the drawdowns is calculated as the number of months until the latest high is exceeded.

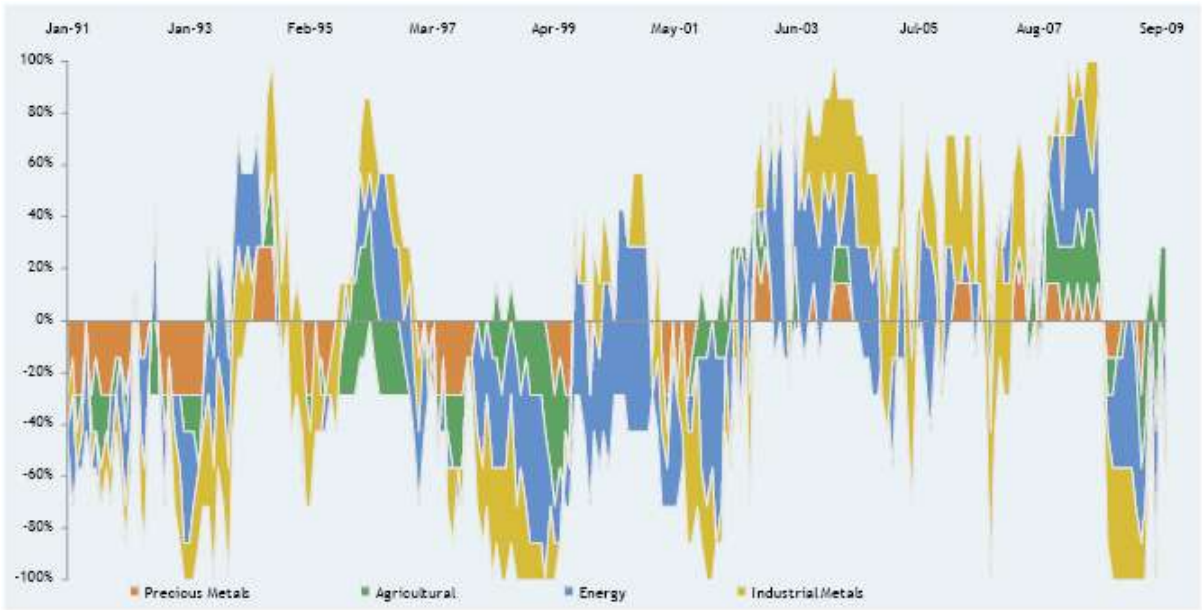
Hypothetical historical drawdown of Core Commodity-IGAR Sigma Long-Short vs. S&P GSCI™



Source: JPMorgan. Information is calculated for the period January 1991 to September 2009 based on monthly observation points
 "S&P GSCI™ TR Index" refers to Standard & Poor's Goldman Sachs Total Return Commodity Index®.

Hypothetical historical breakdowns of sub-sector exposure

Hypothetical historical short exposures (Core Commodity-IGAR Sigma Long-Short)



Source: JPMorgan; Information is calculated for the period January 1990 to September 2009

Please refer to the important notices including that in relation to composite performance, and the certain risk factors herein.
Past performance is not a guide to future results.

Sub-indices correlations (as %)

	Silver	Gold	Wheat	Soybean	Corn	Natural Gas	Gasoline	Heating Oil	Brent Crude	Crude Oil	Nickel	Lead	Copper	Aluminium
Silver		64	4	11	11	2	3	4	11	8	25	30	28	19
Gold			10	14	8	12	10	13	21	16	23	18	31	19
Wheat				41	51	6	6	5	5	4	2	12	9	4
Soybean					65	8	-3	3	0	-1	9	8	11	13
Corn						9	-2	-5	-8	-6	5	4	0	6
Natural Gas							41	52	32	35	9	-4	5	2
Gasoline								82	85	84	14	-5	18	10
Heating Oil									87	88	14	-3	19	12
Brent Crude										95	15	-1	22	17
Crude Oil											8	3	16	12
Nickel												36	46	49
Lead													38	41
Copper														61
Aluminium														

Correlation ≤ +50%

Correlation > +50%

Source: JPMorgan; Information is calculated for the period January 1991 to March 2008
For sub-indices that did not exist in January 1991 calculations have been made since their respective inception dates

Consistency test

- n To give more importance to recent information, the following weights are assigned to each month of the observation period

$$W_j = Ae^{-\theta(j-1)}$$

- n A and θ are calibrated so that

$$\frac{1}{12} \sum_{j=1}^{12} W_j = 1 \quad \text{and} \quad \frac{W_1}{W_{12}} = R$$

- n The sum of the weights is equal to 12
- n The weight applied to the most recent month is five times higher than the weight applied to the least recent month
- n Weights are exponentially distributed
- n Consistency test for a potential long position during a 12-month observation period:
 - n If month j has a positive performance then assign month j the weight W_j , if not assign month j a weight of 0
 - n Sum the assigned weights
 - n If the sum is greater than 6 (being half of the total weights) then the consistency test is passed
 - n If not, it is failed
- n Consistency test for a potential short position during a 12-month observation period:
 - n If month j has a negative performance then assign month j the weight W_j , if not assign month j a weight of 0
 - n Sum the assigned weights
 - n If the sum is greater than 6 (being half of the total weights) then the consistency test is passed
 - n If not, it is failed

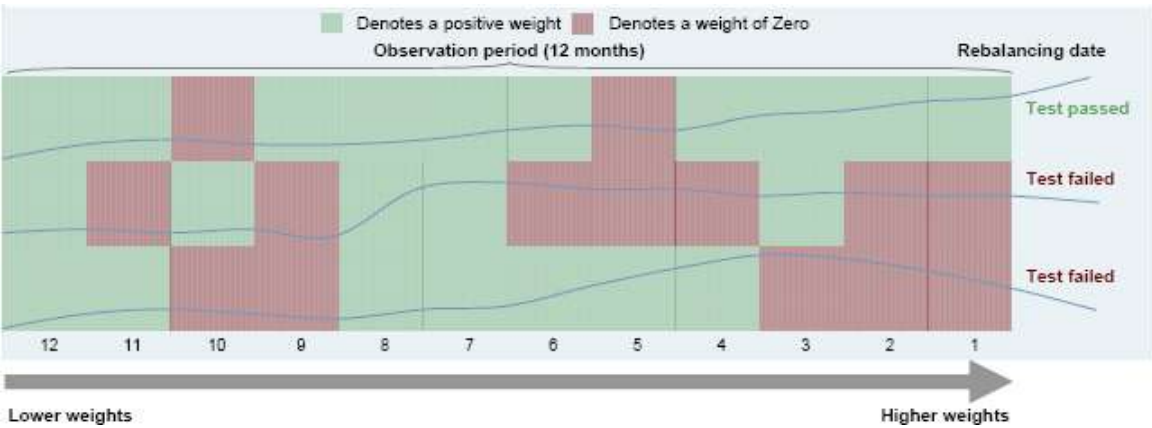
For illustration purposes only

Consistency test (cont'd)

Illustration of the weights



Illustration for potential long positions

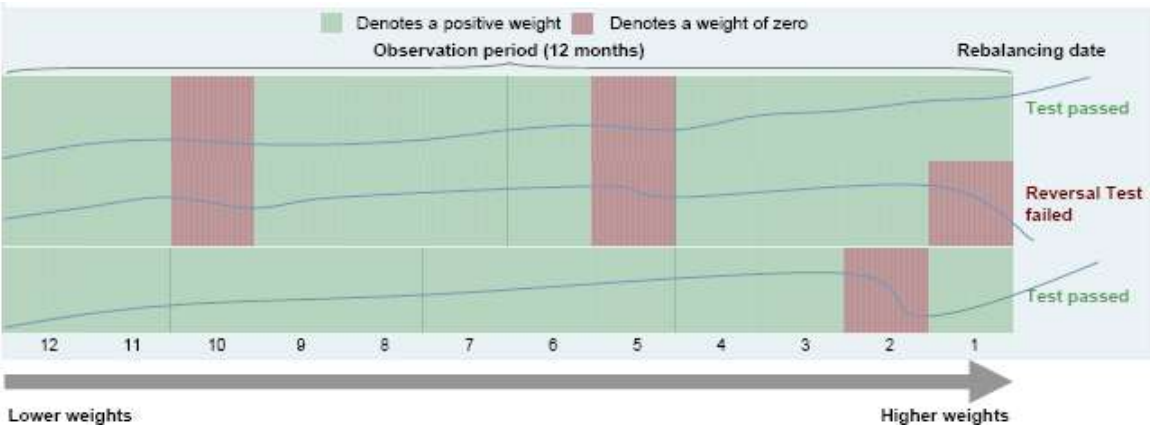


For illustration purposes only

Reversal test

- n To avoid rapid breakdowns in momentum, C-IGAR Sigma incorporates a “Reversal Test”
- n If the momentum of a commodity is consistently positive (or negative) but has shown a rapid reversal as indicated by a downward (or upward) move exceeding 10%, the commodity is considered ineligible for selection in the long (or short, as applicable) leg of C-IGAR Sigma
- n If the positive (negative) momentum of a commodity later reasserts itself, the commodity becomes eligible once again
- n If more than 7 commodities are eligible for inclusion in the long leg and the Reversal Test excludes one or more out of the 7 commodities exhibiting the strongest 12 month performance, C-IGAR Sigma will include other commodities which pass both the Consistency and Reversal tests up to a total of 7
- n In the hypothetical backtest since 1991, the Reversal test has come into effect on roughly 30% of all months

Illustration for potential long positions



For illustration purposes only

Rebalancing dates and volatility control factor

Index rebalancing methodology

- n The Core Commodity-IGAR Sigma Long-Short is reweighted monthly on the 11th dealing day of the month as an equally-weighted basket of five component indices. Each component index rebalances the Core C-IGAR Sigma Long-Short portfolio (selected on the 10th dealing day of each month) on a separate day.
- n “Rebalancing Dates” of the component indices are:
- n The Core Commodity-IGAR Long-Only and the Core Commodity-IGAR Long-Short component indices rebalance on the 12th to 16th dealing day of the month
- n Important Note: New weightings are only effective from the close of the applicable Rebalancing Date

Volatility control

- n “Volatility Control” is a mechanism to adjust the overall leverage of Core C-IGAR Sigma Long-Short, aiming to achieve realised volatility at or below the “Target Volatility Level” (20%)
- n To achieve this, the realized volatility¹ over the last 21 days and 63 days is measured
- n Whenever either of these exceed the Target Volatility Level for the index, the overall index exposure is reduced by multiplying by:

$$\text{Target Volatility Level} / \text{Max}[\text{21-day volatility, 63-day volatility}]$$

- n The Volatility Control mechanism has been applied on roughly 40% of all months in the hypothetical backtest since 1991

¹ Realised volatility is measured as per the hypothetical historical performance of the C-IGAR Sigma Index assuming leverage of 100%

Bloomberg tickers

The Core Commodity-IGAR Sigma Long Short strategy level is available on Bloomberg. The ticker is as follows:

▢ Core Commodity-IGAR Sigma Long-Short:

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Please refer to the important notices including that in relation to composite performance, and the certain risk factors herein.
Past performance is not a guide to future results.

Additional information

You should read the material in this presentation together with the JPMorgan Chase prospectus dated November 21, 2008, as supplemented by the prospectus supplement dated November 21, 2008, relating to our Series E medium-term notes of which notes linked to the C-IGAR Sigma are a part, the JPMorgan Core Commodity Investable Global Asset Rotator Index Sigma Rules dated June 15, 2009 and filed on June 17, 2009, and the more detailed information pertaining to any issuance of notes linked to the C-IGAR Sigma contained in product supplement no. 167-A-II dated October 7, 2009. In addition, you should read the term sheet and pricing supplement for any such notes, which will contain specific information regarding the issuance of such notes, when those documents become available.

This presentation, the prospectus, prospectus supplement and product supplement contain certain terms for notes linked to C-IGAR Sigma and supersede all prior or contemporaneous oral statements and written material concerning such notes. For each specific issuance of notes, we will also issue a term sheet and pricing supplement, which will contain terms for the notes and will also supersede all prior or contemporaneous oral statements and other written material concerning the notes. In the event of any inconsistency between the materials presented here and any such product supplement, term sheet and/or pricing supplement, such product supplement, term sheet and/or pricing supplement will govern.

You should carefully consider, among other things, the matters set forth in "Risk Factors" in product supplement no. 167-A-II dated October 7, 2009, as notes linked to the CIGAR Sigma involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the notes.

You may access some of the above-mentioned documents on the SEC Web site at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC Web site where our Central Index Key is 19617):

Product supplement no. 167-A-II dated October 7, 2009:

<http://www.sec.gov/Archives/edgar/data/19617/000089109209003843/e36716-424b2.pdf>

JPMorgan Core Commodity Investable Global Asset Rotator Sigma Index Rules dated June 15, 2009 and filed on June 17, 2009:

http://www.sec.gov/Archives/edgar/data/19617/000089109209002421/e35705_fwp.pdf

Prospectus supplement dated November 21, 2008:

http://www.sec.gov/Archives/edgar/data/19617/000089109208005661/e33600_424b2.pdf

Prospectus dated November 21, 2008:

http://www.sec.gov/Archives/edgar/data/19617/000089109208005658/e33655_424b2.pdf