

JPMORGAN CHASE & CO

Form 424B2

February 04, 2019

January 31, 2019 Registration Statement Nos. 333-222672 and 333-222672-01; Rule 424(b)(2)

JPMorgan Chase Financial Company LLC

Structured Investments

\$230,000

Notes Linked to an Equally Weighted Basket Consisting of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index due January 31, 2022

Fully and Unconditionally Guaranteed by JPMorgan Chase & Co.

The notes are designed for investors who seek exposure to any appreciation of an equally weighted basket of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index over the term of the notes.

Investors should be willing to forgo interest and dividend payments, while seeking repayment of at least 95.00% of principal at maturity.

The notes are unsecured and unsubordinated obligations of JPMorgan Chase Financial Company LLC, which we refer to as JPMorgan Financial, the payment on which is fully and unconditionally guaranteed by JPMorgan Chase & Co. **Any payment on the notes is subject to the credit risk of JPMorgan Financial, as issuer of the notes, and the credit risk of JPMorgan Chase & Co., as guarantor of the notes.**

Minimum denominations of \$1,000 and integral multiples thereof

The notes priced on January 31, 2019 and are expected to settle on or about February 5, 2019.

CUSIP: 48130WPY1

**Investing in the notes involves a number of risks. See “Risk Factors” beginning on page PS-8 of the accompanying product supplement, “Risk Factors” beginning on page US-1 of the accompanying underlying supplement and “Selected Risk Considerations” beginning on page PS-3 of this pricing supplement.**

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of the notes or passed upon the accuracy or the adequacy of this pricing supplement or the accompanying product supplement, underlying supplement, prospectus supplement and prospectus. Any representation to the contrary is a criminal offense.

	Price to Public (1)	Fees and Commissions (2)	Proceeds to Issuer
Per note	\$1,000	\$5.6957	\$994.3043
Total	\$230,000	\$1,310	\$228,690

(1) See “Supplemental Use of Proceeds” in this pricing supplement for information about the components of the price to public of the notes.

(2) J.P. Morgan Securities LLC, which we refer to as JPMS, acting as agent for JPMorgan Financial, will pay all of the selling commissions it receives from us to other affiliated or unaffiliated dealers. These selling commissions will vary and will be up to \$6.00 per \$1,000 principal amount note. See “Plan of Distribution (Conflicts of Interest)” in the accompanying product supplement.

**The estimated value of the notes, when the terms of the notes were set, was \$983.80 per \$1,000 principal amount note. See “The Estimated Value of the Notes” in this pricing supplement for additional information.**

*The notes are not bank deposits, are not insured by the Federal Deposit Insurance Corporation or any other governmental agency and are not obligations of, or guaranteed by, a bank.*

Pricing supplement to product supplement no. 3-I dated April 5, 2018, underlying supplement no. 1-I dated April 5, 2018  
and the prospectus and prospectus supplement, each dated April 5, 2018

Key Terms

**Issuer:** JPMorgan Chase Financial Company LLC, an indirect, wholly owned finance subsidiary of JPMorgan Chase & Co.

**Guarantor:** JPMorgan Chase & Co.

**Basket:** The notes are linked to an equally weighted basket consisting of the following:

- 50.00% of the S&P 500<sup>®</sup> Low Volatility High Dividend Index (Bloomberg ticker: SP5LVHD); and
  - 50.00% of the EURO STOXX<sup>®</sup> Select Dividend 30 Index (Bloomberg ticker: SD3E)
- (each, an “Index” and together, the “Indices”).

**Participation Rate:** 180.00%

**Pricing Date:** January 31, 2019

**Original Issue Date (Settlement Date):** On or about February 5, 2019

**Observation Date\*:** January 26, 2022

**Maturity Date\*:** January 31, 2022

\* Subject to postponement in the event of a market disruption event and as described under “General Terms of Notes — Postponement of a Determination Date — Notes Linked to a Single Underlying — Notes Linked to a Single Underlying (Other Than a Commodity Index)” and “General Terms of Notes — Postponement of a Payment Date” in the accompanying product supplement

Payment at Maturity:

If the Final Basket Value is greater than the Initial Basket Value, at maturity, you will receive a cash payment, for each \$1,000 principal amount note, of \$1,000 *plus* the Additional Amount.

If the Final Basket Value is equal to or less than the Initial Basket Value, your payment at maturity will be calculated as follows:

$$\$1,000 + (\$1,000 \times \text{Basket Return})$$

In no event, however, will the payment at maturity be less than \$950.00 per \$1,000 principal amount note.

*If the Final Basket Value is less than the Initial Basket Value, you will lose up to 5.00% of your principal amount at maturity.*

*You are entitled to repayment of at least \$950.00 per \$1,000 principal amount note at maturity, subject to the credit risks of JPMorgan Financial and JPMorgan Chase & Co.*

**Additional Amount:** The Additional Amount payable at maturity per \$1,000 principal amount note will equal:

$\$1,000 \times \text{Basket Return} \times \text{Participation Rate}$

**Basket Return:**

$\frac{(\text{Final Basket Value} - \text{Initial Basket Value})}{\text{Initial Basket Value}}$

Initial Basket Value

**Initial Basket Value:** Set equal to 100 on the Pricing Date

**Final Basket Value:** The closing level of the Basket on the Observation Date

**Closing Level of the Basket:**

$100 \times [1 + (50.00\% \times \text{Index Return of the S\&P 500}^{\text{®}} \text{ Low Volatility High Dividend Index}) + (50.00\% \times \text{Index Return of the EURO STOXX}^{\text{®}} \text{ Select Dividend 30 Index})]$

**Index Return:** With respect to each Index,

$\frac{(\text{Final Value} - \text{Initial Value})}{\text{Initial Value}}$

Initial Value

**Initial Value:** With respect to each Index, the closing level of that Index on the Pricing Date, which was 6,912.770 for the S&P 500<sup>®</sup> Low Volatility High Dividend Index and 1,876.91 for the EURO STOXX<sup>®</sup> Select Dividend 30 Index

**Final Value:** With respect to each Index, the closing level of that Index on the Observation Date

PS-1 | Structured Investments

Notes Linked to an Equally Weighted Basket Consisting of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index

## Hypothetical Payout Profile

The following table and graph illustrate the hypothetical payment at maturity on the notes. The hypothetical payments set forth below assume the following:

an Initial Basket Value of 100.00; and  
a Participation Rate of 180.00%.

Each hypothetical total return or hypothetical payment at maturity set forth below is for illustrative purposes only and may not be the actual total return or payment at maturity applicable to a purchaser of the notes. The numbers appearing in the following table and graph have been rounded for ease of analysis.

Final Basket Value	Basket Return	Additional Amount	Payment at Maturity
165.00	65.00%	\$1,170.00	\$2,170.00
150.00	50.00%	\$900.00	\$1,900.00
140.00	40.00%	\$720.00	\$1,720.00
130.00	30.00%	\$540.00	\$1,540.00
120.00	20.00%	\$360.00	\$1,360.00
110.00	10.00%	\$180.00	\$1,180.00
105.00	5.00%	\$90.00	\$1,090.00
101.00	1.00%	\$18.00	\$1,018.00
100.00	0.00%	N/A	\$1,000.00
99.00	-1.00%	N/A	\$990.00
97.50	-2.50%	N/A	\$975.00
95.00	-5.00%	N/A	\$950.00
90.00	-10.00%	N/A	\$950.00
80.00	-20.00%	N/A	\$950.00
70.00	-30.00%	N/A	\$950.00
60.00	-40.00%	N/A	\$950.00
50.00	-50.00%	N/A	\$950.00
40.00	-60.00%	N/A	\$950.00
30.00	-70.00%	N/A	\$950.00
20.00	-80.00%	N/A	\$950.00
10.00	-90.00%	N/A	\$950.00
0.00	-100.00%	N/A	\$950.00

## PS-2 | Structured Investments

Notes Linked to an Equally Weighted Basket Consisting of the S&P 500® Low Volatility High Dividend Index and the EURO STOXX® Select Dividend 30 Index

The following graph demonstrates the hypothetical payments at maturity on the notes at maturity for the Basket Returns detailed in the table above (-50% to 50%). We cannot give you assurance that the performance of the Basket will result in a payment at maturity in excess of \$950.00 per \$1,000 principal amount note, subject to the credit risks of JPMorgan Financial and JPMorgan Chase & Co.

#### How the Notes Work

##### **Upside Scenario:**

If the Final Basket Value is greater than the Initial Basket Value, investors will receive at maturity the \$1,000 principal amount *plus* the Additional Amount, which is equal to \$1,000 *times* the Basket Return *times* the Participation Rate of 180.00%.

If the closing level of the Basket increases 10.00%, investors will receive at maturity an 18.00% return, or \$1,180.00 per \$1,000 principal amount note.

##### **Par Scenario:**

If the Final Basket Value is equal to the Initial Basket Value, investors will receive at maturity the principal amount of their notes.

##### **Downside Scenario:**

If the Final Basket Value is equal to or less than the Initial Basket Value, investors will lose 1% of the principal amount of their notes for every 1% that the Final Basket Value is less than the Initial Basket Value, *provided* that the payment at maturity will not be less than \$950.00 per \$1,000 principal amount note.

For example, if the closing level of the Index declines 2.50%, investors will lose 2.50% of their principal amount and receive only \$975.00 per \$1,000 principal amount note at maturity.

For example, if the closing level of the Index declines 50.00%, investors will lose 5.00% of their principal amount and receive only \$950.00 per \$1,000 principal amount note at maturity.

The hypothetical returns and hypothetical payments on the notes shown above apply only if you hold the notes for their entire term. These hypotheticals do not reflect the fees or expenses that would be associated with any sale in the secondary market. If these fees and expenses were included, the hypothetical returns and hypothetical payments shown above would likely be lower.

#### Selected Risk Considerations

An investment in the notes involves significant risks. These risks are explained in more detail in the “Risk Factors” sections of the accompanying product supplement and underlying supplement.

##### **THE NOTES MAY NOT PAY MORE THAN 95.00% OF THE PRINCIPAL AMOUNT AT MATURITY —**

If the Final Basket Value is less than the Initial Basket Value, you will lose 1% of the principal amount of your notes for every 1% that the Final Basket Value is less than the Initial Basket Value, *provided* that the payment at maturity will not be less than \$950.00 per \$1,000 principal amount note, subject to the credit risks of JPMorgan Financial and JPMorgan Chase & Co. Accordingly, under these circumstances, you will lose up to 5.00% of your principal amount at maturity and you will not be compensated for any loss in value due to inflation and other factors relating to the

value of money over time.

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Notes Linked to an Equally Weighted Basket Consisting of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index

**CREDIT RISKS OF JPMORGAN FINANCIAL AND JPMORGAN CHASE & CO. —**

Investors are dependent on our and JPMorgan Chase & Co.'s ability to pay all amounts due on the notes. Any actual or potential change in our or JPMorgan Chase & Co.'s creditworthiness or credit spreads, as determined by the market for taking that credit risk, is likely to adversely affect the value of the notes. If we and JPMorgan Chase & Co. were to default on our payment obligations, you may not receive any amounts owed to you under the notes and you could lose your entire investment.

**AS A FINANCE SUBSIDIARY, JPMORGAN FINANCIAL HAS NO INDEPENDENT OPERATIONS AND HAS LIMITED ASSETS —**

As a finance subsidiary of JPMorgan Chase & Co., we have no independent operations beyond the issuance and administration of our securities. Aside from the initial capital contribution from JPMorgan Chase & Co., substantially all of our assets relate to obligations of our affiliates to make payments under loans made by us or other intercompany agreements. As a result, we are dependent upon payments from our affiliates to meet our obligations under the notes. If these affiliates do not make payments to us and we fail to make payments on the notes, you may have to seek payment under the related guarantee by JPMorgan Chase & Co., and that guarantee will rank *pari passu* with all other unsecured and unsubordinated obligations of JPMorgan Chase & Co.

**POTENTIAL CONFLICTS —**

We and our affiliates play a variety of roles in connection with the notes. In performing these duties, our and JPMorgan Chase & Co.'s economic interests are potentially adverse to your interests as an investor in the notes. It is possible that hedging or trading activities of ours or our affiliates in connection with the notes could result in substantial returns for us or our affiliates while the value of the notes declines. Please refer to "Risk Factors — Risks Relating to Conflicts of Interest" in the accompanying product supplement.

**JPMORGAN CHASE & CO. IS CURRENTLY ONE OF THE COMPANIES THAT MAKE UP THE S&P 500® INDEX AND MAY BE INCLUDED IN THE S&P 500® Low Volatility High Dividend Index,** but JPMorgan Chase & Co. will not have any obligation to consider your interests in taking any corporate action that might affect the level of either index.

**CORRELATION (OR LACK OF CORRELATION) OF THE INDICES —**

The notes are linked to an equally weighted Basket composed of two Indices. In calculating the Final Basket Value, an increase in the level of one of the Indices may be moderated, or more than offset, by a lesser increase or decline in the level of the other Index. In addition, high correlation of movements in the levels of the Indices during periods of negative returns among the Indices could have an adverse effect on the payment at maturity on the notes.

**THE NOTES DO NOT PAY INTEREST.**

**YOU WILL NOT RECEIVE DIVIDENDS ON THE SECURITIES INCLUDED IN EITHER INDEX OR HAVE ANY RIGHTS WITH RESPECT TO THOSE SECURITIES.**

**THERE IS NO ASSURANCE THAT STRATEGIES EMPLOYED BY THE S&P 500® Low Volatility High Dividend Index and the EURO STOXX® Select Dividend 30 Index WILL BE SUCCESSFUL —**

The S&P 500® Low Volatility High Dividend Index is designed to measure the performance of the 50 least-volatile among the 75 highest dividend-yielding companies in the S&P 500® Index, subject to sector and individual constituent concentration limits. There is, however, no assurance that the S&P 500® Low Volatility High Dividend Index will exhibit low volatility or provide higher risk-weighted returns than the S&P 500® Index or any other index or strategy. Although the S&P 500® Low Volatility High Dividend Index measures the performance of high dividend-yielding companies, the S&P 500® Low Volatility High Dividend Index is a price return index and, therefore, the return on the S&P 500® Low Volatility High Dividend Index will not include any dividends paid on the securities that make up the S&P 500® Low Volatility High Dividend Index. In addition, the S&P 500® Low Volatility High Dividend Index is constructed pursuant to a weighting methodology in which the weights of components reflect



their dividend yields. It is possible that the stock selection and weighting methodology of the S&P 500<sup>®</sup> Low Volatility High Dividend Index will adversely affect its return (for example, by providing exposure to stocks that do not perform as well as other stocks with higher volatility or with lower dividend yields) and, consequently, the closing level of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the value of the notes. The S&P 500<sup>®</sup> Low Volatility High Dividend Index may also underperform the S&P 500<sup>®</sup> Index as a whole.

The EURO STOXX<sup>®</sup> Select Dividend 30 Index is composed of 30 of the highest dividend-paying stocks selected from the components of the EURO STOXX<sup>®</sup> Index, which provides a broad representation of the developed markets in the Eurozone. There is, however, no assurance that the EURO STOXX<sup>®</sup> Select Dividend 30 Index will outperform any other any index or strategy that tracks Eurozone stocks selected using other criteria. Although the EURO STOXX<sup>®</sup> Select Dividend 30 Index measures the

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Notes Linked to an Equally Weighted Basket Consisting of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index

performance of high dividend-yielding companies, the EURO STOXX<sup>®</sup> Select Dividend 30 Index is a price return index and, therefore, the return on the EURO STOXX<sup>®</sup> Select Dividend 30 Index will not include any dividends paid on the securities that make up the EURO STOXX<sup>®</sup> Select Dividend 30 Index. In addition, the EURO STOXX<sup>®</sup> Select Dividend 30 Index is constructed pursuant to a weighting methodology in which the weights of components reflect their indicated annual net dividend yields. It is possible that the stock selection and weighting methodology of the EURO STOXX<sup>®</sup> Select Dividend 30 Index will adversely affect its return (for example, by providing exposure to stocks that do not perform as well as other stocks with lower dividend yields) and, consequently, the value of the EURO STOXX<sup>®</sup> Select Dividend 30 Index and of the notes. The EURO STOXX<sup>®</sup> Select Dividend 30 Index may also underperform the EURO STOXX<sup>®</sup> Index as a whole.

**The S&P 500<sup>®</sup> Low Volatility High Dividend Index is subject to concentration risk —**

The S&P 500<sup>®</sup> Low Volatility High Dividend Index is designed to measure the performance of the 50 least-volatile among the 75 highest dividend-yielding companies in the S&P 500<sup>®</sup> Index, subject to sector and individual constituent concentration limits. Because volatility and dividend yield vary by industry and sector, the S&P 500<sup>®</sup> Low Volatility High Dividend Index may be concentrated to a significant degree in securities of issuers located in a single industry or sector or a small number of industries or sectors. By concentrating its investments in an industry or sector, the S&P 500<sup>®</sup> Low Volatility High Dividend Index may face more risks than if it were diversified broadly over numerous industries or sectors. Accordingly, the S&P 500<sup>®</sup> Low Volatility High Dividend Index may be more adversely affected by negative economic, political or regulatory occurrences affecting its constituents and the relevant industries and sectors than a more broadly diversified stock index.

**NON-U.S. SECURITIES RISK WITH RESPECT TO THE EURO STOXX<sup>®</sup> Select Dividend 30 Index —**

The equity securities included in the EURO STOXX<sup>®</sup> Select Dividend 30 Index have been issued by non-U.S. companies. Investments in securities linked to the value of such non-U.S. equity securities involve risks associated with the securities markets in the home countries of the issuers of those non-U.S. equity securities. Also, there is generally less publicly available information about companies in some of these jurisdictions than there is about U.S. companies that are subject to the reporting requirements of the SEC.

**NO DIRECT EXPOSURE TO FLUCTUATIONS IN FOREIGN EXCHANGE RATES WITH RESPECT TO THE EURO STOXX<sup>®</sup> Select Dividend 30 Index —**

The value of your notes will not be adjusted for exchange rate fluctuations between the U.S. dollar and the currencies upon which the equity securities included in the EURO STOXX<sup>®</sup> Select Dividend 30 Index are based, although any currency fluctuations could affect the performance of the EURO STOXX<sup>®</sup> Select Dividend 30 Index.

**DESPITE THE NAMES OF THE S&P 500<sup>®</sup> Low Volatility High Dividend Index AND THE EURO STOXX<sup>®</sup> Select Dividend 30 Index, THE INDICES ARE price return indices, which means that the returns on THE INDICES will not include any dividends paid on the securities that make up THE INDICES.**

**LACK OF LIQUIDITY —**

The notes will not be listed on any securities exchange. Accordingly, the price at which you may be able to trade your notes is likely to depend on the price, if any, at which JPMS is willing to buy the notes. You may not be able to sell your notes. The notes are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your notes to maturity.

**THE ESTIMATED VALUE OF THE NOTES IS LOWER THAN THE ORIGINAL ISSUE PRICE (PRICE TO PUBLIC) OF THE NOTES —**

The estimated value of the notes is only an estimate determined by reference to several factors. The original issue price of the notes exceeds the estimated value of the notes because costs associated with selling, structuring and hedging the notes are included in the original issue price of the notes. These costs include the selling commissions, the projected profits, if any, that our affiliates expect to realize for assuming risks inherent in hedging our obligations

under the notes and the estimated cost of hedging our obligations under the notes. See “The Estimated Value of the Notes” in this pricing supplement.

**THE ESTIMATED VALUE OF THE NOTES DOES NOT REPRESENT FUTURE VALUES OF THE NOTES AND MAY DIFFER FROM OTHERS’ ESTIMATES —**

See “The Estimated Value of the Notes” in this pricing supplement.

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Notes Linked to an Equally Weighted Basket Consisting of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index

**THE ESTIMATED VALUE OF THE NOTES IS DERIVED BY REFERENCE TO AN INTERNAL FUNDING RATE —**

The internal funding rate used in the determination of the estimated value of the notes is based on, among other things, our and our affiliates' view of the funding value of the notes as well as the higher issuance, operational and ongoing liability management costs of the notes in comparison to those costs for the conventional fixed-rate debt of JPMorgan Chase & Co. The use of an internal funding rate and any potential changes to that rate may have an adverse effect on the terms of the notes and any secondary market prices of the notes. See "The Estimated Value of the Notes" in this pricing supplement.

**THE VALUE OF THE NOTES AS PUBLISHED BY JPMS (AND WHICH MAY BE REFLECTED ON CUSTOMER ACCOUNT STATEMENTS) MAY BE HIGHER THAN THE THEN-CURRENT ESTIMATED VALUE OF THE NOTES FOR A LIMITED TIME PERIOD —**

We generally expect that some of the costs included in the original issue price of the notes will be partially paid back to you in connection with any repurchases of your notes by JPMS in an amount that will decline to zero over an initial predetermined period. See "Secondary Market Prices of the Notes" in this pricing supplement for additional information relating to this initial period. Accordingly, the estimated value of your notes during this initial period may be lower than the value of the notes as published by JPMS (and which may be shown on your customer account statements).

**SECONDARY MARKET PRICES OF THE NOTES WILL LIKELY BE LOWER THAN THE ORIGINAL ISSUE PRICE OF THE NOTES —**

Any secondary market prices of the notes will likely be lower than the original issue price of the notes because, among other things, secondary market prices take into account our internal secondary market funding rates for structured debt issuances and, also, because secondary market prices (a) exclude selling commissions and (b) may exclude projected hedging profits, if any, and estimated hedging costs that are included in the original issue price of the notes. As a result, the price, if any, at which JPMS will be willing to buy the notes from you in secondary market transactions, if at all, is likely to be lower than the original issue price. Any sale by you prior to the Maturity Date could result in a substantial loss to you.

**SECONDARY MARKET PRICES OF THE NOTES WILL BE IMPACTED BY MANY ECONOMIC AND MARKET FACTORS —**

The secondary market price of the notes during their term will be impacted by a number of economic and market factors, which may either offset or magnify each other, aside from the selling commissions, projected hedging profits, if any, estimated hedging costs and the level of the Basket. Additionally, independent pricing vendors and/or third party broker-dealers may publish a price for the notes, which may also be reflected on customer account statements. This price may be different (higher or lower) than the price of the notes, if any, at which JPMS may be willing to purchase your notes in the secondary market. See "Risk Factors — Risks Relating to the Estimated Value and Secondary Market Prices of the Notes — Secondary market prices of the notes will be impacted by many economic and market factors" in the accompanying product supplement.

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Notes Linked to an Equally Weighted Basket Consisting of the S&P 500® Low Volatility High Dividend Index and the EURO STOXX® Select Dividend 30 Index

## The Basket

The return on the notes is linked to an equally weighted basket consisting of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index.

The S&P 500<sup>®</sup> Low Volatility High Dividend Index is designed to measure the performance of the 50 least-volatile among the 75 highest dividend-yielding companies in the S&P 500<sup>®</sup> Index, subject to sector and individual constituent concentration limits. Although the S&P 500<sup>®</sup> Low Volatility High Dividend Index measures the performance of high dividend-yielding companies, the S&P 500<sup>®</sup> Low Volatility High Dividend Index is a “price return index” and, therefore, the return on the S&P 500<sup>®</sup> Low Volatility High Dividend Index will not include any dividends paid on the securities that make up the S&P 500<sup>®</sup> Low Volatility High Dividend Index. For additional information about the S&P 500<sup>®</sup> Low Volatility High Dividend Index, see Annex A in this pricing supplement.

The EURO STOXX<sup>®</sup> Select Dividend 30 Index is composed of 30 of the highest dividend-paying stocks selected from the components of the EURO STOXX<sup>®</sup> Index, which provides a broad representation of the developed markets in the Eurozone. The component stocks are selected from 11 Eurozone countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Not all 11 countries are represented in the EURO STOXX<sup>®</sup> Select Dividend 30 Index at any given time. Although the EURO STOXX<sup>®</sup> Select Dividend 30 Index measures the performance of high dividend-yielding companies, the EURO STOXX<sup>®</sup> Select Dividend 30 Index is a “price return index” and, therefore, the return on the EURO STOXX<sup>®</sup> Select Dividend 30 Index will not include any dividends paid on the securities that make up the EURO STOXX<sup>®</sup> Select Dividend 30 Index. For additional information about the EURO STOXX<sup>®</sup> Select Dividend 30 Index, see Annex B in this pricing supplement.

## Historical Information

The following graphs set forth the historical performance of the Basket as a whole, as well as each Index, based on the weekly historical closing levels from January 4, 2013 through January 25, 2019. The graph of the historical performance of the Basket assumes that the closing level of the Basket on January 4, 2013 was 100 and that the weights of the Indices were as specified under “Key Terms — Basket” in this pricing supplement on that date. The closing level of the S&P 500<sup>®</sup> Low Volatility High Dividend Index on January 31, 2019 was 6,912.770. The closing level of the EURO STOXX<sup>®</sup> Select Dividend 30 Index on January 31, 2019 was 1,876.91. We obtained the closing levels of the Indices above and below from the Bloomberg Professional<sup>®</sup> service (“Bloomberg”), without independent verification.

The historical closing levels of the Basket and the Indices should not be taken as an indication of future performance, and no assurance can be given as to the closing level of the Basket on the Observation Date or the closing levels of the Indices on the Observation Date. There can be no assurance that the performance of the Basket will result in a payment at maturity in excess of \$950.00 per \$1,000 principal amount note, subject to the credit risks of JPMorgan Financial and JPMorgan Chase & Co.

## PS-7 | Structured Investments

Notes Linked to an Equally Weighted Basket Consisting of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index

### Treatment as Contingent Payment Debt Instruments

You should review carefully the section entitled “Material U.S. Federal Income Tax Consequences,” and in particular the subsection thereof entitled “— Tax Consequences to U.S. Holders — Notes with a Term of More than One Year — Notes Treated as Contingent Payment Debt Instruments” in the accompanying product supplement no. 3-I. Notwithstanding that the notes do not provide for the full repayment of their principal amount at or prior to maturity, our special tax counsel, Davis Polk & Wardwell LLP, is of the opinion that the notes should be treated for U.S. federal income tax purposes as “contingent payment debt instruments.” Assuming this treatment is respected, as discussed in that subsection, you generally will be required to accrue original issue discount (“OID”) on your notes in each taxable year at the “comparable yield,” as determined by us, although we will not make any payment with respect to the notes until maturity. Upon sale or exchange (including at maturity), you will recognize taxable income or loss equal to the difference between the amount received from the sale or exchange and your adjusted basis in the note, which generally will equal the cost thereof, increased by the amount of OID you have accrued in respect of the note. You generally must treat any income as interest income and any loss as ordinary loss to the extent of previous interest inclusions, and the balance as capital loss. The deductibility of capital losses is subject to limitations. The discussions herein and in the accompanying product supplement do not address the consequences to taxpayers subject to special tax accounting rules under Section 451(b) of the Code. Purchasers who are not initial purchasers of notes at their issue price should consult their tax advisers with respect to the tax consequences of an investment in notes, including the treatment of the difference, if any, between the basis in their notes and the notes’ adjusted issue price.

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Notes Linked to an Equally Weighted Basket Consisting of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index

Section 871(m) of the Code and Treasury regulations promulgated thereunder (“Section 871(m)”) generally impose a 30% withholding tax (unless an income tax treaty applies) on dividend equivalents paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities. Section 871(m) provides certain exceptions to this withholding regime, including for instruments linked to certain broad-based indices that meet requirements set forth in the applicable Treasury regulations (such as an index, a “Qualified Index”). Additionally, a recent IRS notice excludes from the scope of Section 871(m) instruments issued prior to January 1, 2021 that do not have a delta of one with respect to underlying securities that could pay U.S.-source dividends for U.S. federal income tax purposes (each an “Underlying Security”). Based on certain determinations made by us, our special tax counsel is of the opinion that Section 871(m) should not apply to the notes with regard to Non-U.S. Holders. Our determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on your particular circumstances, including whether you enter into other transactions with respect to an Underlying Security. You should consult your tax adviser regarding the potential application of Section 871(m) to the notes.

Withholding under legislation commonly referred to as “FATCA” may apply to the payment on your notes at maturity, as well as to the gross proceeds of a sale or other disposition of a note prior to maturity, although under recently proposed regulations (the preamble to which specifies that taxpayers are permitted to rely on them pending finalization), no withholding will apply to payments of gross proceeds (other than any amount treated as interest). You should consult your tax adviser regarding the potential application of FATCA to the notes.

The discussions in the preceding paragraphs, when read in combination with the section entitled “Material U.S. Federal Income Tax Consequences” (and in particular the subsection thereof entitled “— Tax Consequences to U.S. Holders — Notes with a Term of More than One Year — Notes Treated as Contingent Payment Debt Instruments”) in the accompanying product supplement, constitute the full opinion of Davis Polk & Wardwell LLP regarding the material U.S. federal income tax consequences of owning and disposing of notes.

**Comparable Yield and Projected Payment Schedule**

We have determined that the “comparable yield” is an annual rate of 3.12%, compounded semiannually. Based on our determination of the comparable yield, the “projected payment schedule” per \$1,000 principal amount note consists of a single payment at maturity, equal to \$1,096.90. Assuming a semiannual accrual period, the following table sets out the amount of OID that will accrue with respect to a note during each calendar period, based upon our determination of the comparable yield and projected payment schedule.

<b>Calendar Period</b>	<b>Accrued OID During Calendar Period (Per \$1,000 Principal Amount Note)</b>	<b>Total Accrued OID from Original Issue Date (Per \$1,000 Principal Amount Note) as of End of Calendar Period</b>
February 5, 2019 through December 31, 2019.....	\$28.37	\$28.37
January 1, 2020 through December 31, 2020.....	\$32.33	\$60.70
January 1, 2021 through December 31, 2021.....	\$33.36	\$94.06
January 1, 2022 through January 31, 2022.....	\$2.84	\$96.90

Neither the comparable yield nor the projected payment schedule constitutes a representation by us regarding the actual Additional Amount, if any, that we will pay on the notes. The amount you actually receive at maturity or earlier sale or exchange of your notes will affect your income for that year, as described above under “Treatment as Contingent Payment Debt Instruments.”

The Estimated Value of the Notes

The estimated value of the notes set forth on the cover of this pricing supplement is equal to the sum of the values of the following hypothetical components: (1) a fixed-income debt component with the same maturity as the notes, valued using the internal funding rate described below, and (2) the derivative or derivatives underlying the economic terms of the notes. The estimated value of the notes does not represent a minimum price at which JPMS would be willing to buy your notes in any secondary market (if any exists) at

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Notes Linked to an Equally Weighted Basket Consisting of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index



any time. The internal funding rate used in the determination of the estimated value of the notes is based on, among other things, our and our affiliates' view of the funding value of the notes as well as the higher issuance, operational and ongoing liability management costs of the notes in comparison to those costs for the conventional fixed-rate debt of JPMorgan Chase & Co. For additional information, see "Selected Risk Considerations — The Estimated Value of the Notes Is Derived by Reference to an Internal Funding Rate" in this pricing supplement.

The value of the derivative or derivatives underlying the economic terms of the notes is derived from internal pricing models of our affiliates. These models are dependent on inputs such as the traded market prices of comparable derivative instruments and on various other inputs, some of which are market-observable, and which can include volatility, dividend rates, interest rates and other factors, as well as assumptions about future market events and/or environments. Accordingly, the estimated value of the notes is determined when the terms of the notes are set based on market conditions and other relevant factors and assumptions existing at that time.

The estimated value of the notes does not represent future values of the notes and may differ from others' estimates. Different pricing models and assumptions could provide valuations for the notes that are greater than or less than the estimated value of the notes. In addition, market conditions and other relevant factors in the future may change, and any assumptions may prove to be incorrect. On future dates, the value of the notes could change significantly based on, among other things, changes in market conditions, our or JPMorgan Chase & Co.'s creditworthiness, interest rate movements and other relevant factors, which may impact the price, if any, at which JPMS would be willing to buy notes from you in secondary market transactions.

The estimated value of the notes is lower than the original issue price of the notes because costs associated with selling, structuring and hedging the notes are included in the original issue price of the notes. These costs include the selling commissions paid to JPMS and other affiliated or unaffiliated dealers, the projected profits, if any, that our affiliates expect to realize for assuming risks inherent in hedging our obligations under the notes and the estimated cost of hedging our obligations under the notes. Because hedging our obligations entails risk and may be influenced by market forces beyond our control, this hedging may result in a profit that is more or less than expected, or it may result in a loss. A portion of the profits, if any, realized in hedging our obligations under the notes may be allowed to other affiliated or unaffiliated dealers, and we or one or more of our affiliates will retain any remaining hedging profits. See "Selected Risk Considerations — The Estimated Value of the Notes Is Lower Than the Original Issue Price (Price to Public) of the Notes" in this pricing supplement.

#### Secondary Market Prices of the Notes

For information about factors that will impact any secondary market prices of the notes, see "Risk Factors — Risks Relating to the Estimated Value and Secondary Market Prices of the Notes — Secondary market prices of the notes will be impacted by many economic and market factors" in the accompanying product supplement. In addition, we generally expect that some of the costs included in the original issue price of the notes will be partially paid back to you in connection with any repurchases of your notes by JPMS in an amount that will decline to zero over an initial predetermined period. These costs can include projected hedging profits, if any, and, in some circumstances, estimated hedging costs and our internal secondary market funding rates for structured debt issuances. This initial predetermined time period is intended to be the shorter of six months and one-half of the stated term of the notes. The length of any such initial period reflects the structure of the notes, whether our affiliates expect to earn a profit in connection with our hedging activities, the estimated costs of hedging the notes and when these costs are incurred, as determined by our affiliates. See "Selected Risk Considerations — The Value of the Notes as Published by JPMS (and Which May Be Reflected on Customer Account Statements) May Be Higher Than the Then-Current Estimated Value of the Notes for a Limited Time Period" in this pricing supplement.

#### Supplemental Use of Proceeds

The notes are offered to meet investor demand for products that reflect the risk-return profile and market exposure provided by the notes. See “Hypothetical Payout Profile” and “How the Notes Work” in this pricing supplement for an illustration of the risk-return profile of the notes and “The Basket” in this pricing supplement for a description of the market exposure provided by the notes.

The original issue price of the notes is equal to the estimated value of the notes plus the selling commissions paid to JPMS and other affiliated or unaffiliated dealers, plus (minus) the projected profits (losses) that our affiliates expect to realize for assuming risks inherent in hedging our obligations under the notes, plus the estimated cost of hedging our obligations under the notes.

### **Supplemental Plan of Distribution**

We expect that delivery of the notes will be made against payment for the notes on or about the Original Issue Date set forth on the front cover of this pricing supplement, which will be the third business day following the Pricing Date of the notes (this settlement cycle being referred to as “T+3”). Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market

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Notes Linked to an Equally Weighted Basket Consisting of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index

generally are required to settle in two business days, unless the parties to that trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on any date prior to two business days before delivery will be required to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors.

#### Validity of the Notes and the Guarantee

In the opinion of Davis Polk & Wardwell LLP, as special products counsel to JPMorgan Financial and JPMorgan Chase & Co., when the notes offered by this pricing supplement have been executed and issued by JPMorgan Financial and authenticated by the trustee pursuant to the indenture, and delivered against payment as contemplated herein, such notes will be valid and binding obligations of JPMorgan Financial and the related guarantee will constitute a valid and binding obligation of JPMorgan Chase & Co., enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith), *provided* that such counsel expresses no opinion as to (i) the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law on the conclusions expressed above or (ii) any provision of the indenture that purports to avoid the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law by limiting the amount of JPMorgan Chase & Co.'s obligation under the related guarantee. This opinion is given as of the date hereof and is limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the Delaware Limited Liability Company Act. In addition, this opinion is subject to customary assumptions about the trustee's authorization, execution and delivery of the indenture and its authentication of the notes and the validity, binding nature and enforceability of the indenture with respect to the trustee, all as stated in the letter of such counsel dated March 8, 2018, which was filed as an exhibit to the Registration Statement on Form S-3 by JPMorgan Financial and JPMorgan Chase & Co. on March 8, 2018.

#### Additional Terms Specific to the Notes

You should read this pricing supplement together with the accompanying prospectus, as supplemented by the accompanying prospectus supplement relating to our Series A medium-term notes of which these notes are a part, and the more detailed information contained in the accompanying product supplement and the accompanying underlying supplement. This pricing supplement, together with the documents listed below, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in the "Risk Factors" sections of the accompanying product supplement and the accompanying underlying supplement, as the notes 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 these documents on the SEC website at [www.sec.gov](http://www.sec.gov) as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

Product supplement no. 3-I dated April 5, 2018:

[http://www.sec.gov/Archives/edgar/data/19617/000095010318004518/dp87527\\_424b2-ps3i.pdf](http://www.sec.gov/Archives/edgar/data/19617/000095010318004518/dp87527_424b2-ps3i.pdf)

Underlying supplement no. 1-I dated April 5, 2018:

[http://www.sec.gov/Archives/edgar/data/19617/000095010318004514/crt\\_dp87766-424b2.pdf](http://www.sec.gov/Archives/edgar/data/19617/000095010318004514/crt_dp87766-424b2.pdf)

Prospectus supplement and prospectus, each dated April 5, 2018:

[http://www.sec.gov/Archives/edgar/data/19617/000095010318004508/dp87767\\_424b2-ps.pdf](http://www.sec.gov/Archives/edgar/data/19617/000095010318004508/dp87767_424b2-ps.pdf)

Our Central Index Key, or CIK, on the SEC website is 1665650, and JPMorgan Chase & Co.'s CIK is 19617. As used in this pricing supplement, "we," "us" and "our" refer to JPMorgan Financial.

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Notes Linked to an Equally Weighted Basket Consisting of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index

## **Annex a**

### **The S&P 500<sup>®</sup> Low Volatility High Dividend Index**

All information contained in this pricing supplement regarding the S&P 500<sup>®</sup> Low Volatility High Dividend Index, including, without limitation, its make-up, method of calculation and changes in its components, has been derived from publicly available information, without independent verification. This information reflects the policies of, and is subject to change by, S&P Dow Jones Indices LLC (“S&P Dow Jones”). The S&P 500<sup>®</sup> Low Volatility High Dividend Index is calculated, maintained and published by S&P Dow Jones. S&P Dow Jones has no obligation to continue to publish, and may discontinue the publication of, the S&P 500<sup>®</sup> Low Volatility High Dividend Index.

The S&P 500<sup>®</sup> Low Volatility High Dividend Index began publishing on September 17, 2012 and has a base date of January 31, 1990 and a base value of 100.00. The price return of the S&P 500<sup>®</sup> Low Volatility High Dividend Index is reported by Bloomberg, L.P. under the ticker symbol “SP5LVHD.”

The S&P 500<sup>®</sup> Low Volatility High Dividend Index is a modified dividend yield-weighted index that is designed to measure the performance of the 50 least-volatile among the 75 highest dividend-yielding companies in the S&P 500<sup>®</sup> Index, subject to sector and individual constituent concentration limits. Although the Low Volatility Dividend Yield Index measures the performance of high dividend-yielding companies, it is a price return index and, therefore, the return on the S&P 500<sup>®</sup> Low Volatility High Dividend Index will not include any dividends paid on the securities that make up the S&P 500<sup>®</sup> Low Volatility High Dividend Index.

#### ***Index Constituent Selection***

To be eligible for inclusion in the S&P 500<sup>®</sup> Low Volatility High Dividend Index, a stock must be a constituent of the S&P 500<sup>®</sup> Index. For additional information about the S&P 500<sup>®</sup> Index, including the methodology for inclusion in the S&P 500<sup>®</sup> Index, see “Equity Index Descriptions — S&P U.S. Indices” in the accompanying underlying supplement.

S&P Dow Jones first selects the stocks to be included in the S&P 500<sup>®</sup> Low Volatility High Dividend Index and then weights those constituents. Generally, a stock must have been issued and trading on all trading days in the 12 months leading up to the rebalancing reference date to be included in the S&P 500<sup>®</sup> Low Volatility High Dividend Index. Some companies may have more than one share class or more than one listing in the S&P 500<sup>®</sup> Index. In the S&P 500<sup>®</sup> Low Volatility High Dividend Index, each company is represented once by the primary listing, which is generally the most liquid share class.

S&P Dow Jones selects the stocks to be included in the S&P 500<sup>®</sup> Low Volatility High Dividend Index by ranking the stocks in the S&P 500<sup>®</sup> Index in descending order by their 12-month trailing dividend yield. Dividend yield is calculated by dividing each stock’s dividends per share for the prior 12 months by the stock price as of the rebalancing reference date. Special dividends are not considered in the calculation of dividend yields. The 75 stocks with the highest dividend yield are selected, with the number of stocks from each Global Industry Classification Standard (“GICS<sup>®</sup>”) sector capped at 10. If the number of stocks from a GICS<sup>®</sup> sector reaches 10, the remaining highest yielding stocks from other sectors are selected until the number of selected stocks reaches 75. Using available price return data for the trailing 252 trading day leading up to the rebalancing reference date, the realized volatilities of these stocks are calculated. Realized volatility is defined as the standard deviation of the stock’s daily price returns over the prior 252 trading days. Those stocks are then ranked in ascending order based on their realized volatility. The 50 stocks with the lowest realized volatility form the S&P 500<sup>®</sup> Low Volatility High Dividend Index.

At times, a company may appear to temporarily violate one or more of the addition criteria. However, the addition criteria are for addition to the S&P 500<sup>®</sup> Low Volatility High Dividend Index, not for continued membership. As a

result, an index constituent that appears to violate criteria for addition to the S&P 500<sup>®</sup> Low Volatility High Dividend Index is not deleted unless ongoing conditions warrant an index change.

At the discretion of S&P Dow Jones, a stock may be excluded from the S&P 500<sup>®</sup> Low Volatility High Dividend Index, or not considered for membership, at a semi-annual rebalancing if S&P Dow Jones determines the stock's dividend yield to be unsustainable.

Except for major corporate actions, such as mergers and spin-offs, additions and deletions of stocks generally only take place at the time of the reconstitution. In addition, constituents removed from the S&P 500<sup>®</sup> Index are also removed from the S&P 500<sup>®</sup> Low Volatility High Dividend Index simultaneously.

***Index Rebalancing***

The S&P 500<sup>®</sup> Low Volatility High Dividend Index is rebalanced after the close of the last business day of January and July based on market data from the rebalancing reference dates, which are the last business day of December and June, respectively. The

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constituents' shares are calculated using closing prices five business days prior to the rebalancing date as the reference price. The constituents' shares are calculated and assigned to each stock to arrive at the weights determined on the rebalancing reference date.

The index committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any change will be announced with proper advance notice where possible.

### *Index Calculation and Governance*

The S&P 500<sup>®</sup> Low Volatility High Dividend Index is calculated using the same methodology as the S&P 500<sup>®</sup> Index, except that the constituents of the S&P 500<sup>®</sup> Low Volatility High Dividend Index are weighted by dividend yield. In addition, at each rebalancing, modifications are made to stock weights to increase diversification across individual stocks and sectors. The weight for each constituent of the S&P 500<sup>®</sup> Low Volatility High Dividend Index is constrained between 0.05% and 3.0%, and the weight of each GICS<sup>®</sup> sector is capped at 25%. The S&P 500<sup>®</sup> Low Volatility High Dividend Index is governed using the same methodology as the S&P 500<sup>®</sup> Index. For additional information about the calculation and governance of the S&P 500<sup>®</sup> Index, see "Equity Index Descriptions — The S&P 500<sup>®</sup> Index" in the accompanying underlying supplement.

### *License Agreement*

S&P Dow Jones and J.P. Morgan Securities LLC have entered into a non-exclusive license agreement providing for the sub-license to us, and certain of our affiliated or subsidiary companies, in exchange for a fee, of the right to use the S&P 500<sup>®</sup> Low Volatility High Dividend Index, which is owned and published by S&P Dow Jones, in connection with certain financial products, including the notes.

The notes are not sponsored, endorsed, sold or promoted by S&P Dow Jones or its third party licensors. Neither S&P Dow Jones nor its third party licensors makes any representation or warranty, express or implied, to the owners of the notes or any member of the public regarding the advisability of investing in financial products generally or in the notes particularly or the ability of the S&P 500<sup>®</sup> Low Volatility High Dividend Index to track general stock market performance. S&P Dow Jones's and its third party licensor's only relationship to JPMorgan Chase Bank, N.A. is the licensing of certain trademarks and trade names of S&P Dow Jones and the third party licensors and of the S&P 500<sup>®</sup> Low Volatility High Dividend Index which is determined, composed and calculated by S&P Dow Jones or its third party licensors without regard to JPMorgan Chase Bank, N.A. or the notes. S&P Dow Jones and its third party licensors have no obligation to take the needs of JPMorgan Chase Bank, N.A. or the owners of the notes into consideration in determining, composing or calculating the S&P 500<sup>®</sup> Low Volatility High Dividend Index. Neither S&P Dow Jones nor its third party licensors is responsible for and has not participated in the determination of the prices and amount of the notes or the timing of the issuance or sale of the notes or in the determination or calculation of the equation by which the notes are to be converted into cash. S&P Dow Jones has no obligation or liability in connection with the administration, marketing or trading of the notes.

**NEITHER S&P DOW JONES, ITS AFFILIATES NOR THEIR THIRD PARTY LICENSORS GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE S&P 500<sup>®</sup> LOW VOLATILITY HIGH DIVIDEND INDEX OR ANY DATA INCLUDED THEREIN OR ANY COMMUNICATIONS, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATIONS (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES, ITS AFFILIATES AND THEIR THIRD PARTY LICENSORS SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS OR DELAYS THEREIN. S&P DOW JONES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE**

**MARKS, THE S&P 500<sup>®</sup> LOW VOLATILITY HIGH DIVIDEND INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES, ITS AFFILIATES OR THEIR THIRD PARTY LICENSORS BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE.**

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Notes Linked to an Equally Weighted Basket Consisting of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index



## ANNEX B

### **The EURO STOXX® Select Dividend 30 Index**

All information contained in this pricing supplement regarding the EURO STOXX® Select Dividend 30 Index, including, without limitation, its make-up, method of calculation and changes in its components, has been derived from publicly available information, without independent verification. This information reflects the policies of, and is subject to change by, STOXX Limited. The EURO STOXX® Select Dividend 30 Index is calculated, maintained and published by STOXX Limited. STOXX Limited has no obligation to continue to publish, and may discontinue publication of, the EURO STOXX® Select Dividend 30 Index.

The EURO STOXX® Select Dividend 30 Index is reported by Bloomberg L.P. under the ticker symbol “SD3E.”

The EURO STOXX® Select Dividend 30 Index was created by STOXX Limited, a wholly owned subsidiary of Deutsche Börse AG. The EURO STOXX® Select Dividend 30 Index has a base date of December 30, 1998 and a base value of 1,000. The EURO STOXX® Select Dividend 30 Index is disseminated on the STOXX Limited website: <http://www.stoxx.com>, which sets forth, among other things, the country and industrial sector weightings of the securities included in the EURO STOXX® Select Dividend 30 Index. Information contained in the STOXX Limited website is not incorporated by reference in, and should not be considered a part of, this pricing supplement.

### ***EURO STOXX® Select Dividend 30 Index Composition and Maintenance***

The EURO STOXX® Select Dividend 30 Index is composed of 30 of the highest dividend-paying stocks selected from the components of the EURO STOXX® Index, which provides a broad representation of the developed markets in the Eurozone. The component stocks are selected from 11 Eurozone countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Not all 11 countries are represented in the EURO STOXX® Select Dividend 30 Index at any given time. Although the EURO STOXX® Select Dividend 30 Index measures the performance of high dividend-yielding companies, it is a price return index and, therefore, the return on the EURO STOXX® Select Dividend 30 Index will not include any dividends paid on the securities that make up the EURO STOXX® Select Dividend 30 Index.

Components of the EURO STOXX® Index and their secondary share lines are eligible. Companies are screened for the following criteria: indicated annualized dividend (applies for components and non-components), non-negative dividend growth rate over the past five years (applies for non-components only), dividend payments in four out of five calendar years (applies for non-components only), non-negative payout ratio (applies for components and non-components), payout ratio of less than or equal to 60% (applies for non-components only) and a minimum level of liquidity (applies for non-components) as described below. For companies that have more than one share line, the line with the higher dividend yield is chosen.

The minimum liquidity threshold for each non-component is based on the average daily traded value over the 3-month period ending on the month prior to the review month and is determined as follows:

where  $ADTV_i$  represents the average daily traded value of the  $i$ th non-component stock over the 3-month period ending on the month prior to the review month.

To obtain the selection list, all companies are ranked according to an outperformance factor, calculated as the net dividend yield of the company divided by the greater of maximum of (the relevant STOXX<sup>®</sup> Country TMI net dividend yield; EURO STOXX<sup>®</sup> TMI net dividend yield) – 1. All current companies ranked from 1 to 60 in the selection list will remain in EURO STOXX<sup>®</sup> Select Dividend 30 Index. If the number is below 30, the highest ranked non-components are added until there are enough stocks.

The composition of the EURO STOXX<sup>®</sup> Select Dividend 30 Index is reviewed annually in March. The EURO STOXX<sup>®</sup> Select Dividend 30 Index is also reviewed on an ongoing basis.

To maintain the number of components constant, a deleted stock is replaced with the highest-ranked non-component on the selection list. The selection list is updated on a quarterly basis according to the review component selection process. The restrictions on the maximum count per country are applied. If a company is deleted from the EURO STOXX<sup>®</sup> Index between the annual review dates, but is still a component of the STOXX<sup>®</sup> Global TMI, the stock will remain in the EURO STOXX<sup>®</sup> Select Dividend 30 Index until the next annual review, provided that it still meets the requirements for the EURO STOXX<sup>®</sup> Select Dividend 30 Index.

If STOXX Limited becomes aware of dividend data changes for the components of the EURO STOXX<sup>®</sup> Select Dividend 30 Index, the following index adjustments may occur. The timing of the index adjustment depends on the changes in the dividend data. If the company cancels one of its dividends, the company will be deleted from the EURO STOXX<sup>®</sup> Select Dividend 30 Index, the replacement

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announced immediately, implemented two trading days later and become effective the next trading day. If the company lowers its dividend, the company will remain in the EURO STOXX® Select Dividend 30 Index until the next selection list is available. If the company is ranked 60 or above on this selection list, it is retained. If it is ranked 61 or below on the selection list, it is removed and replaced by the highest-ranked non- component on that selection list. The changes will be announced on the fifth trading day of the month together with the selection list and become effective on the first trading day after the third Friday of the month. The weight factors for the new components will be published on the quarterly underlying data announcement based on previous day closing prices.

Spin-off stocks are not considered for immediate addition in the EURO STOXX® Select Dividend 30 Index. If the original company has a significantly lower dividend after the spin-off, then its status will be reviewed for fast exit as described above. In the case of mergers or takeovers, the original stock is replaced by the surviving stock, if it is ranked 60 or above on this selection list. If the stocks of the surviving company is ranked 61 or below on the selection list, the original stocks are replaced with the highest-ranked non-component on the selection list.

### ***EURO STOXX® Select Dividend 30 Index Calculation***

The EURO STOXX® Select Dividend 30 Index is weighted based on the components' stock prices and weighting factors. The formula for calculating the EURO STOXX® Select Dividend 30 Index value can be expressed as follows:

Where:

- = Index level at time (t)
- t = Time the index is computed
- n = Number of companies in the index
- = Price of company (i) at time (t)
- = Weighting factor of company (i) at time (t)
- = Weighting cap factor of company (i) at time (t)
- = Divisor of the index at time (t)

The weighting factor for each component stock of the EURO STOXX® Select Dividend 30 Index is calculated based on net-dividend yields, as follows:

Where:

- w<sub>i</sub> = weight of company i
- D<sub>i</sub> = net dividend of company i
- p<sub>i</sub> = closing price of company i
- D<sub>j</sub> = net dividend of company j
- p<sub>j</sub> = closing price of company j
- N = number of index components

The weighting factors are published on the second Friday in March, one week prior to quarterly review implementation using Thursday's closing prices.

The weighting cap factor for each component stock of the EURO STOXX® Select Dividend 30 Index is determined as follows:

Weighting cap factor = (1,000,000,000 × initial weight / closing price of the stock in EUR), rounded to integers.

An additional cap factor of 15% applies. All weighting cap factors are reviewed quarterly.

The EURO STOXX<sup>®</sup> Select Dividend 30 Index is also subject to a divisor, which is adjusted to maintain the continuity of EURO STOXX<sup>®</sup> Select Dividend 30 Index values despite changes due to corporate actions. The following is a summary of the adjustments to any component stock made for corporate actions and the effect of such adjustment on the divisor, where shareholders of the component stock will receive “B” number of shares for every “A” share held (where applicable).

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Notes Linked to an Equally Weighted Basket Consisting of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index

(1) Special cash dividend:

Cash distributions that are outside the scope of the regular dividend policy or that the company defines as an extraordinary distribution

Adjusted price = closing price – dividend announced by the company × (1 – withholding tax if applicable)

Divisor: decreases

(2) Split and reverse split:

Adjusted price = closing price × A / B

New weighting factor = old weighting factor × B / A

Divisor: unchanged

(3) Rights offering:

If the subscription price is not available or if the subscription price is equal to or greater than the closing price on the day before the effective date, then no adjustment is made.

For standard rights issues:

Adjusted price = (closing price × A + subscription price × B) / (A + B)

New weighting factor = old weighting factor × closing price / adjusted price

Divisor: unchanged

(4) Stock dividend:

Adjusted price = closing price × A / (A + B)

New weighting factor = old weighting factor × (A + B) / A

Divisor: unchanged

(6) Stock dividend of another company:

Adjusted price = (closing price × A – price of other company × B) / A

Divisor: decreases

(5) Stock dividend (from treasury stock):

Adjusted only if treated as extraordinary dividend.

Adjusted close = close – close × B / (A + B)

Divisor: decreases

(7) Return of capital and share consolidation:

Adjusted price = (closing price – capital return announced by company × (1-withholding tax)) × A / B

New weighting factor = old weighting factor × B / A

Divisor: decreases

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Notes Linked to an Equally Weighted Basket Consisting of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index

(8) Repurchase of shares / self-tender:

Adjusted price = ((price before tender × old number of shares) – (tender price × number of tendered shares)) / (old number of shares – number of tendered shares)

New weighting factor = old number of weighting factor × closing price / adjusted price

Divisor: decreases

(9) Spin-off:

Adjusted price = (closing price × A – price of spun-off shares × B) / A

New weighting factor for the spin-off = weighting factor of the parent company × B / A

Divisor: decreases

(10) Combination stock distribution (dividend or split) and rights offering:

For this corporate action, the following additional assumptions apply:

Shareholders receive B new shares from the distribution and C new shares from the rights offering for every A share held.

- If rights are applicable after stock distribution (one action applicable to other):

Adjusted price = (closing price × A + subscription price × C × (1 + B / A)) / ((A + B) × (1 + C / A))

New weighting factor = old weighting factor × closing price / adjusted price

Divisor: increases

- If stock distribution is applicable after rights (one action applicable to other):

Adjusted price = (closing price × A + subscription price × C) / ((A + C) × (1 + B / A))

New weighting factor = old weighting factor × closing price / adjusted price

Divisor: increases

- Stock distribution and rights (neither action is applicable to the other):

Adjusted price = (closing price × A + subscription price × C) / (A + B + C)

New weighting factor = old weighting factor × closing price / adjusted price

Divisor: increases

(11) Addition / deletion of a company:

No price adjustments are made. The net change in units determines the divisor adjustment.

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Notes Linked to an Equally Weighted Basket Consisting of the S&P 500<sup>®</sup> Low Volatility High Dividend Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index

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Notes Linked to an Equally Weighted Basket Consisting of the S&P 500® Low Volatility High Dividend Index and the EURO STOXX® Select Dividend 30 Index