

Quick Reference Guide: BUFFERED NOTES

Buffered Notes are short-term structured investments offering an enhanced return based on the performance of the underlying asset, with a contingent amount of downside protection.

Unlike Principal Protected Notes, Buffered Notes offer a limited amount of downside protection. For example, a Buffered Note may protect the investor for the first 25% of erosion of the underlying asset, but any decline in value beyond that is not protected (see chart below). A Buffered Note typically offers increased upside potential versus a traditional Principal Protected Note as determined by the closing prices of the associated index, commodity, currency, or basket of stocks. The Participation Rate for a Buffered Note is typically between 150%-300% on the upside and one-for-one exposure below the buffer amount on the downside (see illustration).

Partial Principal Protection

A Buffered Note's distinguishing feature is the partial principal protection offered by the Buffer (or "cushion"). If the asset's price has moved against the investor (down in the case of a bull note, up in the case of a bear note), then the investor will not suffer any loss unless the asset's adverse movement has exceeded the buffer.

Leveraged Return

On the upside, the investor receives leveraged participation in the underlying asset's price appreciation. That participation, however, is usually subject to a cap, or maximum gain.

MAY BE SUITABLE FOR INVESTORS WHO ARE:

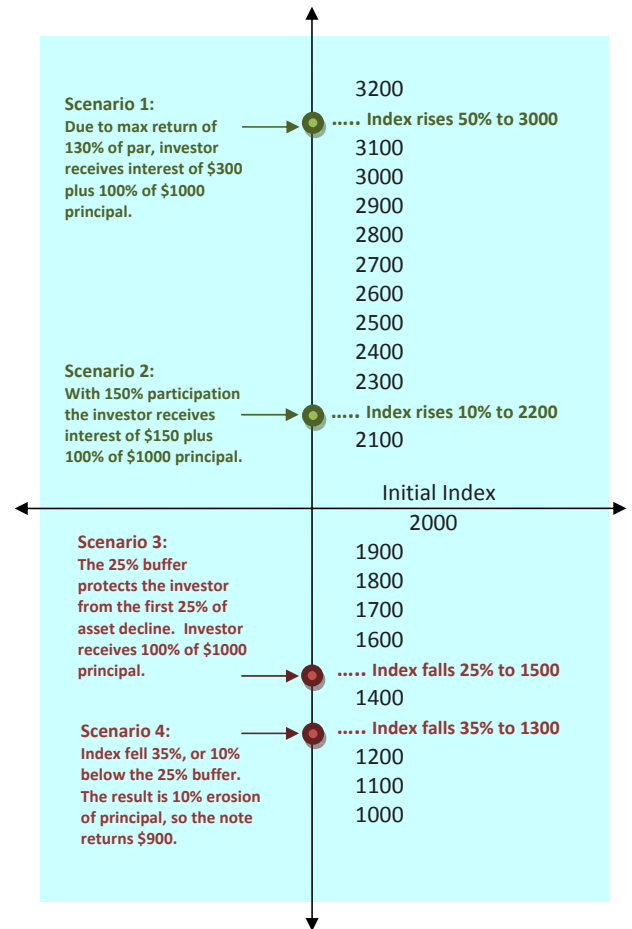
- Seeking to outperform the market
- Willing to forgo full principal protection at maturity
- Comfortable with a cap on potential gains
- Seeking to manage overall portfolio risk

IMPORTANT FEATURES:

- The buffer offers partial principal protection at maturity
- Leveraged participation in the price performance of the underlying asset (subject to cap)
- Interest is payable upon maturity
- Can be linked to virtually any asset that trades

Example and Illustration of a Buffered Note

Assumptions	
Reference Asset:	S&P 500® Index (SPX)
Original Principal:	\$1000
Initial Index Level:	2000
Maturity:	3 years
Participation:	150% Upside
Buffer Percentage:	25%
Max Return at Maturity:	130% multiplied by principal amt
Percentage Change:	$\frac{\text{Initial Level} - \text{Final Level}}{\text{Initial Level}}$



CERTAIN RISKS AND CONSIDERATIONS

Principal Risk

Buffered Notes do not offer 100% principal protection; investors could lose some or all of their initial investment.

Limited Return

The return of the notes may be significantly less in comparison than the direct investment in the underlying asset. The investor does not receive any dividends or distributions from the underlying asset.

Liquidity

Buffered Notes are not designed to be liquid; they are intended to be held to maturity. While there may be a secondary market for them, issuers are under no obligation to maintain one. Selling prior to maturity carries with it the risks inherent in factors that can affect marketability, such as volatility of the underlying assets, interest rate swings, and developments affecting the underlying securities.

Creditworthiness of the Issuer

The extent to which any principal is protected is subject to the quality of the issuer's credit. Structured Notes are subject to the risk that the issuer might not be able to meet scheduled interest or principal payments. The investor should investigate the creditworthiness of the issuer to evaluate its ability to meet the terms of interest and principal payment.

Taxes

For full information regarding the tax consequences of Buffered Notes, investors should consult their tax advisor.

	Initial Investment	Initial Index	Final Index	PERFORMANCE		Interest Payment	PROTECTION		Note Returns
				% Change	Return (subject to cap)		% Protection	% Principal Reduced (if any)	
Scenario 1	\$1,000	2000	3000	50%	30%	\$300	25%	0%	\$1,300
Scenario 2	\$1,000	2000	2200	10%	15%	\$150	25%	0%	\$1,150
Scenario 3	\$1,000	2000	1500	-25%	-25%	\$0	25%	0%	\$1,000
Scenario 4	\$1,000	2000	1300	-35%	-35%	\$0	25%	-10%	\$900

How Returns are Computed

Participation Rate

This is the predetermined percentage rate by which the investor will share in the asset gain. While in some cases the Participation Rate is 100%, typically the percentage is between 150%-300%, providing a multiple of the actual underlying asset's performance, a leveraged return that could potentially outperform the underlying asset.

Maximum Return or Cap

In many cases Buffered Notes will be issued with leveraged participation up to a cap or maximum return. This is the maximum interest the investor can earn on the investment.

Buffer Amount

A set amount of downside protection, typically ranging from 10%-30%. This contingent protection protects the investor against the reference asset's initial decline in value. Beyond that, the investor will typically lose 1% of principal for every 1% decline in excess of the buffer protection amount.

Computation Variations

Point-to-Point:

Compares the increase or decrease of the underlying asset from the Initial Value Date to the final Determination Date. The investor's return will be based upon the total percentage increase or decrease.

Averaging:

Calculated on the basis of several specified Value Dates throughout the term of the note. Aim is to reflect the value trend of the underlying asset and minimize exposure to fluctuations that can affect the end-point price. While averaging may limit the return in a bull market, it will help protect against a sudden downturn of the underlying assets as they near the Final Determination Date.

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