

# Contingent Annual Interest Certificates of Deposit Linked to a Basket of Commodities due November 30, 2015

Wells Fargo Bank, N.A.



**Subject to Completion  
Preliminary Terms Supplement dated October 21, 2009**

Terms Supplement dated \_\_\_\_\_, 2009 to Disclosure Statement dated September 1, 2009

**The final terms of the CDs will be determined on the Pricing Date and will be set forth in the final Terms Supplement which will be delivered to you after the Pricing Date.**

The certificates of deposit of Wells Fargo Bank, N.A. (the “Bank”) described in this Terms Supplement (the “CDs”) are made available through Morgan Stanley & Co. Incorporated, its affiliates, and/or certain other affiliated or unaffiliated brokers (collectively, the “Brokers”). This Terms Supplement should be read together with the accompanying Disclosure Statement. If the description of the terms of the CDs set forth in this Terms Supplement differs in any way from the description of the general terms of the CDs contained in the accompanying Disclosure Statement, the description of the terms of the CDs in this Terms Supplement shall control. Capitalized terms not defined in this Terms Supplement are defined in the accompanying Disclosure Statement.

**The CDs may not be appropriate for every investor. See “Additional Risk Factors” on page 6 of this Terms Supplement and “Risk Factors” on page 3 of the accompanying Disclosure Statement for a discussion of the risks involved with an investment in the CDs. Early withdrawal of a CD will only be available in the event of death of a beneficial owner of a CD. See “Description of the Certificates of Deposit—Additions or Withdrawals” in the accompanying Disclosure Statement.**

**PRODUCT DESCRIPTION**

This CD provides you with the ability to receive contingent annual interest payments during the term of the CD based on the performance of ten Basket Components included in an equally-weighted basket (the “Basket”). The annual interest payments, if any, will be based on the performance of each of the Basket Components included in the Basket, subject to an individual cap and an individual floor on the performance of each Basket Component. If you hold your CDs until stated maturity, you will receive the Deposit Amount of your CDs plus a final interest payment, if any.

**INDICATIVE TERMS**

Instrument: Certificates of Deposit Linked to a Basket comprised of the following eight physical commodities and two commodity indices, which we refer to collectively as the Basket Components. Each Basket Component has a weighting of 10% in the Basket.

Basket Component	Bloomberg Ticker Symbol	Basket Component Weighting
WTI Crude Oil (the “ <u>Crude Oil Component</u> ”)	CL1	10%
Natural Gas (the “ <u>Natural Gas Component</u> ”)	NG1	10%
Corn (the “ <u>Corn Component</u> ”)	C 1	10%
Soybeans (the “ <u>Soybean Component</u> ”)	S 1	10%
S&P GSCI™ Wheat Index Excess Return (the “ <u>Wheat Index Component</u> ”)	SPGCWHP	10%
S&P GSCI™ Livestock Index Excess Return (the “ <u>Livestock Index Component</u> ”)	SPGCLVP	10%
Copper – Grade A (the “ <u>Copper Component</u> ”)	LOCADY	10%
Gold (the “ <u>Gold Component</u> ”)	GOLDLNPM	10%
Silver (the “ <u>Silver Component</u> ”)	SLVRLN	10%
Platinum (the “ <u>Platinum Component</u> ”)	PLTMLNPM	10%

The S&P GSCI™ Wheat Index Excess Return (as referenced herein as the “Wheat Index Component”) and the S&P GSCI™ Livestock Index Excess Return (as referenced herein as the “Livestock Index Component”) were formerly known as the GSCI Wheat Index Excess Return and

the GSCI Livestock Index Excess Return, respectively. See “The Wheat Index Component” and the “The Livestock Index Component.” The Basket is not a recognized market measure and was created solely for the purpose of offering the CDs.

**Bloomberg ticker symbols are being provided for reference purposes only. With respect to each Basket Component, the Closing Level will be determined based on the prices published by the relevant exchange or the index publisher, as applicable.**

Issuer:	Wells Fargo Bank, N.A.	Denominations:	Integral multiples of \$1,000.
Pricing Date:	On or about November 20, 2009.*	Minimum Deposit:	\$1,000.
Issue Date:	On or about November 30, 2009.*	CUSIP:	949748WE3

Stated Maturity Date:	November 30, 2015 (the “ <u>Initial Stated Maturity Date</u> ”), subject to postponement if a Market Disruption Event occurs. If a Market Disruption Event occurs or is continuing with respect to a Basket Component on a scheduled Valuation Date, the Stated Maturity Date will be the later of (i) three Business Days after the postponed Valuation Date with respect to such Basket Component (or, if the last scheduled Valuation Date is postponed with respect to more than one Basket Component, three Business Days after the last postponed Valuation Date) and (ii) the Initial Stated Maturity Date.
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Payment on the CDs:	You will receive Contingent Interest, if any, on the CDs on each Interest Payment Date. On the Stated Maturity Date, you will receive the Deposit Amount of your CD plus any accrued and unpaid Contingent Interest. No Term Interest will be paid on the CDs.
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Contingent Interest:	Contingent Interest payable on a CD on any Interest Payment Date will be equal to the greater of (i) zero and (ii) the product of: <ul style="list-style-type: none"> <li>• the Deposit Amount of the CD and</li> <li>• the Contingent Interest Rate applicable to such Interest Payment Date.</li> </ul>
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Interest Payment Dates:	Contingent Interest on the CDs will be paid on November 30, 2010, November 29, 2011, November 28, 2012, November 27, 2013, November 28, 2014 and November 30, 2015 (each, an “ <u>Initial Interest Payment Date</u> ”),* subject to postponement if a Market Disruption Event occurs. If a Market Disruption Event occurs or is continuing on the scheduled Valuation Date applicable to an Interest Payment Date, such Interest Payment Dates will be the later of (i) three Business Days after the postponed Valuation Date and (ii) the Initial Interest Payment Date.
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Contingent Interest Rate:	The Contingent Interest Rate used to determine the Contingent Interest payable on an Interest Payment Date will be determined on the Valuation Date immediately preceding such Interest Payment Date and will be equal to the sum of the Weighted Component Returns.
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Component Return:	<p>The Component Return of a Basket Component on the Valuation Date applicable to an Interest Payment Date will be equal to the lesser of: (A) the Capped Component Return; and (B) an amount, expressed as a percentage, equal to</p> $\frac{\text{Current Component Level} - \text{Initial Component Level}}{\text{Initial Component Level}}$ <p>provided, however, that the Component Return of a Basket Component will not be less than the Component Return Floor,</p> <p>where,</p> <ul style="list-style-type: none"> <li>• the “<u>Capped Component Return</u>” for each Basket Component will be within the range of 11.00% to 14.00%, which will be determined on the Pricing Date;</li> <li>• the “<u>Initial Component Level</u>” will be the Closing Level of such Basket Component on the Pricing Date;</li> <li>• the “<u>Current Component Level</u>” will be the Closing Level of such Basket Component on such Valuation Date; and</li> <li>• the “<u>Component Return Floor</u>” for each Basket Component will be -20.00%.</li> </ul>
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Weighted Component Return:	The Weighted Component Return for each Basket Component will be equal to the product of (A) the Component Return for such Basket Component and (B) 10%.
Closing Levels:	<p>The “<u>Closing Level</u>” of any Basket Component on any day will be :</p> <ul style="list-style-type: none"> <li>(i) in the case of the Crude Oil Component, the official settlement price per barrel of the first nearby month futures contract for West Texas Intermediate light sweet crude oil, expressed in U.S. dollars per barrel, traded on the New York Mercantile Exchange (“<u>NYMEX</u>”) on that day (the “<u>NYMEX crude oil price</u>”) as made public by the NYMEX;</li> <li>(ii) in the case of the Natural Gas Component, the official settlement price per one million British thermal units of the first nearby month futures contract for natural gas (as defined below), expressed in U.S. dollars per million British thermal units, traded on the NYMEX on that day (the “<u>NYMEX natural gas price</u>”) as made public by the NYMEX;</li> <li>(iii) in the case of the Corn Component, the official settlement price per bushel of deliverable-grade corn of the first nearby month futures contract (or, in the case of any trading day after the date of the last trade of the options contract (if there is more than one options contract, then the options contract with the latest date) pertaining to the first nearby month futures contract, the second nearby month futures contract), expressed in U.S. cents per bushel, traded on the Chicago Board of Trade (the “<u>CBOT</u>”) on that day (the “<u>CBOT corn price</u>”) as made public by the CBOT;</li> <li>(iv) in the case of the Soybean Component, the official settlement price per bushel of deliverable-grade soybeans of the first nearby month futures contract (or, in the case of any trading day after the date of the last trade of the options contract (if there is more than one options contract, then the options contract with the latest date) pertaining to the first nearby month futures contract, the second nearby month futures contract), expressed in U.S. cents per bushel, traded on the CBOT on that day (the “<u>CBOT soybean price</u>”) as made public by the CBOT;</li> <li>(v) in the case of the Wheat Index Component, the closing level of the Wheat Index Component as published by Standard and Poor’s, a division of the McGraw Hill Companies (the “<u>Index Sponsor</u>”) on that day;</li> <li>(vi) in the case of the Livestock Index Component, the closing level of the Livestock Index Component as published by the “Index Sponsor” on that day;</li> <li>(vii) in the case of the Copper Component, the official cash offer price per tonne of copper Grade A on the London Metal Exchange (the “<u>LME</u>”) for the spot market, expressed in U.S. dollars per tonne, traded on the LME on that day (the “<u>LME copper Grade A price</u>”) as made public by the LME;</li> <li>(viii) in the case of the Gold Component, the official afternoon fixing price per troy ounce of gold for delivery in London through a member of the London Bullion Market Association (the “<u>LBMA</u>”) authorized to effect such delivery, expressed in U.S. dollars, as calculated by the London Gold Market on that day (the “<u>London gold fixing price</u>”);</li> <li>(ix) in the case of the Silver Component, the official fixing price per troy ounce of silver for delivery in London through a member of the LBMA authorized to effect such delivery, expressed in U.S. cents, as determined by the London Silver Market on that day (the “<u>London silver fixing price</u>”); and</li> <li>(x) in the case of the Platinum Component, the official afternoon fixing price per troy ounce gross of platinum for delivery in Zurich through a member of the London Platinum and Palladium Market (the “<u>LPPM</u>”) expressed in U.S. dollars per troy ounce</li> </ul>

	<p>gross, as calculated and quoted on the LPPM on that day (the “<u>LPPM platinum price</u>”).</p> <p>The term “<u>first nearby month futures contract</u>” for a commodity on any day refers to the futures contract for that commodity with the last trading day closest to such day and the term “<u>second nearby month futures contract</u>” for a commodity refers to the futures contract for that commodity with the last trading day immediately after the last trading day of the first nearby month futures contract for that commodity.</p>
Valuation Dates:	<p>The Valuation Dates used to determine the Contingent Interest Rate for an Interest Payment Date will be November 22, 2010, November 21, 2011, November 20, 2012, November 20, 2013, November 20, 2014 and November 20, 2015*; provided, however, if such day is not a Trading Day for a Basket Component, that Valuation Date for such Basket Component will be postponed until the next succeeding Trading Day for such Basket Component. If a Market Disruption Event occurs or is continuing with respect to a Basket Component on a scheduled Valuation Date (or, as provided in the preceding sentence, a postponed Valuation Date), such Valuation Date will be postponed for that Basket Component subject to a Market Disruption Event. Notwithstanding a postponement of a Valuation Date with respect to a Basket Component subject to a Market Disruption Event, an originally scheduled Valuation Date will remain a Valuation Date for any Basket Component not subject to a Market Disruption Event. See “Additional Terms of the CDs—Market Disruption Events” on page 21.</p>
Trading Day:	<p>A “<u>Trading Day</u>” means (i) with respect to the Crude Oil Component and the Natural Gas Component, any day the NYMEX is open for trading, (ii) with respect to the Corn Component and the Soybean Component, any day the CBOT is open for trading, (iii) with respect to the Livestock Index Component and the Wheat Index Component, any day on which the Closing Level of the Livestock Index Component and Wheat Index Component are published by the Index Sponsor or its successor, (iv) with respect to the Copper Component, any day on which the LME is open for trading, (v) with respect to the Gold Component and Silver Component, any day on which the LBMA is open for trading, and (vi) with respect to the Platinum Component, any day the LPPM is open for trading.</p>
FDIC Insurance:	<p>The Deposit Amount of a CD is insured by the FDIC, subject to applicable FDIC insurance limits. As discussed in the accompanying Disclosure Statement, the FDIC standard maximum deposit insurance amount (the “<u>MDIA</u>”) of \$250,000 per depositor per insured bank is in effect through December 31, 2013. On January 1, 2014, the MDIA will return to \$100,000 per depositor per insured bank for all accounts except IRAs and certain other retirement accounts, which will remain at \$250,000 per depositor. The CDs are eligible for FDIC insurance up to \$250,000 for deposits held in the same ownership category (for example, individual accounts are insured separately from joint accounts, self-directed retirement accounts and/or revocable trust accounts). The FDIC has taken the position that any Contingent Interest that has not yet been ascertained and become due and any secondary market premium paid by you above the Deposit Amount on the CDs is not insured by the FDIC. See “Deposit Insurance” in the accompanying Disclosure Statement.</p>
Tax Consequences:	<p>In the opinion of Faegre &amp; Benson LLP, the Bank’s special tax counsel, the CDs will be subject to U.S. Treasury regulations that apply to contingent payment debt instruments. See “United States Federal Income Tax Consequences” in the accompanying Disclosure Statement.</p> <p>The tax discussion contained herein and in the accompanying Disclosure Statement has been prepared to support the marketing of the CDs. Nothing herein or therein may be used by any taxpayer for the purpose of avoiding any penalties that may be imposed under the Internal Revenue Code of 1986, as amended. Each taxpayer should seek advice based on the taxpayer’s particular circumstance from an independent tax advisor.</p>
Estimated Comparable Yield and Projected Payment Schedule:	<p>As of the date hereof, the Bank has estimated that the comparable yield on the CDs is an annual rate of _____ %, compounded annually. Based on the comparable yield, the projected payment schedule for each \$1,000 Deposit Amount of a CD is estimated as shown in the table below. Based on the estimated comparable yield, if you are an initial holder that holds the CDs until the Stated Maturity Date and you pay your taxes on a calendar year basis, you will be generally required to include the following amount of ordinary income for each \$1,000 Deposit Amount of a CD each year: \$ _____ in 2009, \$ _____ in 2010, \$ _____ in 2011, \$ _____ in 2012, \$ _____ in 2013, \$ _____ in 2014 and \$ _____ in 2015. In each year including a payment date, the amount of ordinary income that you will be</p>

required to pay taxes on from owning each \$1,000 Deposit Amount of a CD may be greater or less than the amount estimated, depending upon the interest you receive on each payment date. See “United States Federal Income Tax Consequences” on page 14 of the accompanying Disclosure Statement.

<b>Interest Payment Date*</b>	<b>Projected Payment</b>
November 30, 2010	
November 29, 2011	
November 28, 2012	
November 27, 2013	
November 28, 2014	
November 30, 2015	

\*In the event the Bank makes any change to the expected Pricing Date or expected Issue Date, the Stated Maturity Date, Interest Payment Dates and Valuation Dates may also be changed in the Bank’s discretion to ensure that the stated term of the CDs remains the same.

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## ADDITIONAL RISK FACTORS

You should carefully consider the risk factors set forth below as well as the risk factors discussed under “Risk Factors” on page 3 of the accompanying Disclosure Statement and the other information contained in this Terms Supplement and the accompanying Disclosure Statement. You should reach an investment decision only after you have carefully considered with your advisors the suitability of an investment in the CDs in light of your particular circumstances. The Crude Oil Component, the Natural Gas Component, the Corn Component, the Soybean Component, the Copper Component, the Gold Component, the Silver Component and the Platinum Component are sometimes referred to herein collectively as the “Individual Commodity Components” and individually as an “Individual Commodity Component.” The futures contracts related to the Wheat Index Component and the Livestock Component are sometimes referred to herein as the “Designated Contracts.” The commodities represented by the Basket Components are referred to herein collectively as the “Commodities” and individually as a “Commodity.”

### Risks Relating To The Basket

#### **You May Not Receive Any Contingent Interest On The CDs And Changes In The Value Of One Or More Of The Basket Components May Offset One Another.**

The CDs provide for the payment of Contingent Interest on Interest Payment Dates during the term of the CDs based on the sum of the Weighted Component Returns for each Basket Component. If the Closing Level of one or more of the Basket Components decreases during the period from the Pricing Date to the applicable Valuation Date, resulting in negative Component Returns for such Basket Components, such negative Component Returns could offset entirely any positive Component Returns generated by increases in the Closing Level of one or more of the Basket Components during the same period. Based on the fact that any negative Component Returns of one or more Basket Components may offset entirely or substantially mitigate any positive Component Returns, the Contingent Interest Rate may be equal to zero and no Contingent Interest payment will be made on the applicable Interest Payment Date. If the Contingent Interest Rate is zero for each Interest Payment Date, you will not receive any Contingent Interest during the term of the CDs.

#### **The Capped Component Return May Limit Your Potential Return On The CDs To Only A Percentage Of Any Actual Increase In Each Basket Component.**

The CDs provide less opportunity for appreciation than a direct investment in the Basket Components because the Capped Component Return will operate to limit any appreciation in the Component Return of each Basket Component. The Component Return for each Basket Component is limited to the Capped Component Return, which will be within the range of 11.00% to 14.00% (as determined on the Pricing Date); therefore, when the Contingent Interest Rate is calculated, the Contingent Interest payable on the CDs on each Interest Payment Date will also be limited to 11.00% to 14.00%. If the appreciation of a Basket Component is greater than the Capped Component Return, the Contingent Interest paid on the CDs on the applicable Interest Payment Date may be less than your interest would be if you had owned a certificate of deposit or other instrument linked solely to the appreciation of the Basket Components included in the Basket during the term of the certificate of deposit or other instrument.

In addition, while the Capped Component Return will operate to limit your participation in the increase in the Closing Level of any Basket Component on a given Valuation Date to a maximum of 11.00 to 14.00% per Basket Component, your exposure to any decline in the Closing Level of any other Basket Component will be limited to -20.00%.

#### **The Valuation Of The Commodities Represented By The Basket Components May Not Be Consistent With Other Measures Of Value For Such Commodities.**

The Closing Levels of the Basket Components will be determined by reference to a spot price, fixing price or the price of a first nearby month futures contract, in the case of the Individual Commodity Components, or the value of futures contracts with specified maturities as quoted on specified exchanges, in the case of the Wheat Index Component and the Livestock Index Component. Such values will not necessarily be consistent with other valuations of the Commodities, such as futures contracts on different exchanges, with different delivery points or with different maturities. For example, the NYMEX crude oil price used in the Crude Oil Component has in the recent past diverged from crude oil prices quoted by other exchanges and trading facilities and may continue to do so in the future.

## **Suspensions, Limitations Or Disruptions Of Market Trading In The Commodity And Related Futures Markets And Rules Of Trading Facilities In Such Markets May Adversely Affect The Value Of The CDs.**

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.

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 and 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 different price. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices. These circumstances could adversely affect the Closing Levels of certain Basket Components and, therefore, the value of your CDs.

### *Specific risks relating to the trading of the Copper Component on the LME:*

The Closing Level for the Copper Component will be derived from principals’ markets which operate in a manner more closely analogous to the over-the-counter physical commodity markets than the futures markets, and certain features of U.S. futures markets are not present in the context of trading on such principals’ markets. For example, there are no daily price limits, which would otherwise restrict the extent of daily fluctuations in the prices of such commodities in such markets. In a declining market, therefore, it is possible that prices would continue to decline without limitation within a trading day or over a period of trading days.

In addition, depending on the underlying commodity, contracts traded on the LME call for daily delivery from one day to three months following the date of the applicable contract and for monthly delivery from the seventh month following the date of the applicable contract up to 63 months following the date of the applicable contract. This is in contrast to contracts traded on future exchanges, which call for delivery in stated delivery months. As a result, there may be greater risk of a concentration of positions in LME contracts on particular delivery dates, which in turn could cause temporary aberrations in the prices for LME contracts for certain delivery dates. If such aberrations occur with respect to the LME official cash seller and settlement prices for copper Grade A, the Closing Level of the Copper Component, and therefore the value of your CDs, could be adversely affected.

### *Specific risks relating to trading of the Gold Component and Silver Component on the London Bullion Market Association:*

The Closing Levels of the Gold Component and Silver Component will be determined by reference to prices reported by the London Bullion Market Association (the “LBMA”). The LBMA is a self-regulatory association of bullion market participants. Although all market-making members of the LBMA are supervised by the Bank of England and are required to satisfy a capital adequacy test, the LBMA itself is not a regulated entity. If the LBMA should stop operations, or if bullion trading by LBMA members should become subject to a value added tax, any other tax or any other form of regulation currently not in place, the role of LBMA price fixings as a global benchmark for the value of gold and silver may be affected. In addition, there are no price limits applicable to LBMA contracts and, consequently, prices can decline without limitation over a period of time.

### *Specific risks relating to the trading of the Platinum Component on the London Platinum and Palladium Market:*

Platinum is traded on LPPM, and the Closing Level of platinum will be determined by reference to the afternoon Platinum fixing price reported by the LPPM. The LPPM is a self-regulatory association of bullion market participants that is not a regulated entity. If the LPPM should cease operations, or if bullion trading should become subject to a value added tax or other tax or any other form of regulation currently not in place, the LPPM price fixings for the value of platinum may be adversely affected. The LPPM is a principals’ market which operates in a manner more closely analogous to over-the-counter physical commodity markets than regulated futures markets, and certain features of U.S. futures contracts are not present in the context of LPPM trading. For example, there are no daily price limits on the LPPM, which would otherwise restrict fluctuations in the price of LPPM contracts. In a declining market, it is possible that prices would continue to decline without limitation within a trading day or over a period of trading days.

**Changes In Exchange Methodology Or Changes In Law Or Regulations May Affect The Value Of The CDs Prior To Maturity And The Amount You Will Receive At Maturity.**

The Closing Levels of the Basket Components will be determined by reference to prices of the Commodities or the Designated Contracts as determined by the applicable exchange. An exchange may from time to time change any rule or bylaw or take emergency action under its rules, any of which could affect the prices of the Commodities or the Designated Contracts. Any such change which causes a decrease in such price could adversely affect the Closing Level of the applicable Basket Component and the value of the CDs. In addition, prices of the Commodities and Designated Contracts could be adversely affected by the promulgation of new laws or regulations or by the reinterpretation of existing laws or regulations (including, without limitation, those related to taxes and duties on commodities or commodity components) by one or more governments, governmental agencies or instrumentalities, courts or other official bodies. Any such event could adversely affect the Closing Level of the Basket Components and could adversely affect the value of the CDs.

In addition, the Closing Levels of the Gold Component and the Silver Component will be determined by reference to prices reported by the LBMA. The LBMA is a self-regulatory association of bullion market participants. Although all market-making members of the LBMA are supervised by the Bank of England and are required to satisfy a capital adequacy test, the LBMA itself is not a regulated entity. If the LBMA should stop operations, or if bullion trading by LBMA members should become subject to a value added tax, any other tax or any other form of regulation currently not in place, the role of LBMA price fixings as a global benchmark for the value of gold and silver may be affected.

**The Closing Levels Of The Basket Components And The Value Of The CDs May Be Affected By Currency Exchange Fluctuations.**

The Closing Levels for the Individual Commodity Components and the prices for the Designated Contracts included in the Wheat Index Component and the Livestock Index Component are quoted in U.S. dollars. As a result, appreciation of the U.S. dollar will increase the relative cost of the applicable Commodities for foreign consumers, thereby reducing demand for those Commodities and affecting the market prices of those Commodities. As a result, the Closing Levels of the Basket Components and an investment in the CDs may be adversely affected by changes in exchange rates between the U.S. dollar and foreign currencies. In recent years, rates of exchange between the U.S. dollar and various foreign currencies have been highly volatile and this volatility may continue in the future. However, fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative of fluctuations that may occur during the term of the CDs.

**Market Prices Of The Commodities May Change Unpredictably, Affecting The Closing Levels Of The Basket Components And The Value Of Your CDs In Unforeseeable Ways.**

Trading in the Commodities is speculative and can be extremely volatile. The market prices of the Commodities may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships; weather and acts of nature; agricultural conditions; international trade conditions; fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; disease; force majeure occurrences; increased exploration and enhanced production methods and other technological developments driven by increased commodity prices; changes in interest rates; and changes in exchange rates for the U.S. dollar (the currency in which the prices of the Commodities are quoted). These factors may affect the Closing Levels of the Basket Components and the value of your CDs in varying ways.

**Historical Market Prices Of The Commodities Should Not Be Taken As An Indication Of The Future Performance Of The Basket Components During The Term Of The CDs.**

The actual performance of the Commodities over the term of the CDs may bear little relation to the historical market prices of the Commodities. As discussed above, prices of the Commodities will be influenced by complex and interrelated political, economic, financial and other factors that can affect the markets in which those Commodities are traded and the values of those Commodities themselves. As a result, it is impossible to predict whether the Closing Levels of the Basket Components will rise or fall during the term of the CDs.

**An Investment In The CDs Is Not The Same As A Direct Investment In The Commodities Or The Designated Contracts.**

The return on your CDs may not reflect the return you would realize if you actually purchased the Commodities and/or the Designated Contracts. You will not have any ownership interest or rights in the Commodities or the Designated Contracts.

**Potential Conflicts Of Interest Exist Between You And The Bank.**

The Bank will determine whether a Market Disruption Event has occurred. In addition, if the Closing Level of a Basket Component (with respect to the Individual Basket Commodities) is no longer published by the applicable price source, the Bank will select a Successor Quotation Source (as defined herein) for such Basket Component or, if no Successor Quotation Source is available, the Bank will calculate the Closing Level of such Basket Component. The Bank may also make adjustments to the Closing Level of a Basket Component if the method of quoting or calculating such Closing Level is changed in a material respect. In sole respect to the Livestock Index Component and the Wheat Index Component, if the Livestock Index Component or Wheat Index Component is discontinued the Bank will determine a Successor Basket Component (as defined herein), as applicable, or if the Bank determines no Successor Basket Component is available, the Bank will determine the Closing Level of the Livestock Index Component or Wheat Index Component in accordance with the formula for and method of calculating the Livestock Index Component or Wheat Index Component last in effect prior to discontinuance. See “Additional Terms of the CDs—Market Disruption Events”, “—Discontinuance of Quotations of an Individual Commodity Component; Alteration of Manner of Quotations” and “—Discontinuance of the Livestock Index Component or the Wheat Index Component; Alteration of Manner of Quotations.” As a result, potential conflicts of interests may exist between you and the Bank.

**Trading And Other Transactions By The Bank Or Its Affiliates In The Commodities, Futures, Options, Exchange Traded Funds Or Other Derivative Products On The Commodities Or The Basket Components May Affect The Value Of The CDs.**

From time to time, as part of the Bank’s general financial risk management, the Bank or one or more of its affiliates may fully or partially hedge its obligations under the CDs. Pursuant to such hedging activities, the Bank or one or more of its affiliates may purchase the Commodities, the Designated Contracts, options on the Commodities or the Designated Contracts, or exchange traded funds or other derivative instruments with returns linked or related to changes in the performance of the Commodities, the Designated Contracts or the Basket Components (the “Holdings”), and they may adjust these hedges by, among other things, purchasing or selling such Holdings at any time. Depending on, among other things, future market conditions, the aggregate amount and the composition of the Bank’s positions are likely to vary over time.

To the extent that the Bank or one or more of its affiliates has a long hedge position in any of the Holdings, the Bank or one or more of its affiliates may liquidate a portion of such Holdings at or about the time of the maturity of the CDs or at or about the time of a change in the Designated Contracts included in the Livestock Index Component or the Wheat Index Component. Certain activity by the Bank or one or more of its affiliates described above can potentially increase or decrease the prices of the Commodities or the Designated Contracts and, accordingly, increase or decrease the Closing Levels of the Basket Components. Although the Bank has no reason to believe that any of those activities will have a material impact on the price of the Commodities or the Designated Contracts, these activities could have such an effect. Profits or losses from any of those positions cannot be ascertained until the Bank’s position is closed out and any offsetting position or positions are taken into account.

**You Must Rely On Your Own Evaluation Of The Merits Of An Investment Linked To The Basket Components.**

In the ordinary course business, the Bank and its affiliates from time to time express views on expected movements in the price of the Commodities and the Designated Contracts. These views are sometimes communicated to clients who participate in the commodities markets. However, these views, depending upon worldwide economic, political and other developments, may vary over differing time horizons and are subject to change. Moreover, other professionals who deal in the commodities markets may at any time have significantly different views from those expressed by the Bank or its affiliates. For reasons such as these, the Bank believes that most investors in the commodities markets derive information concerning those markets from multiple sources. In connection with your purchase of the CDs, you should investigate the commodities markets and not rely on views which may be expressed by the Bank or its affiliates in the ordinary course of business with respect to future commodity price movements.

You should make such investigation as you deem appropriate as to the merits of an investment linked to the Basket Components. Neither the offering of the CDs nor any views which may from time to time be expressed by the Bank or its affiliates in the ordinary course of business with respect to future price movements of the Commodities or the Designated Contracts constitutes a recommendation as to the merits of an investment in the CDs.

**Holders Of The CDs Will Not Benefit From The Regulatory Protections Of The Commodity Futures Trading Commission Or Any Non-U.S. Regulatory Authority.**

The CDs are the Bank's direct obligations. The net proceeds to be received by the Bank from the sale of the CDs will not be used to purchase or sell the Commodities or the Designated Contracts for the benefit of the holders of CDs. An investment in the CDs does not constitute either an investment in futures contracts or options on futures contracts and holders of the CDs will not benefit from the regulatory protections of the Commodity Futures Trading Commission (the "CFTC") afforded to persons who trade in such contracts.

Unlike an investment in the CDs, an investment in a collective investment vehicle that invests in futures contracts on behalf of its participants may be subject to regulation as a commodity pool and its operator may be required to be registered with and regulated by the CFTC as a "commodity pool operator" ("CPO"), or qualify for an exemption from the registration requirement. Because the CDs are not interests in a commodity pool, the CDs will not be regulated by the CFTC as a commodity pool, the Bank will not be registered with the CFTC as a CPO, and holders of the CDs will not benefit from the CFTC's or any non-U.S. regulatory authority's regulatory protections afforded to persons who invest in regulated commodity pools.

**Risks Relating To The Individual Commodity Components**

There are specific risks associated with the Individual Commodity Components included in the Basket.

**WTI Crude Oil.**

Oil prices fluctuate widely. They are affected by numerous factors in addition to economic activity. These include weather, political events, discoveries of new reserves, labor activity, and, especially, direct government intervention such as embargos, and supply disruptions in major producing or consuming regions such as the Middle East, the United States, Latin America, China and Russia. Such events tend to affect oil prices worldwide, regardless of the location of the event. The outcome of meetings of the Organization of Petroleum Exporting Countries can particularly affect world oil supply and oil prices. Oil prices could also be affected by any decision by the Organization of Petroleum Exporting Countries to quote oil prices in a currency other than U.S. dollars (such as Euros), which could decrease liquidity in the applicable Designated Contract, and thereby affect the value of such Designated Contract. Market expectations about these events and speculative activity may also cause prices to fluctuate.

While short term demand/supply responsiveness to oil price changes can be limited due to short term constraints or stockpiling, generally oil demand and supply adjust to oil prices over time. Oil prices are also affected by factors such as interest rates, money supply, global economic trends, supply disruptions, geopolitical events, speculation, and the policies of foreign and domestic governments and institutions such as OPEC. All of these factors could adversely affect the value of the Closing Level of the Crude Oil Component.

Furthermore, a significant proportion of world oil production capacity is controlled by a small number of producers, and such producers have in the past implemented curtailments of output and trade. Such efforts at supply curtailment (or the cessation thereof) could affect the Closing Level of the Crude Oil Component. Oil's major end-use as a refined product is as a transport fuel, industrial fuel and in-home heating fuel. Potential for substitution exists in most areas, although considerations including relative cost often limit substitution levels. However, the development of a substitute product or transport fuel could adversely affect the value of the Closing Level of the Crude Oil Component.

The supply of and demand for oil influence the oil price in the medium-to-longer term. In the event of sudden disruptions in the supplies of oil, such as those caused by war, accidents, weather or acts of terrorism, prices of oil futures contracts and, consequently, the Closing Level of the Crude Oil Component, could become extremely volatile and unpredictable. Also, sudden and dramatic declines in futures contract prices may occur, for example, upon a cessation of hostilities that may exist in countries producing oil, the discovery of significant additional sources or reserves of oil, the introduction of new or previously withheld supplies into the market (e.g., oil from Iraq) or the introduction of substitute products or commodities. Any such declines could have a significant adverse effect on the Closing Level of the Crude Oil Component and on the value of the CDs. In addition, the price of oil has on occasion been subject to very rapid and significant short-term changes due to speculative activities which, if such activities result in a price decrease, may cause the value of the CDs to decrease. Such volatility could lead some investors in oil futures

contracts to withdraw from the applicable futures markets, which could adversely affect the liquidity of such markets and could adversely affect the Closing Level of the Crude Oil Component and, correspondingly, the value of the CDs.

#### **Natural Gas.**

Natural gas prices are volatile and are affected by numerous factors. Natural gas is used primarily for residential and commercial heating and in the production of electricity. The level of global industrial activity influences the demand for natural gas, and the demand for natural gas has traditionally been cyclical, with higher demand during winter months and lower demand during relatively warmer summer months. Seasonal temperatures in countries throughout the world can also heavily influence the demand for natural gas. The world's supply of natural gas is concentrated in the Middle East, Europe, the former Soviet Union and Africa. In general, the supply of natural gas is based on competitive market forces. Inadequate supply at any one time leads to price increases, which signal to production companies the need to increase the supply of natural gas to the markets. Factors that affect the short-term supply of natural gas include the availability of skilled workers and equipment, permitting and well development, as well as weather and delivery disruptions, such as hurricanes, labor strikes and wars. In addition, production companies face more general barriers to their ability to increase the supply of natural gas, including access to land, the expansion of pipelines and the financial environment. These factors, which are not exhaustive, are interrelated and can have complex and unpredictable effects on the supply for, and the price of, natural gas.

#### **Corn.**

Corn prices are primarily affected by weather and crop growing conditions generally and the global demand for and supply of corn. The demand for corn is in part linked to the development of industrial and energy uses for corn. This includes the use of corn in the production of ethanol. The demand for corn is also affected by the demand from the pork, beef and poultry sectors, which use corn for feed. Adverse events in those industries will lessen the demand for corn. For example, if avian flu were to have a negative effect on world poultry markets, the demand for corn might decrease. In addition, prices for corn are affected by governmental and intergovernmental programs and policies regarding trade, agriculture and energy, specifically and fiscal and monetary issues, more generally. Extrinsic factors such as natural disasters, pestilence, scientific developments, wars and political and civil upheavals also affect corn prices. The United States, Brazil and China are the three biggest suppliers of corn crops.

#### **Soybeans.**

Soybean prices are primarily affected by weather and crop growing conditions generally and the global demand for and supply of soybeans. In addition, prices for soybeans are affected by governmental and intergovernmental programs and policies regarding trade, agriculture and energy, specifically and fiscal and monetary issues, more generally. Soy biodiesel, animal agriculture, edible soybean oil and new industrial uses are examples of major areas that may impact worldwide soybean demand. Such alternative uses may be dependent on governmental action, such as subsidies or tariffs and technological innovation. Extrinsic factors such as natural disasters, pestilence, scientific developments, wars and political and civil upheavals also affect soybean prices. The United States, Argentina and Brazil are the three biggest suppliers of soybean crops.

#### **Copper.**

The price of copper is primarily affected by the global demand for and supply of copper, but is also influenced by speculative actions and by currency exchange rates. Demand for copper is significantly influenced by the level of global industrial economic activity. Industrial sectors which are particularly important include the electrical and construction sectors. In recent years demand has been supported by strong consumption from newly industrializing countries, which continue to be in a copper-intensive period of economic growth as they develop their infrastructure. An additional, but highly volatile, component of demand is adjustments to inventory in response to changes in economic activity and/or pricing levels. There are substitutes for copper and their availability and price also affects the demand for copper.

Apart from the United States, Canada and Australia, the majority of copper concentrate supply (the raw material) comes from countries that have experienced political instability and upheaval and, as a result, copper supply has been affected by strikes, financial problems and terrorist activity in recent years. The supply of copper is also affected by current and previous price levels, which influence investment decisions in new smelters.

#### **Gold.**

Gold prices are subject to volatile price movements over short periods of time and are affected by numerous factors. These include economic factors, including the structure of and confidence in the global monetary system, expectations of the future rate of inflation, the relative strength of, and confidence in, the U.S. dollar (the currency in

which the price of gold is generally quoted), interest rates and gold borrowing and lending rates, and global or regional economic, financial, political, regulatory, judicial or other events. Gold prices may also be affected by industry factors such as industrial and jewelry demand, lending, sales and purchases of gold by the official sector, including central banks and other governmental agencies and multilateral institutions which hold gold, levels of gold production and production costs, and short-term changes in supply and demand because of trading activities in the gold market. It is not possible to predict the aggregate effect of all or any combination of these factors.

#### **Silver.**

The price of silver is primarily affected by global demand for and supply of silver. These include general economic trends, technical developments, substitution issues and regulation, as well as specific factors including industrial and jewelry demand, expectations with respect to the rate of inflation, the relative strength of the U.S. dollar (the currency in which the price of silver is generally quoted) and other currencies, interest rates, central bank sales, forward sales by producers, global or regional political or economic events, and production costs and disruptions in major silver producing countries such as Mexico and Peru. The demand for and supply of silver affect silver prices, but not necessarily in the same manner as supply and demand affect the prices of other commodities. The supply of silver consists of a combination of new mine production and existing stocks of bullion and fabricated silver held by governments, public and private financial institutions, industrial organizations and private individuals. In addition, the price of silver has on occasion been subject to very rapid short-term changes due to speculative activities. From time to time, above ground inventories of silver may also influence the market. The major end uses for silver include industrial applications, photography, jewelry and silverware. It is not possible to predict the aggregate effect of all or any combination of these factors.

#### **Platinum.**

The price of platinum is primarily responsive to global supply and demand. However, since the platinum supply is very limited, any disruptions in platinum supply tend to have an exaggerated effect on the price of platinum. Key factors that may influence prices are the policies in or political stability of the most important producing countries, Russia and South Africa (which together account for over 90% of production), the size and availability of platinum stockpiles, and the economic situation of the main consuming countries. The automotive industry, which uses platinum in catalytic converters, accounts for approximately 80% of the industrial use of platinum. Platinum is also used in the chemical industry, the electronics industry and the dental industry. The primary non-industrial use of platinum is jewelry, which accounts for approximately 40% of the overall demand for platinum.

### **Risks Relating To The Livestock Index Component And The Wheat Index Component**

#### **The Livestock Index Component And The Wheat Index Component May Include Contracts That Are Not Traded On Regulated Futures Exchanges.**

The Livestock Index Component and the Wheat Index Component were originally based solely on futures contracts traded on regulated futures exchanges (referred to in the United States as “designated contract markets”). As described under “The Livestock and Wheat Index Components,” however, the Livestock Index Component and the Wheat Index Component may include over-the-counter contracts (such as swaps and forward contracts) traded on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. As a result, trading in such contracts, and the manner in which prices and volumes are reported by the relevant trading facilities, may not be subject to the same provisions of, and the protections afforded by, the Commodity Exchange Act, as amended, or other applicable statutes and related regulations, that govern trading on regulated futures exchanges. In addition, many electronic trading facilities have only recently initiated trading and do not have significant trading histories. As a result, the trading of contracts on such facilities and the inclusion of such contracts in the Livestock Index Component or the Wheat Index Component may be subject to certain risks not presented by most exchange-traded futures contracts, including risks related to the liquidity and price histories of the relevant contracts.

#### **Higher Future Prices Of Commodities Included In The Livestock Index Component Or The Wheat Index Component Relative To Their Current Prices May Affect The Amount You Will Receive At Maturity.**

On specified dates, the contracts that underlie the Livestock Index Component and the Wheat Index Component are rolled mechanically into subsequent futures contracts before the current positions expire according to a defined schedule. 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 is accomplished by selling the October contract and purchasing the November contract. The difference between the price at which the first futures contract is sold and the next futures contract is purchased is called the “roll yield” and is an important part of the

return on a commodities investment. The overall return is therefore derived from fluctuations in commodities prices in addition to the shape of the commodity futures curve over time. Assuming prices and the shape of the curve remain constant, rolling futures will yield a positive return when the prices are lower in the distant delivery months than in the nearest delivery months, and a negative return when the prices are higher in the distant delivery months than in the nearer delivery months. Thus, if the Livestock Index Component or the Wheat Index Component experiences negative returns due to rising commodities futures prices, the Closing Level of the Livestock Index Component or the Wheat Index Component, as the case may be, could be adversely affected.

**Changes In The Composition And Valuation Of The Livestock Index Component Or The Wheat Index Component May Adversely Affect The Value Of The CDs.**

The composition of the Livestock Index Component or the Wheat Index Component may change over time, as additional commodities satisfy the eligibility criteria or commodities currently included in the Livestock Index Component or the Wheat Index Component, as the case may be, fail to satisfy such criteria. The weighting factors applied to each Commodity included in the Livestock Index Component or the Wheat Index Component change annually, based on changes in commodity production statistics. In addition, the Index Sponsor, in consultation with its Index Committee, may modify the methodology for determining the composition and weighting of the Livestock Index Component or the Wheat Index Component and for calculating its value in order to assure that the Livestock Index Component or the Wheat Index Component, as the case may be, represents a measure of the performance over time of the markets for the underlying Commodities. A number of modifications to the methodology for determining the contracts to be included in the Livestock Index Component and the Wheat Index Component, and for valuing the Livestock Index Component and the Wheat Index Component, have been made in the past several years and further modifications may be made in the future. Such changes could adversely affect the Closing Level of the Livestock Index Component or the Wheat Index Component, as the case may be, and the value of the CDs.

In addition, the Index Sponsor may discontinue or suspend calculation or dissemination of the Livestock Index Component or the Wheat Index Component or materially alter the methodology by which it calculates the Livestock Index Component or the Wheat Index Component. Any such actions could affect the value of the CDs. See “Additional Terms of the CDs—Discontinuance of the Livestock Index Component or the Wheat Index Component; Alteration of Method of Calculation.”

**The Livestock Index Component And The Wheat Index Component May Be More Volatile And Susceptible To Price Fluctuations Of Commodities Than A Broader Commodities Index.**

The Livestock Index Component and the Wheat Index Component may be more volatile and susceptible to price fluctuations than a broader commodities index, such as the S&P GSCI Excess Return Index (“GSCI Excess Return”). In contrast to the GSCI Excess Return, which includes contracts on livestock and agricultural commodities and non-livestock and non-agricultural commodities as well, each of the Livestock Index Component and the Wheat Index Component is comprised of Designated Contracts on only a portion of the physical commodities that are actively traded. As a result, price volatility in the contracts included in the Livestock Index Component and the Wheat Index Component will likely have a greater impact on the Livestock Index Component or the Wheat Index Component, as the case may be, than it would on the broader GSCI Excess Return, and the Livestock Index Component and the Wheat Index Component will be more susceptible to fluctuations and declines in value of the Commodities included in the Livestock Index Component or the Wheat Index Component, as the case may be. In addition, because the Livestock Index Component and the Wheat Index Component omit principal market sectors comprising the GSCI Excess Return, it may be less representative of the economy and commodity markets as a whole and might therefore not serve as a reliable benchmark for commodity market performance generally.

**The Bank And Its Affiliates Have No Affiliation With The Index Sponsor Of The Livestock Index Component And The Wheat Index Component And Are Not Responsible For Its Public Disclosure Of Information.**

The Bank and its affiliates are not affiliated in any way with the Index Sponsor of the Livestock Index Component and the Wheat Index Component and have no ability to control or predict its actions, including any errors in or discontinuation of disclosure regarding its methods or policies relating to the management or calculation of the Livestock Index Component or the Wheat Index Component. Neither the Bank nor any of its affiliates assumes any responsibility for the adequacy or accuracy of the information about the Livestock Index Component or the Wheat Index Component or the Index Sponsor contained herein. You, as an investor in the CDs, should make your own investigation into the Livestock Index Component and the Wheat Index Component and the Index Sponsor. The Index

Sponsor will not be involved in the offering of the CDs made pursuant hereto in any way and it has no obligation to consider your interests as an owner of CDs in taking any actions that might affect the value of the CDs.

**The Wheat Index Component Consists of Only Wheat Designated Contracts And There Are Specific Risks Associated With Wheat.**

Wheat prices are primarily affected by weather and crop growing conditions generally and the global demand for and supply of wheat. In addition, prices for wheat are affected by governmental and intergovernmental programs and policies regarding trade, agriculture and energy, specifically and fiscal and monetary issues, more generally. A significant portion of wheat demand is driven by human consumption. Alternative uses for wheat such as energy sources or in manufacturing also drive the price for wheat. Such alternative uses may be dependent on governmental action, such as subsidies or tariffs and technological innovation. Extrinsic factors such as natural disasters, pestilence, scientific developments, wars and political and civil upheavals also affect wheat prices. The United States, Brazil and Australia are the three biggest suppliers of wheat crops.

## EXAMPLES OF AMOUNT PAYABLE AT STATED MATURITY

The following are six examples of hypothetical calculations of the amounts that would be payable on the specified Interest Payment Date for each \$1,000 Deposit Amount of a CD, and do not show every potential outcome that may occur. If you hold the CDs until the Stated Maturity Date, you will receive Contingent Interest, if any, during the term of the CDs on each Interest Payment Date as determined by the Valuation Date applicable to such Interest Payment Date, and on the Stated Maturity Date you will receive the Deposit Amount and the Contingent Interest, if any, as determined on the Valuation Date applicable to the Stated Maturity Date. The following examples assume a hypothetical Capped Component Return of 12.50% (the midpoint of the specified range of the Capped Component Return). Any Component Return of a Basket Component highlighted in **bold** in the below examples indicates that such Component Return was limited to the hypothetical Capped Component Return of **12.50%**. Any Component Return of a Basket Component *italicized* in the below examples indicates that such Component Return was limited to the Component Return Floor of *-20.00%*.

Each example below shows only the hypothetical Contingent Interest, if any, that you may receive on 1 of the 6 Interest Payment Dates during the term of the CDs. The Contingent Interest payments may vary over the term of the CDs depending on the performance of the Basket Components.

*Example 1.* Assuming For Purposes Of This Example That The Current Component Level And The Component Return On The Valuation Date Applicable To The November 30, 2010 Interest Payment Date Are As Shown Below:

Basket Component	Initial Component Level	Current Component Level on the Valuation Date Applicable to the November 30, 2010 Interest Payment Date	Percentage Change from Initial Component Level	Component Return on the Valuation Date Applicable to the November 30, 2010 Interest Payment Date	Weighted Component Return
Crude Oil Component	81.37	84.55	3.91%	3.91%	0.391%
Natural Gas Component	5.100	5.281	3.55%	3.55%	0.355%
Corn Component	398.25	419.04	5.22%	5.22%	0.522%
Soybean Component	1008.50	1073.04	6.40%	6.40%	0.640%
Wheat Index Component	23.34285	23.76536	1.81%	1.81%	0.181%
Livestock Index Component	198.6683	207.3302	4.36%	4.36%	0.436%
Copper Component	6346.00	6694.40	5.49%	5.49%	0.549%
Gold Component	1053.75	1077.35	2.24%	2.24%	0.224%
Silver Component	1739.00	1816.73	4.47%	4.47%	0.447%
Platinum Component	1346.00	1370.36	1.81%	1.81%	0.181%
Sum of the Weighted Component Return:					3.926%

No Component Return for a Basket Component was limited to the Capped Component Return or the Component Return Floor; therefore, the Component Return for each Basket Component reflected the actual percentage change from the Initial Component Level.

The Contingent Interest Rate for the November 30, 2010 Interest Payment Date would be 3.926%.

The interest for the November 30, 2010 Interest Payment Date would be:

$$\$1,000 \times 3.926\% = \$39.26$$

As a result, the Contingent Interest for each \$1,000 Deposit Amount of a CD would be \$39.26 because that amount is greater than zero. On the November 30, 2010 Interest Payment Date, you would receive \$39.26 (hypothetical Annual Percentage Yield: 3.926%) for each \$1,000 Deposit Amount of a CD.

Example 2. Assuming For Purposes Of This Example That The Current Component Level And The Component Return On The Valuation Date Applicable To The November 29, 2011 Interest Payment Date Are As Shown Below:

Basket Component	Initial Component Level	Current Component Level on the Valuation Date Applicable to the November 29, 2011 Interest Payment Date	Percentage Change from Initial Component Level	Component Return on the Valuation Date Applicable to the November 29, 2011 Interest Payment Date	Weighted Component Return
Crude Oil Component	81.37	101.57	24.82%	<b>12.50%</b>	1.250%
Natural Gas Component	5.100	3.123	-38.76%	-20.00%	-2.000%
Corn Component	398.25	408.80	2.65%	2.65%	0.265%
Soybean Component	1008.50	596.63	-40.84%	-20.00%	-2.000%
Wheat Index Component	23.34285	19.53330	-16.32%	-16.32%	-1.632%
Livestock Index Component	198.6683	256.0238	28.87%	<b>12.50%</b>	1.250%
Copper Component	6346.00	6895.56	8.66%	8.66%	0.866%
Gold Component	1053.75	1182.62	12.23%	12.23%	1.223%
Silver Component	1739.00	1822.99	4.83%	4.83%	0.483%
Platinum Component	1346.00	1255.41	-6.73%	-6.73%	-0.673%
Sum of the Weighted Component Return:					-0.968%

The Component Return for certain Basket Components was limited to the Capped Component Return of **12.50%**. The Component Return for certain other Basket Components was limited to the Component Return Floor of **-20.00%**.

The Contingent Interest Rate for the November 29, 2011 Interest Payment Date would be **-0.968%**.

The interest for the November 29, 2011 Interest Payment Date would be:

$$\$1,000 \times -0.968\% = -\$9.68$$

As a result, the Contingent Interest for each \$1,000 Deposit Amount of a CD would be zero because zero is greater than **-\$9.68**. On the November 29, 2011 Interest Payment Date, you would receive no Contingent Interest (hypothetical Annual Percentage Yield: 0.00%).

Example 3. Assuming For Purposes Of This Example That The Current Component Level And The Component Return On The Valuation Date Applicable To The November 28, 2012 Interest Payment Date Are As Shown Below:

Basket Component	Initial Component Level	Current Component Level on the Valuation Date Applicable to the November 28, 2012 Interest Payment Date	Percentage Change from Initial Component Level	Component Return on the Valuation Date Applicable to the November 28, 2012 Interest Payment Date	Weighted Component Return
Crude Oil Component	81.37	104.93	28.95%	<b>12.50%</b>	1.250%
Natural Gas Component	5.100	5.785	13.43%	<b>12.50%</b>	1.250%
Corn Component	398.25	447.39	12.34%	12.34%	1.234%
Soybean Component	1008.50	1205.76	19.56%	<b>12.50%</b>	1.250%
Wheat Index Component	23.34285	25.42970	8.94%	8.94%	0.894%
Livestock Index Component	198.6683	220.2437	10.86%	10.86%	1.086%
Copper Component	6346.00	3834.25	-39.58%	-20.00%	-2.000%
Gold Component	1053.75	1008.02	-4.34%	-4.34%	-0.434%
Silver Component	1739.00	1647.18	-5.28%	-5.28%	-0.528%
Platinum Component	1346.00	1364.04	1.34%	1.34%	0.134%
Sum of the Weighted Component Return:					4.136%

The Component Return for certain Basket Components was limited to the Capped Component Return of **12.50%**. The Component Return for certain other Basket Components was limited to the Component Return Floor of **-20.00%**.

The Contingent Interest Rate for the November 28, 2012 Interest Payment Date would be 4.136%.

The interest for the November 28, 2012 Interest Payment Date would be:

$$\$1,000 \times 4.136\% = \$41.36$$

As a result, the Contingent Interest for each \$1,000 Deposit Amount of a CD would be \$41.36 because that amount is greater than zero. In this example, the Contingent Interest (\$41.36) is less than the return you would have received if the Contingent Interest was not affected by the Capped Component Return or the Component Return Floor because such return (\$46.22) is greater than the Contingent Interest for the November 28, 2012 Interest Payment Date. On the November 28, 2012 Interest Payment Date, you would receive \$41.36 (hypothetical Annual Percentage Yield: 4.136%) for each \$1,000 Deposit Amount of a CD.

Example 4. Assuming For Purposes Of This Example That The Current Component Level And The Component Return On The Valuation Date Applicable To The November 27, 2013 Interest Payment Date Are As Shown Below:

Basket Component	Initial Component Level	Current Component Level on the Valuation Date Applicable to the November 27, 2013 Interest Payment Date	Percentage Change from Initial Component Level	Component Return on the Valuation Date Applicable to the November 27, 2013 Interest Payment Date	Weighted Component Return
Crude Oil Component	81.37	83.91	3.12%	3.12%	0.312%
Natural Gas Component	5.100	6.410	25.69%	<b>12.50%</b>	1.250%
Corn Component	398.25	470.85	18.23%	<b>12.50%</b>	1.250%
Soybean Component	1008.50	1175.10	16.52%	<b>12.50%</b>	1.250%
Wheat Index Component	23.34285	13.53418	-42.02%	-20.00%	-2.000%
Livestock Index Component	198.6683	101.3407	-48.99%	-20.00%	-2.000%
Copper Component	6346.00	6754.68	6.44%	6.44%	0.644%
Gold Component	1053.75	1185.26	12.48%	12.48%	1.248%
Silver Component	1739.00	2014.98	15.87%	<b>12.50%</b>	1.250%
Platinum Component	1346.00	1620.72	20.41%	<b>12.50%</b>	1.250%
Sum of the Weighted Component Return:					4.454%

The Component Return for certain Basket Components was limited to the Capped Component Return of **12.50%**. The Component Return for certain other Basket Components was limited to the Component Return Floor of **-20.00%**.

The Contingent Interest Rate for the November 27, 2013 Interest Payment Date would be 4.454%.

The interest for the November 27, 2013 Interest Payment Date would be:

$$\$1,000 \times 4.454\% = \$44.54$$

As a result, the Contingent Interest for each \$1,000 Deposit Amount of a CD would be \$44.54 because that amount is greater than zero. On the November 27, 2013 Interest Payment Date, you would receive \$44.54 (hypothetical Annual Percentage Yield: 4.467%) for each \$1,000 Deposit Amount of a CD.

*Example 5. Assuming For Purposes Of This Example That The Current Component Level And The Component Return On The Valuation Date Applicable To The November 28, 2014 Interest Payment Date Are As Shown Below:*

<b>Basket Component</b>	<b>Initial Component Level</b>	<b>Current Component Level on the Valuation Date Applicable to the November 28, 2014 Interest Payment Date</b>	<b>Percentage Change from Initial Component Level</b>	<b>Component Return on the Valuation Date Applicable to the November 28, 2014 Interest Payment Date</b>	<b>Weighted Component Return</b>
Crude Oil Component	81.37	40.36	-50.40%	-20.00%	-2.000%
Natural Gas Component	5.100	4.205	-17.55%	-17.55%	-1.755%
Corn Component	398.25	302.95	-23.93%	-20.00%	-2.000%
Soybean Component	1008.50	1364.70	35.32%	<b>12.50%</b>	1.250%
Wheat Index Component	23.34285	27.69629	18.65%	<b>12.50%</b>	1.250%
Livestock Index Component	198.6683	184.3443	-7.21%	-7.21%	-0.721%
Copper Component	6346.00	5913.20	-6.82%	-6.82%	-0.682%
Gold Component	1053.75	1274.72	20.97%	<b>12.50%</b>	1.250%
Silver Component	1739.00	2166.45	24.58%	<b>12.50%</b>	1.250%
Platinum Component	1346.00	1569.97	16.64%	<b>12.50%</b>	1.250%
Sum of the Weighted Component Return:					-0.908%

The Component Return for certain Basket Components was limited to the Capped Component Return of **12.50%**. The Component Return for certain other Basket Components was limited to the Component Return Floor of **-20.00%**.

The Contingent Interest Rate for the November 28, 2014 Interest Payment Date would be **-0.908%**.

The interest for the November 28, 2014 Interest Payment Date would be:

$$\$1,000 \times -0.908\% = -\$9.08$$

As a result, the Contingent Interest for each \$1,000 Deposit Amount of a CD would be zero because zero is greater than **-\$9.08**. In this example, no Contingent Interest is received. This is a different result than if the Contingent Interest was not affected by the Capped Component Return or the Component Return Floor because such return (\$10.25) is greater than zero. On the November 28, 2014 Interest Payment Date, you would receive no Contingent Interest (hypothetical Annual Percentage Yield: 0.00%).

Example 6. Assuming For Purposes Of This Example That The Current Component Level And The Component Return On The Valuation Date Applicable To The November 30, 2015 Interest Payment Date Are As Shown Below:

Basket Component	Initial Component Level	Current Component Level on the Valuation Date Applicable to the November 30, 2015 Interest Payment Date	Percentage Change from Initial Component Level	Component Return on the Valuation Date Applicable to the November 30, 2015 Interest Payment Date	Weighted Component Return
Crude Oil Component	81.37	68.59	-15.71%	-15.71%	-1.571%
Natural Gas Component	5.100	4.223	-17.20%	-17.20%	-1.720%
Corn Component	398.25	387.42	-2.72%	-2.72%	-0.272%
Soybean Component	1008.50	782.60	-22.40%	-20.00%	-2.000%
Wheat Index Component	23.34285	18.82134	-19.37%	-19.37%	-1.937%
Livestock Index Component	198.6683	196.2445	-1.22%	-1.22%	-0.122%
Copper Component	6346.00	5518.48	-13.04%	-13.04%	-1.304%
Gold Component	1053.75	982.20	-6.79%	-6.79%	-0.679%
Silver Component	1739.00	1602.49	-7.85%	-7.85%	-0.785%
Platinum Component	1346.00	1229.97	-8.62%	-8.62%	-0.862%
Sum of the Weighted Component Return:					-11.252%

None of the Component Returns were limited to the Capped Component Return of **12.50%**. The Component Return for certain other Basket Components was limited to the Component Return Floor of **-20.00%**.

The Contingent Interest Rate for the November 30, 2015 Interest Payment Date would be **-11.252%**.

The interest for the November 30, 2015 Interest Payment Date would be:

$$\$1,000 \times -11.252\% = -\$112.52$$

As a result, the Contingent Interest for each \$1,000 Deposit Amount of a CD would be zero because zero is greater than **-\$112.52**. On the November 30, 2015 Interest Payment Date, you would receive no Contingent Interest (hypothetical Annual Percentage Yield: 0.00%).

## ADDITIONAL TERMS OF THE CDs

The general terms of the CDs are described under “Description of the Certificates of Deposit” in the accompanying Disclosure Statement. The following are additional terms that will apply to the CDs.

### Market Disruption Events

#### Pricing Date

If a Market Disruption Event occurs or is continuing with respect to a Basket Component (other than the Livestock Index Component or the Wheat Index Component) on the Pricing Date, the Bank will determine the Initial Component Level of such Basket Component by reference to the Closing Level of such Basket Component on the next Trading Day on which there is not a Market Disruption Event for such Basket Component; provided, however, if a Market Disruption Event occurs with respect to a Basket Component on each of the three Trading Days following the Pricing Date, then the Bank will determine the Initial Component Level of such Basket Component subject to a Market Disruption Event based upon its good faith estimate of the Closing Level of such Basket Component on that third Trading Day.

If a Market Disruption Event occurs or is continuing with respect to the Livestock Index Component or the Wheat Index Component on the Pricing Date, the Bank will determine the Initial Component Level of the Livestock Index Component or the Wheat Index Component, as applicable, using (A) for each Designated Contract included in the Livestock Index Component or the Wheat Index Component that did not suffer a Market Disruption Event on such date, the Settlement Price on that date of each such Designated Contract, and (B) for each Designated Contract included in the Livestock Index Component or the Wheat Index Component which did suffer a Market Disruption Event on such date, the Settlement Price of that Designated Contract on the next Trading Day on which no Market Disruption Event occurs with respect to such Designated Contract; provided, however, if a Market Disruption Event occurs with respect to a Designated Contract on each of the three Trading Days following such Pricing Date, then the Bank will determine the Initial Component Level of the Livestock Index Component or the Wheat Index Component, as applicable, using a settlement price for such Designated Contract subject to a Market Disruption Event based upon its good faith estimate of the settlement price on that third Trading Day. In calculating the Initial Component Level for the Livestock Index Component and the Wheat Index Component for the purposes of this paragraph, the Bank will use the formula for calculating the Livestock Index Component and the Wheat Index Component last in effect prior to the Pricing Date. The term “Market Disruption Event,” when used in this paragraph with respect to a Designated Contract included in the Livestock Index Component or the Wheat Index Component, refers to an event affecting such futures contract that is included within the definition of Market Disruption Event for the Livestock Index Component and the Wheat Index Component. The term, “Settlement Price” means, for each Designated Contract, the official settlement price for the relevant contract month as published by the futures exchange on which the commodity included in the Livestock Index Component or the Wheat Index Component trades.

Notwithstanding a postponement of the determination of the Initial Component Level of a Basket Component that is subject to a Market Disruption Event, the Initial Component Level of any Basket Component not subject to a Market Disruption Event will be determined on the Pricing Date.

#### Valuation Date

If a Market Disruption Event occurs or is continuing with respect to a Basket Component (other than the Livestock Index Component or the Wheat Index Component) on a scheduled Valuation Date, the Bank will determine the Closing Level of such Basket Component by reference to the Closing Level of such Basket Component on the next Trading Day on which there is not a Market Disruption Event for such Basket Component; provided, however, if a Market Disruption Event occurs with respect to a Basket Component on each of the three Trading Days following an originally scheduled Valuation Date, then (i) that third Trading Day will be deemed the Valuation Date for such Basket Component and (ii) the Bank will determine the Closing Level of such Basket Component subject to a Market Disruption Event based upon its good faith estimate of the Closing Level on that third Trading Day.

If a Market Disruption Event occurs or is continuing with respect to the Livestock Index Component or the Wheat Index Component on a scheduled Valuation Date, the Bank will determine the Closing Level of the Livestock Index Component or the Wheat Index Component, as applicable, using (A) for each Designated Contract included in the Livestock Index Component or the Wheat Index Component that did not suffer a Market Disruption Event on such date, the Settlement Price on that date of each such Designated Contract, and (B) for each Designated Contract included in the

Livestock Index Component or the Wheat Index Component which did suffer a Market Disruption Event on such date, the Settlement Price of that Designated Contract on the next Trading Day on which no Market Disruption Event occurs with respect to such Designated Contract; provided, however, if a Market Disruption Event occurs with respect to a Designated Contract on each of the three Trading Days following an originally scheduled Valuation Date, then (i) that third Trading Day will be deemed the Valuation Date for such futures contract and (ii) the Bank will determine the Closing Level of the Livestock Index Component or Wheat Index Component, as applicable, using a settlement price for such Designated Contract subject to a Market Disruption Event based upon its good faith estimate of the settlement price on that third Trading Day. In calculating the Closing Level for the Livestock Index Component and the Wheat Index Component for the purposes of this paragraph, the Bank will use the formula for calculating the Livestock Index Component and the Wheat Index Component last in effect prior to a scheduled Valuation Date. The term “Market Disruption Event,” when used in this paragraph with respect to a Designated Contract included in the Livestock Index Component and the Wheat Index Component, refers to an event affecting such futures contract that is included within the definition of Market Disruption Event for the Livestock Index Component and the Wheat Index Component.

Notwithstanding a postponement of the Valuation Date with respect to a Basket Component that is subject to a Market Disruption Event, an originally scheduled Valuation Date will remain a Valuation Date for any Basket Component not subject to a Market Disruption Event.

### **Individual Commodity Components**

A “Market Disruption Event” with respect to the Crude Oil Component means: (i) a material limitation or suspension of trading in the first nearby month futures contract for WTI light sweet crude oil traded on NYMEX; or (ii) the failure of NYMEX to announce the NYMEX crude oil price.

A “Market Disruption Event” with respect to the Natural Gas Component means: (i) a material limitation or suspension of trading in the first nearby month futures contract for Henry Hub natural gas traded on NYMEX; or (ii) the failure of NYMEX to announce the NYMEX natural gas price.

A “Market Disruption Event” with respect to the Corn Component means: (i) a material limitation or suspension of trading in the applicable futures contract for deliverable-grade corn; or (ii) the failure of CBOT to announce the CBOT corn price.

A “Market Disruption Event” with respect to the Soybean Component means (i) a material limitation or suspension of trading in the applicable futures contract for deliverable-grade soybeans; or (ii) the failure of CBOT to announce the CBOT soybean price.

A “Market Disruption Event” with respect to the Copper Component means: (i) a material limitation or suspension of trading in copper Grade A on the LME; or (ii) the failure of the LME to announce the LME copper Grade A price.

A “Market Disruption Event” with respect to the Gold Component means: (i) a material limitation or suspension of trading in the London afternoon gold fixing market; or (ii) the failure of the London Gold Market to announce or publish the London gold fixing price.

A “Market Disruption Event” with respect to the Silver Component means: (i) a material limitation or suspension of trading in the London silver fixing market; or (ii) the failure of the London Silver Market to announce or publish the London silver fixing price.

A “Market Disruption Event” with respect to the Platinum Component means: (i) a material limitation or suspension of trading in platinum by the LPPM; or (ii) the failure of the LPPM to announce the LPPM platinum price.

For purposes of determining whether a Market Disruption Event has occurred with respect to an Individual Commodity Component, a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant trading facility.

## **The Livestock Index Component And The Wheat Index Component**

A “Market Disruption Event” with respect to the Livestock Index Component or the Wheat Index Component will occur on any day if the Bank determines, in its sole discretion, any of the following:

- a suspension, termination, absence or material limitation of trading in any Commodity underlying a Designated Contract included in the Livestock Index Component or the Wheat Index Component for more than two hours or during the one-half hour before the close of trading in that market;
- the settlement price of any Designated Contract included in the Livestock Index Component or the Wheat Index Component is not published or settles at the maximum permitted daily fluctuation in the primary market for such Designated Contract; or

The following events will not be Market Disruption Events with respect to the Livestock Index Component or the Wheat Index Component:

- a limitation on the hours or numbers of days of trading, but only if the limitation results from an announced change in the regular business hours of the relevant market; or
- a decision to permanently discontinue trading in the option or futures contracts relating to the Livestock Index Component or the Wheat Index Component or the Commodities underlying the Designated Contracts included in the Livestock Index Component or the Wheat Index Component, as the case may be.

For this purpose, an “absence of trading” in the primary securities market on which option or futures contracts related to the Livestock Index Component or the Wheat Index Component, as the case may be, or the Commodities underlying the Designated Contracts included in the Livestock Index Component or Wheat Index Component, as the case may be, are traded will not include any time when that market is itself closed for trading under ordinary circumstances.

## **Discontinuance Of Quotations Of An Individual Commodity Component; Alteration Of Manner Of Quotations**

If the NYMEX, the CBOT, the LME, the London Gold Market, the London Silver Market, or the LPPM, discontinues quoting the Closing Level for the applicable Individual Commodity Component as provided herein and another entity publishes a quotation that the Bank determines, in its sole discretion, to be comparable to the discontinued quotation, then the Final Basket Level will be determined by reference to the quotation of such closing level provided by such successor entity (in any such case, referred to herein as a “Successor Quotation Source”) at 5:30 p.m., New York City time, on the date that any Closing Level of the affected Individual Commodity Component is to be determined.

Upon any selection by the Bank of a Successor Quotation Source the Bank will promptly give notice to the holders of the CDs.

If the NYMEX, the CBOT, the LME, the London Gold Market, the London Silver Market, or the LPPM, discontinues quoting the Closing Level for the applicable Individual Commodity Component as provided herein and the Bank determines that no Successor Quotation Source for such Closing Level is available at such time, then any subsequent Closing Level of the affected Basket Component will be determined by reference to the Bank’s good faith estimate of the Closing Level for such affected Basket Component.

If a Successor Quotation Source is selected or the Bank calculates a closing level in the absence of a Successor Quotation Source, such Successor Quotation Source or closing level will be used for all purposes with respect to calculation of the Closing Level of such Individual Commodity Component and the Final Basket Level, including for purposes of determining whether a Market Disruption Event exists. Notwithstanding these alternative arrangements, discontinuance of the publication of a quotation by the NYMEX, the CBOT, the LME, the London Gold Market, the London Silver Market, or the LPPM, may adversely affect the value of the CDs.

If the method of quoting a Closing Level as provided herein is changed in a material respect by the NYMEX, the CBOT, the LME, the London Gold Market, the London Silver Market, or the LPPM, or a Successor Quotation Source, then the Bank will, at 5:30 p.m., New York City time, on the date that the Closing Level of the affected Individual Commodity Component is to be determined, make such calculations and adjustments as, in its good faith

judgment, may be necessary in order to arrive at a Closing Level for such affected Individual Commodity Component as if such changes had not been made. The Bank will calculate the Final Basket Level with reference to the Closing Level, as adjusted.

### **Discontinuance Of The Livestock Index Component Or The Wheat Index Component; Alteration Of Method Of Calculation**

If the publication of the Livestock Index Component or the Wheat Index Component is discontinued and a successor or substitute index is published that the Bank determines, in its sole discretion, to be comparable to the discontinued index, then any subsequent Closing Level of the Livestock Index Component or the Wheat Index Component, as the case may be, will be determined by reference to the level of such successor index or substitute index (in any such case, referred to herein as a “Successor Basket Component”) on the date that any Closing Level of such Basket Component is to be determined.

Upon any selection by the Bank of a Successor Basket Component, the Bank will promptly give notice to the holders of the CDs.

If publication of the Livestock Index Component or the Wheat Index Component or a Successor Basket Component is discontinued prior to, and such discontinuance is continuing on, the date that any Closing Level of such Basket Component is to be determined and the Bank determines that no Successor Basket Component is available at such time, then, on such date, the Bank will determine the Closing Level of such Basket Component to be used in computing the Final Basket Level. The Closing Level will be computed by the Bank in accordance with the formula for and method of calculating such Basket Component last in effect prior to such discontinuance.

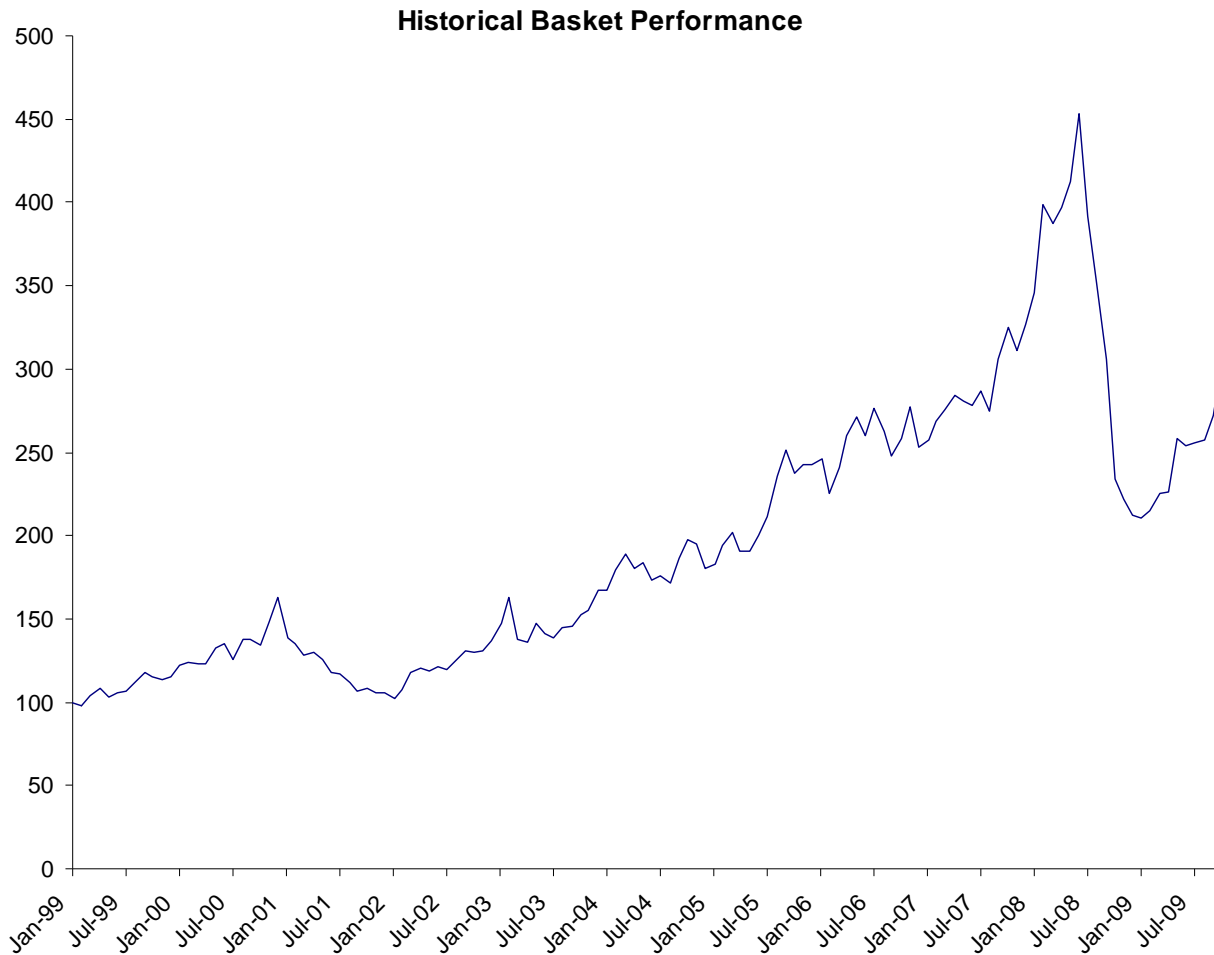
If a Successor Basket Component is selected or the Bank calculates a closing level as a substitute for the Closing Level of the Livestock Index Component or the Wheat Index Component, such Successor Basket Component or closing level will be used as a substitute for such Basket Component for all purposes, including for purposes of determining whether a Market Disruption Event exists. Notwithstanding these alternative arrangements, discontinuance of the publication of the Livestock Index Component or the Wheat Index Component may adversely affect the value of the CDs.

If the method of calculating the Livestock Index Component or the Wheat Index Component or a Successor Basket Component, or its Closing Level, is changed in a material respect, or if the Livestock Index Component or the Wheat Index Component or a Successor Basket Component is in any other way modified so that such Basket Component or Successor Basket Component does not, in the opinion of the Bank, fairly represent the level of such Basket Component or such Successor Basket Component had such changes or modifications not been made, then the Bank will, at the close of trading of the relevant exchanges on which the Designated Contracts included in such Basket Component or such Successor Basket Component are traded on any date that the Closing Level is to be determined, make such calculations and adjustments as, in its good faith judgment, may be necessary in order to arrive at a level of a commodities index comparable to such Basket Component or such Successor Basket Component, as the case may be, as if such changes or modifications had not been made. The Bank will calculate the Closing Level of such Basket Component or such Successor Basket Component and the Final Basket Level with reference to such Basket Component or such Successor Basket Component, as adjusted. Accordingly, if the method of calculating the Livestock Index Component or the Wheat Index Component or a Successor Basket Component is modified so that its level is a fraction of what it would have been if it had not been modified (for example, due to a split in an index), then the Bank will adjust such Basket Component in order to arrive at a level of such Basket Component or such Successor Basket Component as if it had not been modified (for example, as if such split had not occurred).

## THE BASKET

The following graph sets forth the end-of-period Levels of the Basket for each month in the period from January 1999 through September 2009, and for the period October 1, 2009 to October 21, 2009, assuming that the Basket had been constructed on January 1, 1999 and set to equal 100 on that date. The Bank obtained the Closing Levels and other information used by the Bank in order to create the graph found below from Bloomberg Financial Markets without independent verification.

The hypothetical historical levels, as calculated solely for the purposes of the offering of the CDs, fluctuated in the past and may in the future experience significant fluctuations. Any hypothetical historical upward or downward trend in the Level of the Basket during any period shown below is not an indication that the Basket is more likely to be positive or negative during the term of the CDs.



### The Commodity Futures Markets

Contracts on physical commodities are traded on regulated futures exchanges, in the over-the-counter market and on various types of physical and electronic trading facilities and markets. The Closing Levels of the Crude Oil Component, Natural Gas Component, Corn Component and Soybean Component will be determined by reference to a designated futures contract. A futures contract is a bilateral agreement providing for the purchase and sale of a specified type and quantity of a commodity or financial instrument during a stated delivery month for a fixed price. A futures contract on an index of commodities typically provides for the payment and receipt of a cash settlement based on the value of such commodities. A futures contract provides for a specified settlement month in which the commodity or financial instrument is to be delivered by the seller (whose position is described as “short”) and acquired by the purchaser (whose position is described as “long”) or in which the cash settlement amount is to be made.

There is no purchase price paid or received on the purchase or sale of a futures contract. Instead, an amount of cash or cash equivalents must be deposited with the broker as “initial margin.” This amount varies based on the requirements imposed by the exchange clearing houses, but may be as low as 5% or less of the value of the contract. This margin deposit provides collateral for the obligations of the parties to the futures contract.

Futures contracts are traded on organized exchanges, known as “contract markets” in the United States, through the facilities of a centralized clearing house and a brokerage firm which is a member of the clearing house. The clearing house guarantees the performance of each clearing member which is a party to the futures contract by, in effect, taking the opposite side of the transaction. At any time prior to the expiration of a futures contract, subject to the availability of a liquid secondary market, a trader may elect to close out its position by taking an opposite position on the exchange on which the trade obtained the position. This operates to terminate the position and fix the trader’s profit or loss.

U.S. contract markets, as well as brokers and market participants, are subject to regulation by the Commodity Futures Trading Commission. Futures markets outside the United States are generally subject to regulation by comparable regulatory authorities. However, the structure and nature of trading on non-U.S. exchanges may differ from the foregoing description.

### **The NYMEX Crude Oil and Natural Gas Futures Contract**

The Closing Level for the Crude Oil Component on any day will be determined by reference to the official settlement price per barrel of the first nearby month futures contract for WTI light sweet crude oil on that day. This futures contract is based on West Texas Intermediate crude oil delivered to Cushing, Oklahoma. Although WTI is refined principally in the United States' mid-continent region, it forms the basis for pricing other domestic crudes as well as some foreign grades.

The Closing Level for the Natural Gas Component on any day will be determined by reference to the official settlement price of the first nearby month futures contract per one million British thermal units of Henry Hub natural gas (as defined herein), expressed in U.S. dollars. The futures contract for Henry Hub natural gas trades in units of 10,000 million British thermal units (mmBtu). As of October 21, 2009, the price is based on delivery at the Henry Hub in Louisiana (therefore the contract may be known as "Henry Hub natural gas"), the nexus of 16 intra- and interstate natural gas pipeline systems that draw supplies from the region's prolific gas deposits. The pipelines serve markets throughout the U.S. East Coast, the Gulf Coast, the Midwest, and up to the Canadian border.

The NYMEX, the world's largest physical commodity futures and options exchange, was founded more than 130 years ago. The NYMEX provides a regulated marketplace where industry participants use futures and options to minimize their price exposure in the physical energy market. The NYMEX conducts trading in its futures contracts through an open-outcry trading floor during the trading day and after hours through an internet-based electronic platform.

### **The CBOT Corn and Soybean Futures Contracts**

The Closing Level of the Corn Component on any day will be determined by reference to the official settlement price per bushel of deliverable-grade corn of the first nearby month futures contract (or in the case of any trading day after the date of the last trade of the options contract (if there is more than one options contract, then the options contract with the latest date) pertaining to the first nearby month futures contract, the second nearby month futures contract), expressed in U.S. cents per bushel traded on the CBOT. The corn contract trades on the CBOT in units of 5,000 bushels. It is settled in March, May, July, September and December (each a "Corn Contract Month"). Trading in the corn contract terminates on the business day prior to the fifteenth calendar day of the Corn Contract Month. The daily price limit for the corn contract is thirty cents (\$0.30) per bushel expandable to forty-five cents (\$0.45) and then to seventy cents (\$0.70) when the market closes at limit bid or limit offer. There shall be no price limits on the current month contract on or after the second business day preceding the first day of the delivery month. There is no limit in the spot month. The last delivery day is the second business day following the last trading day of the delivery month.

The Closing Level of the Soybean Component on any day will be determined by reference to the official settlement price per bushel of deliverable-grade soybeans of the first nearby month futures contract (or , in the case of any trading day after the date of the last trade of the options contract (if there is more than one options contract, then the options contract with the latest date) pertaining to the first nearby month futures contract, the second nearby month futures contract), expressed in U.S. cents per bushel traded on the CBOT. The soybean contract trades on the CBOT in units of 5,000 bushels. It is settled September, November, January, March, May, July and August (each a "Soybean Contract Month"). Trading in the soybean contract terminates on the business day prior to the fifteenth calendar day of the Soybean Contract Month. The daily price limit for the soybean contract is seventy cents (\$0.70) per bushel expandable to one dollar and five cents (\$1.05) and then to one dollar and sixty cents (\$1.60) when the market closes at limit bid or limit offer. There shall be no price limits on the current month contract on or after the second business day preceding the first day of the delivery month. There is no limit in the spot month. The last trading day is the business day prior to the 15th calendar day of the contract month.

The CBOT, established in 1848, is a futures and futures-options exchange. In its early history, the CBOT traded only agricultural commodities such as corn, wheat, oats and soybeans. Futures contracts at the exchange evolved to include non-storable agricultural commodities and non-agricultural products. South American Soybean futures and Ethanol futures, the exchange's newest products, were introduced in 2005 in response to shifting trends in the global agricultural economy. Whether trading futures and options on futures through an electronic platform or open auction, the CBOT's primary role is to provide transparent and liquid contract markets for its member/stockholders and customers to use for price discovery, risk management and investment purposes.

Effective July 12, 2007, CBOT Holdings, Inc. was merged with and into Chicago Mercantile Exchange Holdings Inc. Immediately following the merger, the name of the company was changed from “Chicago Mercantile Exchange Holdings Inc.” to “CME Group Inc.” The CME Group will continue as the unified parent of both the Chicago Mercantile Exchange (the “CME”) and the CBOT, though the CME Group has stated that the CME and the CBOT will continue to have separate rulebooks. As of the completion of the merger there were no changes in CME and CBOT market rules and regulations. The CME Group, however, has announced that, to the extent possible, the rulebooks of the two separate self-regulatory organizations will be conformed to include substantially similar provisions. The revised provisions will be adopted over a period of time.

### **Copper Grade A**

The Closing Level of the Copper Component on any day will be determined by reference to the official cash offer price per tonne of copper Grade A on the LME for the spot market, expressed in U.S. dollars per tonne.

The LME was established in 1877 and is the principal base-metal exchange in the world on which contracts for delivery of copper, lead, zinc, tin, aluminum, aluminum alloy and nickel are traded. In contrast to U.S. futures exchanges, the LME operates as a principals’ market for the trading of forward contracts, and is therefore more closely analogous to over-the-counter physical commodity markets than futures markets. There are no price limits applicable to LME prices, and therefore prices can decline without limitation over a period of time.

### **Gold and Silver and the London Bullion Market Association (LBMA)**

The Closing Level for the Gold Component on any day will be determined by reference to the official afternoon fixing price per troy ounce of gold, expressed in U.S. dollars, for delivery in London through a member of the LBMA authorized to effect such delivery. Twice daily during London trading hours there is a “fixing” which provides reference gold prices for that day’s trading. Formal participation in the London fixing is traditionally limited to five market-making members of the LBMA. These members meet each London business day at 10:30 a.m. to determine the London morning fixing price, and at 3:00 p.m. to determine the London afternoon fixing price, at the offices of the fixing chairman.

The Closing Level for the Silver Component on any day will be determined by reference to the official fixing price per troy ounce of silver, expressed in U.S. cents, for delivery in London through a member of the LBMA authorized to effect such delivery. Once each day during London trading hours there is a “fixing” which provides reference silver prices for that day’s trading. Formal participation in the London fixing is traditionally limited to three market-making members of the LBMA. These members meet by telephone at 12:00 noon (London time) each working day.

Clients place orders with the dealing rooms of fixing members, who net all orders before communicating their interest to their representative at the fixing. Orders may be changed at any time during these proceedings. The gold price is adjusted to reflect whether there are more buyers or sellers at a given price until supply and demand are balanced, at which time the price is declared fixed. All fixing orders are then fulfilled at this price, which is communicated to the market through various media. There are no price limits applicable to LBMA contracts and, consequently, prices can decline without limitation over a period of time.

The London gold bullion and silver markets are the principal global clearing centers for over-the-counter gold bullion and silver transactions, including transaction in spot, forward and options contracts, together with exchange-traded futures and options and other derivatives. The principal representative body of the London gold bullion and silver markets is the LBMA. The LBMA, which was formally incorporated in 1987, is a self-regulatory association currently comprised of 60 members, of which 9 are market-making members, plus a number of associate members around the world.

### **Platinum and the London Platinum and Palladium Market (LPPM)**

The Closing Level for the Platinum Component on any day will be determined by the official afternoon fixing price per troy ounce gross of platinum, expressed in U.S. dollars, for delivery in Zurich through a member of the LPPM. authorized to effect such delivery. Twice daily during London trading hours, at 9:45 a.m. and 2:00 p.m., there is a “fixing” which provides reference platinum and palladium prices for that day’s trading. Formal participation in the

platinum fixing is currently limited to four members of the LPPM. At the start of each fixing, the chairman of the LPPM fix announces an opening price which is relayed to the members' dealing rooms. This price is relayed to the members' customers and, on the basis of orders received, each member declares itself as a buyer or seller. After members have declared their buying and selling interests, they are asked to state the volume of the metals that they wish to trade. If the amounts of buying and selling do not balance, the procedure is repeated, at a higher or lower price, until a balance is achieved. The fixing price is the price at which all of the buying and selling orders declared by members are matched. There are no price limits applicable to LPPM contracts and, consequently, prices could decline without limitation over a period of time.

London has historically been an important center for trading in platinum and palladium. In 1979, a group of leading London- and Zurich-based platinum and palladium traders decided to standardize the specifications for the quality and origins of platinum and palladium that they would trade. In 1987, this informal organization of traders founded the LPPM.

THE CDs ARE NOT SPONSORED, ENDORSED, SOLD, OR PROMOTED BY THE NYMEX, THE CBOT, THE LME, THE GOLD FIXING LIMITED, THE SILVER FIXING LIMITED, AND THE LPPM. THESE ENTITIES MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF THE CDs OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN THE CDs. THESE ENTITIES ARE NOT RESPONSIBLE FOR AND HAVE NOT PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES OF, OR QUANTITIES OF THE CDs TO BE ISSUED OR THE CALCULATION OF THE FINAL BASKET LEVEL. THESE ENTITIES HAVE NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING, OR TRADING OF THE CDs.

### **Historical Information**

The following tables set forth the high and low Closing Levels, as well as end-of-period Closing Levels, for each of the Individual Commodity Components for each quarter in the period from January 1, 1999 through September 30, 2009, and for the period from October 1, 2009 to October 21, 2009. The Bank obtained the Closing Levels reflected below from the Bloomberg Financial Markets without independent verification. The historical Closing Levels of the Individual Commodity Components set forth below should not be taken as an indication of future performance of the Individual Commodity Components.

**Crude Oil Component**

	<u>High</u>	<u>Low</u>	<u>Period-End</u>
1999			
First Quarter .....	\$16.80	\$11.37	\$16.76
Second Quarter.....	\$19.29	\$15.83	\$19.29
Third Quarter.....	\$24.87	\$19.39	\$24.51
Fourth Quarter.....	\$27.07	\$20.90	\$25.60
2000			
First Quarter .....	\$34.13	\$24.22	\$26.90
Second Quarter.....	\$32.95	\$23.85	\$32.50
Third Quarter.....	\$35.92	\$27.43	\$30.84
Fourth Quarter.....	\$36.06	\$25.77	\$26.80
2001			
First Quarter .....	\$31.59	\$26.12	\$26.29
Second Quarter.....	\$30.34	\$25.56	\$26.25
Third Quarter.....	\$28.81	\$21.81	\$23.43
Fourth Quarter.....	\$23.34	\$17.84	\$19.84
2002			
First Quarter .....	\$26.31	\$18.63	\$26.31
Second Quarter.....	\$29.36	\$23.47	\$26.86
Third Quarter.....	\$30.77	\$26.07	\$30.45
Fourth Quarter.....	\$32.72	\$25.19	\$31.20
2003			
First Quarter .....	\$37.83	\$26.91	\$31.04
Second Quarter.....	\$32.36	\$25.24	\$30.19
Third Quarter.....	\$32.39	\$27.03	\$29.20
Fourth Quarter.....	\$33.75	\$28.47	\$32.52
2004			
First Quarter .....	\$38.18	\$32.48	\$35.76
Second Quarter.....	\$42.33	\$34.27	\$37.05
Third Quarter.....	\$49.90	\$38.39	\$49.64
Fourth Quarter.....	\$55.17	\$40.71	\$43.45
2005			
First Quarter .....	\$57.46	\$42.12	\$55.40
Second Quarter.....	\$60.54	\$48.54	\$56.50
Third Quarter.....	\$69.81	\$57.13	\$66.24
Fourth Quarter.....	\$65.47	\$56.50	\$61.04
2006			
First Quarter .....	\$68.48	\$57.65	\$66.63
Second Quarter.....	\$75.17	\$66.23	\$73.93
Third Quarter.....	\$77.03	\$60.55	\$62.91
Fourth Quarter.....	\$64.09	\$55.81	\$61.05
2007			
First Quarter.....	\$66.03	\$51.21	\$65.87
Second Quarter.....	\$70.68	\$61.47	\$70.68
Third Quarter.....	\$82.88	\$69.26	\$81.66
Fourth Quarter.....	\$98.18	\$79.02	\$95.98
2008			
First Quarter.....	\$110.33	\$86.99	\$101.58
Second Quarter.....	\$140.21	\$100.98	\$140.00
Third Quarter.....	\$145.29	\$91.15	\$100.64
Fourth Quarter.....	\$98.53	\$35.35	\$44.60
2009			
First Quarter.....	\$54.34	\$33.98	\$49.66
Second Quarter.....	\$72.68	\$48.39	\$69.89
Third Quarter.....	\$74.37	\$59.52	\$70.61
October 1, 2009 to October 21, 2009 .....	\$81.37	\$69.57	\$81.37

**Natural Gas Component**

	<b><u>High</u></b>	<b><u>Low</u></b>	<b><u>Period-End</u></b>
1999			
First Quarter .....	\$2.071	\$1.628	\$2.013
Second Quarter.....	\$2.460	\$2.013	\$2.394
Third Quarter.....	\$3.064	\$2.141	\$2.744
Fourth Quarter.....	\$3.223	\$2.120	\$2.329
2000			
First Quarter .....	\$2.963	\$2.168	\$2.945
Second Quarter.....	\$4.686	\$2.822	\$4.476
Third Quarter.....	\$5.447	\$3.660	\$5.186
Fourth Quarter.....	\$9.830	\$4.485	\$9.775
2001			
First Quarter .....	\$9.819	\$4.911	\$5.025
Second Quarter.....	\$5.559	\$3.096	\$3.096
Third Quarter.....	\$3.468	\$1.830	\$2.244
Fourth Quarter.....	\$3.291	\$2.208	\$2.570
2002			
First Quarter .....	\$3.457	\$1.908	\$3.283
Second Quarter.....	\$3.855	\$3.057	\$3.245
Third Quarter.....	\$4.138	\$2.660	\$4.138
Fourth Quarter.....	\$5.341	\$3.724	\$4.789
2003			
First Quarter .....	\$9.577	\$4.935	\$5.060
Second Quarter.....	\$6.521	\$4.919	\$5.411
Third Quarter.....	\$5.520	\$4.471	\$4.830
Fourth Quarter.....	\$7.221	\$4.486	\$6.189
2004			
First Quarter .....	\$7.287	\$5.077	\$5.933
Second Quarter.....	\$6.732	\$5.509	\$6.155
Third Quarter.....	\$6.911	\$4.570	\$6.795
Fourth Quarter.....	\$8.775	\$6.149	\$6.149
2005			
First Quarter .....	\$7.653	\$5.790	\$7.653
Second Quarter.....	\$7.749	\$6.212	\$6.981
Third Quarter.....	\$14.196	\$7.171	\$13.921
Fourth Quarter .....	\$15.378	\$11.022	\$11.225
2006			
First Quarter .....	\$10.626	\$6.547	\$7.210
Second Quarter .....	\$8.192	\$5.962	\$6.104
Third Quarter.....	\$8.211	\$4.475	\$5.620
Fourth Quarter .....	\$8.871	\$5.643	\$6.299
2007			
First Quarter.....	\$7.871	\$6.162	\$7.730
Second Quarter .....	\$8.191	\$6.655	\$6.773
Third Quarter.....	\$7.046	\$5.380	\$6.870
Fourth Quarter .....	\$8.637	\$6.761	\$7.483
2008			
First Quarter.....	\$10.230	\$7.621	\$10.101
Second Quarter .....	\$13.353	\$9.322	\$13.353
Third Quarter.....	\$13.577	\$7.221	\$7.438
Fourth Quarter .....	\$7.728	\$5.294	\$5.622
2009			
First Quarter.....	\$6.072	\$3.684	\$3.776
Second Quarter .....	\$4.449	\$3.253	\$3.835
Third Quarter.....	\$4.875	\$2.508	\$4.841
October 1, 2009 to October 21, 2009 .....	\$5.161	\$4.436	\$5.100

**Corn Component**

	<u>High</u>	<u>Low</u>	<u>Period-End</u>
1999			
First Quarter .....	232.25¢	210.25¢	225.50¢
Second Quarter.....	224.00¢	211.75¢	216.25¢
Third Quarter.....	228.25¢	186.00¢	208.25¢
Fourth Quarter.....	205.75¢	192.25¢	204.50¢
2000			
First Quarter .....	240.75¢	200.75¢	236.00¢
Second Quarter.....	250.75¢	195.75¢	195.75¢
Third Quarter.....	198.00¢	174.75¢	197.75¢
Fourth Quarter.....	231.75¢	199.25¢	231.75¢
2001			
First Quarter .....	230.00¢	203.25¢	203.25¢
Second Quarter.....	212.25¢	187.25¢	197.25¢
Third Quarter.....	234.25¢	199.25¢	214.50¢
Fourth Quarter.....	221.25¢	202.25¢	209.00¢
2002			
First Quarter .....	214.75¢	202.50¢	202.50¢
Second Quarter.....	233.75¢	196.00¢	233.00¢
Third Quarter.....	292.50¢	222.50¢	251.50¢
Fourth Quarter.....	260.00¢	235.75¢	235.75¢
2003			
First Quarter .....	245.25¢	227.75¢	236.50¢
Second Quarter.....	255.75¢	223.75¢	223.75¢
Third Quarter.....	247.00¢	205.50¢	220.25¢
Fourth Quarter.....	253.50¢	213.75¢	246.00¢
2004			
First Quarter .....	320.00¢	250.00¢	320.00¢
Second Quarter.....	330.50¢	262.50¢	262.50¢
Third Quarter.....	263.00¢	205.25¢	205.50¢
Fourth Quarter.....	209.00¢	197.00¢	204.75¢
2005			
First Quarter .....	228.50¢	194.75¢	213.00¢
Second Quarter.....	235.50¢	203.50¢	222.25¢
Third Quarter.....	260.00¢	203.25¢	205.50¢
Fourth Quarter .....	216.25¢	191.25¢	215.75¢
2006			
First Quarter .....	239.50¢	205.00¢	236.00¢
Second Quarter.....	263.00¢	228.25¢	246.00¢
Third Quarter.....	268.25¢	219.00¢	262.50¢
Fourth Quarter .....	390.50¢	264.00¢	390.25¢
2007			
First Quarter.....	438.50¢	354.50¢	374.50¢
Second Quarter .....	419.00¢	340.00¢	340.00¢
Third Quarter.....	386.75¢	310.00¢	373.00¢
Fourth Quarter .....	455.50¢	339.75¢	455.50¢
2008			
First Quarter.....	572.50¢	462.50¢	567.25¢
Second Quarter .....	768.25¢	576.25¢	737.75¢
Third Quarter.....	761.00¢	487.50¢	487.50¢
Fourth Quarter .....	484.00¢	309.25¢	407.00¢
2009			
First Quarter.....	427.50¢	349.25¢	404.75¢
Second Quarter .....	449.50¢	354.50¢	354.50¢
Third Quarter.....	358.00¢	306.25¢	344.00¢
October 1, 2009 to October 21, 2009 .....	398.25¢	333.50¢	398.25¢

**Soybean Component**

	<u>High</u>	<u>Low</u>	<u>Period-End</u>
1999			
First Quarter .....	555.00¢	458.00¢	483.75¢
Second Quarter.....	495.50¢	447.50¢	450.50¢
Third Quarter.....	520.50¢	410.00¢	491.25¢
Fourth Quarter.....	499.75¢	451.00¢	469.75¢
2000			
First Quarter .....	545.50¢	464.50¢	545.50¢
Second Quarter.....	572.25¢	482.75¢	482.75¢
Third Quarter.....	512.75¢	437.25¢	490.50¢
Fourth Quarter.....	522.00¢	465.00¢	509.75¢
2001			
First Quarter .....	506.75¢	428.50¢	428.50¢
Second Quarter.....	474.25¢	422.50¢	474.25¢
Third Quarter.....	528.00¢	451.25¢	451.25¢
Fourth Quarter.....	454.00¢	420.75¢	422.25¢
2002			
First Quarter .....	476.25¢	418.25¢	476.25¢
Second Quarter.....	528.75¢	456.50¢	528.75¢
Third Quarter.....	594.00¢	519.50¢	545.75¢
Fourth Quarter.....	578.75¢	523.50¢	565.00¢
2003			
First Quarter .....	582.00¢	548.00¢	574.50¢
Second Quarter.....	649.25¢	573.75¢	614.25¢
Third Quarter.....	683.25¢	519.25¢	677.25¢
Fourth Quarter.....	803.50¢	678.00¢	794.00¢
2004			
First Quarter .....	1,055.75¢	793.00¢	995.00¢
Second Quarter.....	1,045.50¢	782.50¢	782.50¢
Third Quarter.....	821.50¢	523.50¢	527.00¢
Fourth Quarter.....	561.25¢	505.25¢	547.25¢
2005			
First Quarter .....	681.00¢	499.50¢	627.50¢
Second Quarter.....	744.50¢	609.50¢	656.00¢
Third Quarter.....	721.00¢	557.50¢	573.25¢
Fourth Quarter .....	623.75¢	554.00¢	613.50¢
2006			
First Quarter .....	632.25¢	565.00¢	571.50¢
Second Quarter.....	613.00¢	555.25¢	600.50¢
Third Quarter.....	613.50¢	538.50¢	547.50¢
Fourth Quarter .....	697.25¢	542.50¢	697.25¢
2007			
First Quarter.....	794.50¢	664.50¢	761.25¢
Second Quarter .....	855.75¢	715.50¢	855.75¢
Third Quarter.....	1,009.00¢	799.25¢	991.25¢
Fourth Quarter .....	1,239.50¢	925.50¢	1,214.25¢
2008			
First Quarter.....	1,559.50¢	1,189.50¢	1,197.25¢
Second Quarter .....	1,598.00¢	1,211.00¢	1,598.00¢
Third Quarter.....	1,649.00¢	1,045.00¢	1,045.00¢
Fourth Quarter .....	1,053.00¢	783.50¢	980.00¢
2009			
First Quarter.....	1,036.00¢	844.00¢	952.00¢
Second Quarter .....	1,267.00¢	952.00¢	1,119.25¢
Third Quarter.....	1,216.50¢	903.00¢	927.00¢
October 1, 2009 to October 21, 2009 .....	1,008.50¢	885.00¢	1,008.50¢

**Copper Component**

	<u>High</u>	<u>Low</u>	<u>Period-End</u>
1999			
First Quarter .....	\$1,472.50	\$1,354.00	\$1,371.50
Second Quarter .....	\$1,568.00	\$1,357.00	\$1,536.00
Third Quarter .....	\$1,793.50	\$1,599.00	\$1,758.00
Fourth Quarter .....	\$1,846.00	\$1,653.00	\$1,846.00
2000			
First Quarter .....	\$1,898.00	\$1,703.00	\$1,728.50
Second Quarter .....	\$1,829.00	\$1,607.00	\$1,773.50
Third Quarter .....	\$2,009.00	\$1,741.00	\$1,978.00
Fourth Quarter .....	\$1,966.50	\$1,759.00	\$1,808.50
2001			
First Quarter .....	\$1,837.00	\$1,664.50	\$1,666.00
Second Quarter .....	\$1,730.00	\$1,550.50	\$1,550.50
Third Quarter .....	\$1,573.00	\$1,403.00	\$1,424.00
Fourth Quarter .....	\$1,540.50	\$1,319.00	\$1,462.00
2002			
First Quarter .....	\$1,650.50	\$1,421.00	\$1,623.00
Second Quarter .....	\$1,689.50	\$1,551.00	\$1,654.00
Third Quarter .....	\$1,667.50	\$1,434.50	\$1,434.50
Fourth Quarter .....	\$1,649.50	\$1,429.00	\$1,536.00
2003			
First Quarter .....	\$1,728.00	\$1,544.50	\$1,587.50
Second Quarter .....	\$1,711.50	\$1,564.00	\$1,644.00
Third Quarter .....	\$1,824.50	\$1,638.00	\$1,794.00
Fourth Quarter .....	\$2,321.00	\$1,790.50	\$2,321.00
2004			
First Quarter .....	\$3,105.50	\$2,337.00	\$3,067.50
Second Quarter .....	\$3,170.00	\$2,554.00	\$2,664.50
Third Quarter .....	\$3,140.00	\$2,700.00	\$3,140.00
Fourth Quarter .....	\$3,287.00	\$2,835.00	\$3,279.50
2005			
First Quarter .....	\$3,424.50	\$3,072.00	\$3,408.00
Second Quarter .....	\$3,670.00	\$3,113.00	\$3,597.00
Third Quarter .....	\$3,978.00	\$3,444.00	\$3,949.00
Fourth Quarter .....	\$4,650.00	\$3,905.00	\$4,584.50
2006			
First Quarter .....	\$5,527.50	\$4,537.00	\$5,527.50
Second Quarter .....	\$8,788.00	\$5,561.00	\$7,501.00
Third Quarter .....	\$8,233.00	\$7,230.00	\$7,601.00
Fourth Quarter .....	\$7,740.00	\$6,290.00	\$6,290.00
2007			
First Quarter .....	\$6,940.00	\$5,225.50	\$6,940.00
Second Quarter .....	\$8,225.00	\$6,916.00	\$7,650.00
Third Quarter .....	\$8,210.00	\$6,960.00	\$8,165.00
Fourth Quarter .....	\$8,301.00	\$6,272.50	\$6,676.50
2008			
First Quarter .....	\$8,881.00	\$6,666.00	\$8,520.00
Second Quarter .....	\$8,884.50	\$7,921.00	\$8,775.50
Third Quarter .....	\$8,985.00	\$6,419.00	\$6,419.00
Fourth Quarter .....	\$6,379.00	\$2,770.00	\$2,902.00
2009			
First Quarter .....	\$4,078.00	\$3,050.50	\$4,035.00
Second Quarter .....	\$5,266.00	\$3,963.50	\$5,108.00
Third Quarter .....	\$6,490.50	\$4,821.00	\$6,136.00
October 1, 2009 to October 21, 2009 .....	\$6,444.00	\$5,856.00	\$6,346.00

**Gold Component**

	<b><u>High</u></b>	<b><u>Low</u></b>	<b><u>Period-End</u></b>
1999			
First Quarter .....	\$294.00	\$279.45	\$279.45
Second Quarter.....	\$287.95	\$258.15	\$261.00
Third Quarter.....	\$307.00	\$252.80	\$299.00
Fourth Quarter.....	\$325.50	\$276.10	\$290.25
2000			
First Quarter .....	\$312.70	\$275.75	\$276.75
Second Quarter.....	\$291.50	\$271.30	\$288.15
Third Quarter.....	\$287.65	\$269.50	\$273.65
Fourth Quarter.....	\$275.05	\$263.80	\$274.45
2001			
First Quarter .....	\$272.50	\$256.25	\$257.70
Second Quarter.....	\$291.25	\$255.95	\$270.60
Third Quarter.....	\$293.25	\$265.10	\$293.10
Fourth Quarter.....	\$291.85	\$272.20	\$276.50
2002			
First Quarter .....	\$304.30	\$277.75	\$301.40
Second Quarter.....	\$327.05	\$297.75	\$318.50
Third Quarter.....	\$326.30	\$302.25	\$323.70
Fourth Quarter.....	\$349.30	\$310.75	\$347.20
2003			
First Quarter .....	\$382.10	\$329.45	\$334.85
Second Quarter.....	\$371.40	\$319.90	\$346.00
Third Quarter.....	\$390.70	\$342.50	\$388.00
Fourth Quarter.....	\$416.25	\$370.25	\$416.25
2004			
First Quarter .....	\$425.50	\$390.50	\$423.70
Second Quarter.....	\$427.25	\$375.00	\$395.80
Third Quarter.....	\$415.65	\$387.30	\$415.65
Fourth Quarter.....	\$454.20	\$411.25	\$435.60
2005			
First Quarter .....	\$443.70	\$411.10	\$427.50
Second Quarter .....	\$440.55	\$414.45	\$437.10
Third Quarter.....	\$473.25	\$418.35	\$473.25
Fourth Quarter.....	\$536.50	\$456.50	\$513.00
2006			
First Quarter .....	\$584.00	\$524.75	\$582.00
Second Quarter.....	\$725.00	\$567.00	\$613.50
Third Quarter.....	\$663.25	\$573.60	\$599.25
Fourth Quarter.....	\$648.75	\$560.75	\$632.00
2007			
First Quarter.....	\$685.75	\$608.40	\$661.75
Second Quarter .....	\$691.40	\$642.10	\$650.50
Third Quarter.....	\$743.00	\$648.75	\$743.00
Fourth Quarter .....	\$841.10	\$725.50	\$833.75
2008			
First Quarter .....	\$1,011.25	\$846.75	\$933.50
Second Quarter .....	\$946.00	\$853.00	\$930.25
Third Quarter .....	\$986.00	\$740.75	\$884.50
Fourth Quarter .....	\$903.50	\$712.50	\$869.75
2009			
First Quarter.....	\$989.00	\$810.00	\$916.50
Second Quarter .....	\$981.75	\$870.25	\$934.50
Third Quarter .....	\$1,018.50	\$908.50	\$995.75
October 1, 2009 to October 21, 2009 .....	\$1,061.75	\$1,003.50	\$1,053.75

**Silver Component**

	<b><u>High</u></b>	<b><u>Low</u></b>	<b><u>Period-End</u></b>
1999			
First Quarter .....	575.00¢	491.00¢	502.50¢
Second Quarter.....	547.00¢	488.00¢	521.75¢
Third Quarter .....	571.00¢	502.50¢	557.50¢
Fourth Quarter.....	571.00¢	505.50¢	533.00¢
2000			
First Quarter .....	544.75¢	493.50¢	493.50¢
Second Quarter.....	513.50¢	489.50¢	501.75¢
Third Quarter .....	501.50¢	476.00¢	488.75¢
Fourth Quarter.....	488.50¢	457.00¢	457.50¢
2001			
First Quarter .....	482.00¢	432.50¢	433.00¢
Second Quarter.....	462.50¢	429.50¢	433.50¢
Third Quarter .....	462.00¢	414.00¢	458.50¢
Fourth Quarter.....	464.50¢	406.50¢	452.00¢
2002			
First Quarter .....	484.50¢	423.50¢	467.50¢
Second Quarter.....	505.00¢	444.50¢	487.00¢
Third Quarter .....	509.75¢	442.00¢	453.25¢
Fourth Quarter.....	474.25¢	429.50¢	466.50¢
2003			
First Quarter .....	492.75¢	437.75¢	446.00¢
Second Quarter.....	486.50¢	437.00¢	450.50¢
Third Quarter .....	531.75¢	455.50¢	511.50¢
Fourth Quarter.....	596.50¢	481.50¢	596.50¢
2004			
First Quarter .....	782.50¢	597.50¢	782.50¢
Second Quarter.....	829.00¢	549.50¢	591.00¢
Third Quarter .....	682.00¢	587.50¢	666.50¢
Fourth Quarter.....	804.00¢	668.50¢	681.50¢
2005			
First Quarter .....	757.00¢	639.00¢	718.75¢
Second Quarter.....	753.00¢	685.00¢	710.00¢
Third Quarter.....	753.00¢	674.00¢	753.00¢
Fourth Quarter.....	922.50¢	734.50¢	883.00¢
2006			
First Quarter .....	1,175.50¢	883.00¢	1,175.50¢
Second Quarter.....	1,494.00¢	972.00¢	1,070.00¢
Third Quarter.....	1,315.00¢	1,052.00¢	1,155.00¢
Fourth Quarter.....	1,405.00¢	1,082.50¢	1,290.00¢
2007			
First Quarter .....	1,458.00¢	1,221.00¢	1,335.00¢
Second Quarter.....	1,409.00¢	1,226.00¢	1,254.00¢
Third Quarter.....	1,365.00¢	1,167.00¢	1,365.00¢
Fourth Quarter.....	1,582.00¢	1,321.00¢	1,476.00¢
2008			
First Quarter .....	2,092.00¢	1,493.00¢	1,799.00¢
Second Quarter.....	1,856.00¢	1,619.00¢	1,765.00¢
Third Quarter.....	1,930.00¢	1,066.00¢	1,296.00¢
Fourth Quarter .....	1,228.00¢	888.00¢	1,079.00¢
2009			
First Quarter .....	1,439.00¢	1,051.00¢	1,311.00¢
Second Quarter.....	1,597.00¢	1,198.00¢	1,394.00¢
Third Quarter.....	1,738.00¢	1,247.00¢	1,645.00¢
October 1, 2009 to October 21, 2009 .....	1,799.00¢	1,621.00¢	1,739.00¢

**Platinum Component**

	<u>High</u>	<u>Low</u>	<u>Period-End</u>
1999			
First Quarter .....	\$383.00	\$342.00	\$361.00
Second Quarter.....	\$367.50	\$344.50	\$349.00
Third Quarter .....	\$409.00	\$343.50	\$393.00
Fourth Quarter.....	\$457.00	\$405.00	\$443.00
2000			
First Quarter .....	\$573.00	\$414.00	\$482.00
Second Quarter.....	\$579.00	\$470.00	\$558.00
Third Quarter .....	\$612.00	\$532.00	\$569.00
Fourth Quarter.....	\$622.00	\$570.00	\$619.00
2001			
First Quarter .....	\$639.50	\$563.00	\$563.00
Second Quarter.....	\$628.00	\$555.00	\$558.00
Third Quarter .....	\$560.00	\$429.00	\$429.00
Fourth Quarter.....	\$480.00	\$415.00	\$480.00
2002			
First Quarter .....	\$524.00	\$453.00	\$516.00
Second Quarter.....	\$565.00	\$519.50	\$545.00
Third Quarter .....	\$574.00	\$520.00	\$563.00
Fourth Quarter.....	\$607.00	\$557.00	\$598.00
2003			
First Quarter .....	\$704.00	\$603.00	\$642.00
Second Quarter.....	\$685.00	\$603.00	\$667.00
Third Quarter .....	\$714.00	\$665.00	\$710.00
Fourth Quarter.....	\$840.00	\$710.00	\$813.00
2004			
First Quarter .....	\$917.00	\$815.50	\$903.00
Second Quarter.....	\$936.00	\$767.00	\$793.00
Third Quarter .....	\$885.00	\$776.00	\$854.00
Fourth Quarter.....	\$884.00	\$821.50	\$859.00
2005			
First Quarter .....	\$883.00	\$844.00	\$864.00
Second Quarter.....	\$897.00	\$853.00	\$884.00
Third Quarter.....	\$930.00	\$860.00	\$929.00
Fourth Quarter.....	\$1,012.00	\$914.00	\$965.00
2006			
First Quarter .....	\$1,084.00	\$982.00	\$1,076.00
Second Quarter.....	\$1,331.00	\$1,070.00	\$1,226.00
Third Quarter.....	\$1,268.00	\$1,127.00	\$1,140.00
Fourth Quarter.....	\$1,355.00	\$1,053.00	\$1,118.00
2007			
First Quarter .....	\$1,248.00	\$1,118.00	\$1,244.00
Second Quarter.....	\$1,329.00	\$1,235.00	\$1,273.00
Third Quarter.....	\$1,377.00	\$1,240.00	\$1,377.00
Fourth Quarter.....	\$1,544.00	\$1,353.00	\$1,530.00
2008			
First Quarter .....	\$2,273.00	\$1,531.00	\$2,040.00
Second Quarter.....	\$2,182.00	\$1,878.00	\$2,064.00
Third Quarter.....	\$2,075.00	\$1,004.00	\$1,004.00
Fourth Quarter .....	\$1,032.00	\$763.00	\$898.00
2009			
First Quarter .....	\$1,152.00	\$918.00	\$1,124.00
Second Quarter.....	\$1,275.00	\$1,076.00	\$1,186.00
Third Quarter.....	\$1,339.00	\$1,095.00	\$1,287.00
October 1, 2009 to October 21, 2009 .....	\$1,371.00	\$1,269.00	\$1,346.00

## THE LIVESTOCK AND WHEAT INDEX COMPONENTS

All information contained in this Terms Supplement on the S&P GSCI Livestock Index Excess Return (Bloomberg ticker: SPGCLVP) (referred to as the “Livestock Index Component” in this Terms Supplement) and the S&P GSCI Wheat Index Excess Return (Bloomberg ticker: SPGCWHP) (referred to as the “Wheat Index Component” in this Terms Supplement) are derived from Goldman Sachs & Co. (“Goldman Sachs”), Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (the “Index Sponsor,” also referred to herein as “S&P”) or other publicly available sources. The Livestock Index Component and the Wheat Index Component are referred to herein collectively as the “Indices” and individually as an “Index.” Such information reflects the policies of the Index Sponsor as stated in such sources, and such policies are subject to change by the Index Sponsor. Neither the Bank nor Morgan Stanley assumes any responsibility for the accuracy or completeness of such information. The Index Sponsor is under no obligation to continue to publish the Livestock Index Component or the Wheat Index Component and may discontinue publication of the Indices at any time. The consequences of the Index Sponsor discontinuing the Indices is described in Additional Terms of the CDs—Discontinuance of the Livestock Index Component or the Wheat Index Component; Alteration of Method of Calculation.”

### General

Each Index is a sub-index of the S&P Goldman Sachs Commodity Index (the “GSCI”), formerly known as the Goldman Sachs Commodity Index, and the S&P GSCI Excess Return, formerly known as the GSCI Excess Return (the “GSCI Excess Return”). The GSCI Excess Return is a sub-index of the GSCI. The GSCI Excess Return reflects the returns of the S&P GSCI Spot Index (which is based on the price levels of the futures contracts included in the GSCI) plus any excess return resulting from the discount or premium obtained by “rolling” forward to nearby futures contracts as the hypothetical positions in the futures contracts included in the GSCI approach delivery. The GSCI, the GSCI Excess Return and the Indices are proprietary indices that Goldman Sachs developed. Effective February 8, 2007, Goldman Sachs Group, Inc. (the “Goldman Group”) completed a transaction with the Index Sponsor by which the Goldman Group sold to the Index Sponsor all of the rights of the Goldman Group in the GSCI and related indices, including the Livestock Index Component and the Wheat Index Component.

The GSCI is designed as a benchmark for investment in the commodity markets and as a measure of commodity market performance over time. The GSCI is also calculated primarily on a world-production weighted basis and comprises the principal physical commodities that are the subject of active, liquid futures markets. There is no limit on the number of contracts that may be included in the GSCI. The Livestock Index Component is designed as a benchmark for investment in the livestock commodity markets and as a measure of livestock commodity market performance over time and is calculated primarily on a world-production weighted basis. Similarly, the Wheat Index Component is designed as a benchmark for investment in the CBOT wheat commodity markets and as a measure of CBOT wheat commodity market performance over time and is calculated primarily on a world-production weighted basis. Goldman Sachs began publishing the GSCI and its indices and sub-indices in 1991 and calculated the historical value of the GSCI and related indices beginning on January 2, 1970. The GSCI and the GSCI Excess Return have been normalized to a value of 100 on January 2, 1970.

As of October 20, 2009, the Livestock Index Component consisted of the following livestock futures contracts included in the GSCI: live cattle, feeder cattle and lean hogs. As of that date, 61.30% of the value of the Livestock Index Component was determined by futures contracts for live cattle, 11.42% of the value of the Livestock Index Component was determined by futures contracts for feeder cattle and 27.28% of the value of the Livestock Index Component was determined by futures contracts for lean hogs. The livestock futures contracts currently included in the GSCI and the Livestock Index Component are futures contracts traded on the Chicago Mercantile Exchange (“CME”).

As of October 20, 2009, 100% of the Wheat Index Component consisted of the futures contracts for CBOT wheat. The CBOT wheat futures contracts currently included in the GSCI and the Wheat Index Component are CBOT futures contracts traded on the CME.

The Index Sponsor calculates and publishes the value of the GSCI and of each Index. These calculations are performed continuously on each business day. Quotations for the GSCI and each Index may be found on Bloomberg. In addition, a number of other data vendors publish GSCI quotations. The Index Sponsor publishes an official daily settlement price for the GSCI and the each Index on each day on which the offices of the Index Sponsor in New York are open for business between 4:00 p.m. and 6:00 p.m., New York time.

## The Index Committee and Advisory Panel

The Index Sponsor has established an Index Committee consisting of five members, with three appointed by S&P and two appointed by Goldman Sachs, to oversee the daily management and operation of the GSCI, the index rules that govern the GSCI, and the annual rebalancing of the GSCI. At each meeting, the Index Committee reviews any issues that may affect index constituents, statistics comparing the composition of the indices to the market, commodities that are being considered as candidates for addition to an index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting commodities, or other matters. The Index Sponsor has also established an Advisory Panel, consisting of a number of industry and investment leaders drawn from organizations that use the GSCI or which are active participants or observers of the global commodities markets, to assist it in connection with the operation of the GSCI. The Advisory Panel meets on an annual basis and at other times upon the request of the Index Committee. The principal purpose of the Advisory Panel is to advise the Index Committee with respect to, among other things, the calculation of the GSCI, the effectiveness of the GSCI as a measure of commodity futures market performance and the need for changes in the composition or in the methodology of the GSCI. The Advisory Panel acts solely in an advisory and consultative capacity; all decisions with respect to the composition, calculation and operation of the GSCI are made by the Index Committee.

## Composition of the GSCI

### *Contract Eligibility*

There are currently 24 commodities which meet the eligibility requirements for the GSCI. In order to be included in the GSCI, a contract must satisfy the following eligibility criteria:

1. The contract must:
  - a. be in respect of a physical commodity and not a financial commodity;
  - b. have a specified expiration or term or provide in some other manner for delivery or settlement at a specified time, or within a specified period, in the future;
  - c. at any given point in time, be available for trading at least five months prior to its expiration or such other date or time period specified for delivery or settlement; and
  - d. the exchange, facility or platform, referred to as a trading facility, on which the contract trades must allow market participants to execute spread transactions, through a single order entry, between the pairs of contract expirations (as discussed below) included in the GSCI that, at any given point in time, will be involved in the rolls to be effected in the next three roll periods (as discussed below).
2. The commodity must be the subject of a contract that:
  - a. is denominated in U.S. dollars;
  - b. is traded on a trading facility that has its principal place of business or operations in a country which is a member of the Organization for Economic Cooperation and Development and that:
    - makes price quotations generally available to its members or participants (and, if the Index Sponsor is not such a member or participant, to the Index Sponsor) in a manner and with a frequency that is sufficient to provide reasonably reliable indications of the level of the relevant market at any given point in time;
    - makes reliable trading volume information available to the Index Sponsor with at least the frequency required by the Index Sponsor to make the monthly determinations;
    - accepts bids and offers from multiple participants or price providers (i.e., it must not be a single-dealer platform);
    - is accessible by a sufficiently broad range of participants; and

- c. with respect to inclusion within the Livestock Index Component or Wheat Index Component, a contract must be in respect of a livestock commodity or CBOT wheat, respectively.
3. The price of the relevant contract that is used as a reference or benchmark by market participants (referred to as the daily contract reference price) generally must have been available on a continuous basis for at least two years prior to the proposed date of inclusion in the GSCI. In appropriate circumstances, however, the Index Sponsor, in consultation with the Index Committee, may determine that a shorter time period is sufficient or that historical daily contract reference prices for such contract may be derived from daily contract reference prices for a similar or related contract. The daily contract reference price may be (but is not required to be) the settlement price or other similar price published by the relevant trading facility for purposes of margining transactions or for other purposes.
4. At and after the time a contract is included in the GSCI, the daily contract reference price for such contract must be published between 10:00 a.m. and 4:00 p.m., New York City time, on each business day relating to such contract by the trading facility on or through which it is traded and must generally be available to all members of, or participants in, such facility (and, if the Index Sponsor is not such a member or participant, to the Index Sponsor) on the same day from the trading facility or through a recognized third-party data vendor. Such publication must include, at all times, daily contract reference prices for at least one expiration or settlement date that is five months or more from the date the determination is made, as well as for all expiration or settlement dates during such five-month period.
5. For a contract to be eligible for inclusion in the GSCI, volume data with respect to such contract must be available for at least the three months immediately preceding the date on which the determination is made.
6. A contract that is not included in the GSCI at the time of determination and that is based on a commodity that is not represented in the GSCI at such time must, in order to be added to the GSCI at such time, have a total dollar value traded, over the relevant period, and annualized, of at least U.S. \$15 billion. The total dollar value traded is the dollar value of the total quantity of the commodity underlying transactions in the relevant contract over the period for which the calculation is made, based on the average of the daily contract reference prices on the last day of each month during the period.
7. A contract that is already included in the GSCI at the time of determination and that is the only contract on the relevant commodity included in the GSCI must, in order to continue to be included in the GSCI after such time, have a total dollar value traded, over the relevant period, and annualized, of at least U.S. \$5 billion and at least U.S. \$10 billion during at least one of the three most recent annual periods used in making the determination.
8. A contract that is not included in the GSCI at the time of determination and that is based on a commodity on which there are one or more contracts already included in the GSCI at such time must, in order to be added to the GSCI at such time, have a total dollar value traded, over the relevant period, and annualized of at least U.S. \$30 billion.
9. A contract that is already included in the GSCI at the time of determination and that is based on a commodity on which there are one or more contracts already included in the GSCI at such time must, in order to continue to be included in the GSCI after such time, have a total dollar value traded, over the relevant period, and annualized, of at least U.S. \$10 billion and at least U.S. \$20 billion during at least one of the three most recent annual periods used in making the determination.
10. A contract that is already included in the GSCI at the time of determination must, in order to continue to be included after such time, have a reference percentage dollar weight of at least 0.10%. The reference percentage dollar weight of a contract is determined by multiplying the CPW (as defined below) of a contract by the average of its daily contract reference prices on the last day of each month during the relevant period. These amounts are summed for all contracts included in the GSCI and each contract's percentage of the total is then determined.
11. A contract that is not included in the GSCI at the time of determination must, in order to be added to the GSCI at such time, have a reference percentage dollar weight of at least 1.00%.
12. In the event that two or more contracts on the same commodity satisfy the eligibility criteria, such contracts will be included in the GSCI in the order of their respective total quantity traded during the relevant period

(determined as the total quantity of the commodity underlying transactions in the relevant contract), with the contract having the highest total quantity traded being included first, provided that no further contracts will be included if such inclusion would result in the portion of the GSCI attributable to such commodity exceeding the level specified by the GSCI methodology as described below under “Contract Quantity.”

13. If additional contracts could be included with respect to several commodities at the same time, that procedure is first applied with respect to the commodity that has the smallest portion of the GSCI attributable to it at the time of determination. Subject to the other eligibility criteria relating to the composition of the GSCI, the contract with the highest total quantity traded on such commodity will be included. Before any additional contracts on the same commodity or on any other commodity are included, the portion of the GSCI attributable to all commodities is recalculated. The selection procedure described above is then repeated with respect to the contracts on the commodity that then has the smallest portion of the GSCI attributable to it.
14. The Index Sponsor, in consultation with the Index Committee, may exclude from the GSCI a contract that otherwise satisfies the criteria and conditions for inclusion if, in its reasonable judgment, the contract’s trading window is insufficient to support the tradability of the GSCI.

In light of the rapid development of electronic trading platforms and the potential for significant shifts in liquidity between traditional exchanges and such platforms, the methodology for determining the composition of the GSCI, the GSCI Excess Return and each Index has been modified in order to provide market participants with efficient access to new sources of liquidity and the potential for more efficient trading. As a result, the GSCI methodology now provides for the inclusion of contracts, such as swaps and forward contracts, traded on trading facilities other than exchanges, such as electronic trading platforms, if liquidity in trading for a given commodity shifts from an exchange to an electronic trading platform. The Index Sponsor, in consultation with its Index Committee, will continue to monitor developments in the trading markets and will announce the inclusion of additional contracts, or further changes to the GSCI methodology, in advance of their effectiveness.

#### *Contract Quantity*

The quantity of each of the contracts included in the GSCI is determined on the basis of a five-year average (referred to as the world production average) of the production quantity of the underlying commodity as published by the United Nations Statistical Yearbook, the Industrial Commodity Statistics Yearbook and other official sources. However, if a commodity is primarily a regional commodity, based on its production, use, pricing, transportation or other factors, the Index Sponsor, in consultation with its Index Committee, may calculate the weight of such commodity based on regional, rather than world, production data.

The five-year moving average is updated annually for each commodity included in the GSCI, based on the most recent five-year period (ending approximately two years prior to the date of calculation and moving backwards) for which complete data for all commodities is available. The contract production weights, or CPWs, used in calculating the GSCI are derived from world or regional production averages, as applicable, of the relevant commodities, and are calculated based on the total quantity traded for the relevant contract and the world or regional production average, as applicable, of the underlying commodity. However, if the volume of trading in the relevant contract, as a multiple of the production levels of the commodity, is below specified thresholds, the CPW of the contract is reduced until the threshold is satisfied. This is designed to ensure that trading in each such contract is sufficiently liquid relative to the production of the commodity.

In addition, the Index Sponsor performs this calculation on a monthly basis and, if the multiple of any contract is below the prescribed threshold, the composition of the GSCI is reevaluated, based on the criteria and weighting procedure described above. This procedure is undertaken to allow the GSCI to shift from contracts that have lost substantial liquidity into more liquid contracts, during the course of a given year. As a result, it is possible that the composition or weighting of the GSCI will change on one or more of these monthly evaluation dates. In addition, regardless of whether any changes have occurred during the year, the Index Sponsor reevaluates the composition of the GSCI, in consultation with the Index Committee, at the conclusion of each year, based on the above criteria. Other commodities that satisfy such criteria, if any, will be added to the GSCI. Commodities included in the GSCI which no longer satisfy such criteria, if any, will be deleted.

The Index Sponsor, in consultation with the Index Committee, also determines whether modifications in the selection criteria or the methodology for determining the composition and weights of and for calculating the GSCI are

necessary or appropriate in order to assure that the GSCI represents a measure of commodity market performance. The Index Sponsor has the discretion to make any such modifications, in consultation with the Index Committee.

### *Contract Expirations*

Because the GSCI comprises actively traded contracts with scheduled expirations, it can only be calculated by reference to the prices of contracts for specified expiration, delivery or settlement periods, referred to as “contract expirations.” The contract expirations included in the GSCI for each commodity during a given year are designated by the Index Sponsor, in consultation with the Index Committee, provided that each such contract must be an “active contract.” An “active contract” for this purpose is a liquid, actively traded contract expiration, as defined or identified by the relevant trading facility or, if no such definition or identification is provided by the relevant trading facility, as defined by standard custom and practice in the industry.

If a trading facility deletes one or more contract expirations, the GSCI will be calculated during the remainder of the year in which such deletion occurs on the basis of the remaining contract expirations designated by the Index Sponsor. If a trading facility ceases trading in all contract expirations relating to a particular contract, the Index Sponsor may designate a replacement contract on the commodity. The replacement contract must satisfy the eligibility criteria for inclusion in the GSCI. To the extent practicable, the replacement will be effected during the next monthly review of the composition of the GSCI. If that timing is not practicable, the Index Sponsor will determine the date of the replacement and will consider a number of factors, including the differences between the existing contract and the replacement contract with respect to contractual specifications and contract expirations.

### **Value of the Livestock Index Component and the Wheat Index Component**

Each Index is calculated on the basis of the contract daily return. The contract daily return on any given business day is equal to the total dollar weight of each Index on such business day divided by the total dollar weight of each Index on the preceding business day, minus one.

On any given day, the total dollar weight of each Index is the sum for each component commodity of:

- the daily contract reference price;
- multiplied by the appropriate CPWs; and
- during a roll period, multiplied by the appropriate “roll weights” (as discussed below).

The daily contract reference price used in calculating the dollar weight of each commodity on any given day is the most recent daily contract reference price made available by the relevant trading facility, except that the daily contract reference price for the most recent prior day will be used if the exchange is closed or otherwise fails to publish a daily contract reference price on that day. In addition, if the trading facility fails to make a daily contract reference price available or publishes a daily contract reference price that, in the reasonable judgment of the Index Sponsor, reflects manifest error, the relevant calculation will be delayed until the price is made available or corrected; provided, that, if the price is not made available or corrected by 4:00 p.m. New York City time, the Index Sponsor may, if it deems such action to be appropriate under the circumstances, determine the appropriate daily contract reference price for the applicable futures contract in its reasonable judgment for purposes of the relevant GSCI calculation.

The “roll weight” of each commodity reflects the fact that the positions in contracts must be liquidated or rolled forward into more distant contract expirations as they approach expiration. If actual positions in the relevant markets were rolled forward, the roll would likely need to take place over a period of days. Since the GSCI is designed to replicate the performance of actual investments in the underlying contracts, the rolling process incorporated in the GSCI also takes place over a period of days at the beginning of each month (referred to as the roll period). On each day of the roll period, the “roll weights” of the first nearby contract expirations on a particular commodity and the more distant contract expiration into which it is rolled are adjusted, so that the hypothetical position in the contract on the commodity that is included in the GSCI is gradually shifted from the first nearby contract expiration to the more distant contract expiration.

If on any day during a roll period any of the following conditions exists, the portion of the roll that would have taken place on that day is deferred until the next day on which such conditions do not exist:

- no daily contract reference price is available for a given contract expiration;
- any such price represents the maximum or minimum price for such contract month, based on exchange price limits (referred to as a “Limit Price”);
- the daily contract reference price published by the relevant trading facility reflects manifest error, or such price is not published by 4:00 p.m., New York City time. In that event, the Index Sponsor may, but is not required to, determine a daily contract reference price and complete the relevant portion of the roll based on such price; provided, that, if the trading facility publishes a price before the opening of trading on the next day, the Index Sponsor will revise the portion of the roll accordingly; or
- trading in the relevant contract terminates prior to its scheduled closing time.

If any of these conditions exist throughout the roll period, the roll with respect to the affected contract, will be effected in its entirety on the next day on which such conditions no longer exist.

The value of the Livestock Index Component on any business day is equal to the product of (1) the value of the Livestock Index Component on the immediately preceding business day multiplied by (2) one plus the contract daily return on the business day on which the calculation is made.

The value of the Wheat Index Component on any business day is equal to the product of (1) the value of the Wheat Index Component on the immediately preceding business day multiplied by (2) one plus the contract daily return on the business day on which the calculation is made.

#### **License Agreement Between the Index Sponsor And Wells Fargo & Company**

Wells Fargo & Company, an affiliate of the Bank, and the Index Sponsor have entered into a non-exclusive license agreement providing for the license to Wells Fargo & Company and certain of its affiliated or subsidiary companies (including the Bank), in exchange for a fee, of the right to use the Livestock Index Component and the Wheat Index Component in connection with certain securities, including the CDs.

The license agreement between Wells Fargo & Company and the Index Sponsor provides that the following language must be stated in this Terms Supplement:

“The CDs are not sponsored, endorsed, sold or promoted by S&P. S&P does not make any representation or warranty, express or implied, to the owners of the CDs or any member of the public regarding the advisability of investing in securities generally or in the CDs particularly or the ability of each Index to track general stock market performance. S&P’s only relationship to Wells Fargo Bank, N.A. is the licensing of certain trademarks and trade names of S&P and of each Index, which Indices are determined, composed and calculated by S&P without regard to Wells Fargo Bank, N.A. or the CDs. S&P has no obligation to take the needs of Wells Fargo Bank, N.A. or the owners of the CDs into consideration in determining, composing or calculating each Index. S&P is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the CDs to be issued or in the determination or calculation of the equation by which the CDs are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the CDs.

S&P DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF EACH INDEX OR ANY DATA INCLUDED THEREIN AND S&P SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. S&P MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY WELLS FARGO BANK, N.A., OWNERS OF THE CDS OR ANY OTHER PERSON OR ENTITY FROM THE USE OF EACH INDEX OR ANY DATA INCLUDED THEREIN. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO EACH INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.”

## Historical Information

### *The Livestock Index Component*

The following table sets forth the high and low Closing Levels, as well as end-of-period Closing Levels, of the Livestock Index Component for each quarter in the period from January 1, 1999 through September 30, 2009 and during the period from October 1, 2009 to October 21, 2009 (rounded to four decimal places). The Bank obtained the Closing Levels reflected below from the Bloomberg Financial Markets without independent verification. The historical Closing Levels of the Livestock Index Component set forth below should not be taken as an indication of future performance of the Livestock Index Component.

	<u>High</u>	<u>Low</u>	<u>Period-End</u>
1999			
First Quarter .....	415.5329	356.7087	388.5966
Second Quarter .....	404.0465	359.4041	359.4041
Third Quarter .....	393.6072	356.4580	393.4968
Fourth Quarter .....	410.0773	384.9938	398.8807
2000			
First Quarter .....	418.0593	392.8366	415.9079
Second Quarter .....	427.9169	395.4582	398.8239
Third Quarter .....	404.5390	371.5780	389.1752
Fourth Quarter .....	411.7662	384.0736	408.0417
2001			
First Quarter .....	430.7478	396.4439	415.6624
Second Quarter .....	433.6097	400.6260	429.6900
Third Quarter .....	432.6545	388.9237	388.9237
Fourth Quarter .....	402.0351	353.4077	382.5248
2002			
First Quarter .....	387.9705	348.9227	349.3662
Second Quarter .....	354.0242	299.9350	310.7556
Third Quarter .....	326.2406	297.0392	316.5770
Fourth Quarter .....	347.1343	309.6054	340.7303
2003			
First Quarter .....	348.6553	309.8398	312.7507
Second Quarter .....	342.2251	309.7689	331.5487
Third Quarter .....	385.1504	330.8074	373.8434
Fourth Quarter .....	414.3614	337.3482	337.3482
2004			
First Quarter .....	384.8869	338.8329	384.8869
Second Quarter .....	432.9699	378.2418	417.9600
Third Quarter .....	431.3451	395.3589	413.9415
Fourth Quarter .....	427.3756	402.9227	417.4611
2005			
First Quarter .....	432.0278	407.9721	420.0823
Second Quarter .....	424.0293	378.4704	378.8539
Third Quarter .....	411.2375	372.5324	411.1529
Fourth Quarter .....	426.0482	402.4807	418.3243
2006			
First Quarter .....	417.1377	344.2885	344.2885
Second Quarter .....	388.8701	337.9082	384.0049
Third Quarter .....	407.7658	368.6101	383.2831
Fourth Quarter .....	389.1571	362.1475	371.8290
2007			
First Quarter .....	395.9498	365.1059	383.4679
Second Quarter .....	389.4003	363.7259	367.9689
Third Quarter .....	397.9656	361.6389	361.6389
Fourth Quarter .....	354.0028	323.2879	324.7211
2008			
First Quarter .....	323.5565	275.9018	275.9018
Second Quarter .....	309.9950	273.2465	297.5721
Third Quarter .....	306.3294	272.6063	272.6991
Fourth Quarter .....	271.3163	226.7831	232.1700
2009			
First Quarter .....	240.3463	211.1183	215.2210
Second Quarter .....	222.4201	194.3872	205.2860
Third Quarter .....	212.2008	188.9081	193.3993
October 1, 2009 to October 21, 2009 .....	198.6683	187.4799	198.6683

### *The Wheat Index Component*

The following table sets forth the high and low Closing Levels, as well as end-of-period Closing Levels, of the Wheat Index Component for each quarter in the period from January 1, 1999 through September 30, 2009 and during the period from October 1, 2009 to October 21, 2009 (rounded to four decimal places). The Bank obtained the Closing Levels reflected below from the Bloomberg Financial Markets without independent verification. The historical Closing Levels of the Wheat Index Component set forth below should not be taken as an indication of future performance of the Wheat Index Component.

	<u>High</u>	<u>Low</u>	<u>Period-End</u>
1999			
First Quarter .....	87.68240	71.84233	81.02139
Second Quarter .....	80.80457	68.67199	70.11949
Third Quarter .....	75.02854	64.41441	68.89855
Fourth Quarter .....	67.14954	55.79425	58.31701
2000			
First Quarter .....	63.56961	56.12900	58.93826
Second Quarter .....	60.93651	54.45162	55.61136
Third Quarter .....	53.04862	46.98037	50.30220
Fourth Quarter .....	52.53258	47.04005	49.56718
2001			
First Quarter .....	51.38494	43.23223	43.23223
Second Quarter .....	45.98125	39.64894	40.19421
Third Quarter .....	45.17953	38.69505	39.87321
Fourth Quarter .....	43.51816	38.80551	41.25131
2002			
First Quarter .....	43.99901	38.24744	39.78293
Second Quarter .....	41.68668	36.16268	41.55392
Third Quarter .....	54.18631	42.08496	50.91203
Fourth Quarter .....	53.38381	41.59005	41.59005
2003			
First Quarter .....	43.12569	35.59993	36.55606
Second Quarter .....	42.40676	35.27115	37.98012
Third Quarter .....	46.60683	37.46026	42.53352
Fourth Quarter .....	47.90118	38.43070	43.22857
2004			
First Quarter .....	47.59934	40.67478	45.93858
Second Quarter .....	46.89564	36.95247	36.95247
Third Quarter .....	37.24659	31.28669	31.28669
Fourth Quarter .....	32.86760	29.02159	30.12368
2005			
First Quarter .....	35.02202	28.18889	31.50078
Second Quarter .....	31.24490	27.90838	29.57226
Third Quarter .....	31.42332	27.03938	29.48782
Fourth Quarter .....	29.70073	24.89137	27.46145
2006			
First Quarter .....	30.22096	26.10558	27.24390
Second Quarter .....	32.19391	26.79343	28.68593
Third Quarter .....	30.58806	26.09081	30.41641
Fourth Quarter .....	37.24808	30.17610	32.96698
2007			
First Quarter .....	32.96698	27.92335	27.92335
Second Quarter .....	37.61115	26.71206	35.86877
Third Quarter .....	54.76600	35.02763	54.76600
Fourth Quarter .....	55.55337	43.58100	50.15499
2008			
First Quarter .....	70.72239	50.01331	51.22895
Second Quarter .....	53.72422	40.41417	45.75166
Third Quarter .....	47.66159	34.52203	35.14219
Fourth Quarter .....	34.61247	23.64446	30.36981
2009			
First Quarter .....	31.99832	24.37997	25.88624
Second Quarter .....	32.06316	24.54057	24.55878
Third Quarter .....	24.94483	19.25518	19.68546
October 1, 2009 to October 21, 2009 .....	23.34285	18.98625	23.34285

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**DISCLOSURE STATEMENT**

**WELLS FARGO BANK, N.A.**

**CONTINGENT INTEREST  
CERTIFICATES OF DEPOSIT  
LINKED TO MARKET MEASURES**

The certificates of deposit of Wells Fargo Bank, N.A. (the "Bank") described below ("CDs") are made available through Morgan Stanley & Co. Incorporated and certain other broker-dealers (collectively, the "Brokers" and individually, a "Broker"). Each CD is a deposit obligation of the Bank, the deposits and accounts of which are insured by the Federal Deposit Insurance Corporation (the "FDIC"). See "Deposit Insurance." **Purchasing the CDs involves risks. See "Risk Factors" on page 3.**

The full amount of the deposit principal of a CD (the "Deposit Amount") will be returned to you on the Stated Maturity Date. Interest payable on the CDs will be based upon the percentage change in the level of a basket comprised of market measures (the "Basket") measured over a specified period of time and subject to certain terms and conditions. The Basket will reflect the performance of the market measures (each, a "Basket Component" and collectively, the "Basket Components") specified in a supplement to this Disclosure Statement (a "Terms Supplement"). The weighting of each Basket Component in the Basket will be specified in the applicable Terms Supplement. A CD may pay contingent interest ("Contingent Interest") during the term of the CD on a monthly, quarterly, semi-annual or annual basis on specified interest payment dates (the "Interest Payment Dates") at a rate (the "Contingent Interest Rate") based upon the performance of the Basket and subject to certain terms and conditions. In addition, a CD may pay interest on the Stated Maturity Date in an amount based upon the performance of the Basket over a specified period of time and subject to certain terms and conditions (the "Term Interest") or, if greater, a minimum interest amount equal to a specified percentage of the Deposit Amount over the term of the CD (the "Minimum Interest Amount"). The CDs are not automatically renewable and no interest will be earned after the Stated Maturity Date. The specific terms of the CDs, including whether the CDs will pay Contingent Interest or Term Interest, will be set forth in the applicable Terms Supplement. The FDIC has taken the position that any Term Interest that has not yet been ascertained and become due, the amount of any Contingent Interest that has not yet been ascertained and become due and any secondary market premium paid by you above the Deposit Amount of the CD is not insured by the FDIC.

**Unless otherwise specified in the applicable Terms Supplement, early withdrawal of a CD will only be available in the event of death of a beneficial owner of the CD.**

United States holders of the CDs which provide for the payment of Contingent Interest or Term Interest, other than those holding the CDs through a tax advantaged retirement account (such as an IRA), may be subject to tax rules requiring them to include in their taxable income during each tax year in which the CDs are outstanding imputed interest income on the CDs even though interest, if any, may not be paid on the CDs until maturity. See "United States Federal Income Tax Consequences" on page 14.

The CDs are being offered by the Brokers when, as and if issued by the Bank and received and accepted by the Brokers, subject to the right of the Brokers to reject orders in whole or in part and subject to certain other conditions. The Brokers offering the CDs may include affiliates of the Bank.

**In making an investment decision investors must rely on their own examination of the Bank and the terms of the offering, including the merits and risks involved. The CDs are obligations solely of the Bank, and are not obligations of and are not guaranteed by Wells Fargo & Company or any other affiliate of the Bank. The CDs are not registered under the Securities Act of 1933, as amended, and are not required to be so registered. The CDs have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Disclosure Statement. Any representation to the contrary is a criminal offense.**

Although a Broker or its affiliates may purchase the CDs from you, none of the Brokers is obligated to do so. The Brokers and their affiliates are not obligated to, and do not intend to, make a market for the CDs. There is no assurance that a secondary market for the CDs will develop or, if it develops, that it will continue. Consequently, you may not be able to sell your CDs readily or at prices that will enable you to realize your desired yield. Only CDs held to the Stated Maturity Date or CDs that are the subject of a permitted early withdrawal will be entitled to the return of the full Deposit Amount.

September 1, 2009

## **ABOUT THIS DISCLOSURE STATEMENT**

This Disclosure Statement along with the applicable Terms Supplement describe the terms of the CDs offered hereby and thereby. These documents contain information you should consider when making your investment decision. You should rely only on the information contained in this Disclosure Statement and the applicable Terms Supplement. To the extent that any information in the applicable Terms Supplement is inconsistent with the information contained in this Disclosure Statement, the information in the applicable Terms Supplement will control. Neither the Bank nor any Broker has authorized anyone else to provide you with different or additional information. If anyone provides you with different or inconsistent information, you should not rely on it. The information contained in this Disclosure Statement and the applicable Terms Supplement may not be modified by any oral representation made prior or subsequent to your purchase of a CD.

This Disclosure Statement and the applicable Terms Supplement do not constitute an offer to sell or a solicitation of an offer to buy the CDs in any circumstances in which such offer or solicitation is unlawful.

Information in this Disclosure Statement or the applicable Terms Supplement may change after the date on the front of the applicable document. You should not interpret the delivery of this Disclosure Statement or the applicable Terms Supplement or the sale of the CDs as an indication that there has been no change in the information set forth herein or therein since those dates.

### **WELLS FARGO BANK, N.A.**

In deciding whether to purchase the CDs, investors must rely on their own examination of the Bank and the terms of the offering, including the merits and risks involved. Upon request, you will be provided with publicly available financial information regarding the Bank, including its Consolidated Reports of Condition and Income (“Call Reports”) filed by the Bank with its primary federal regulator. Call Reports are also available at the FDIC’s website at <http://www.fdic.gov>.

### **THE BASKET**

The Basket will be comprised of the Basket Components specified in the applicable Terms Supplement and is intended to reflect the performance of the market measures specified in the applicable Terms Supplement. The value of the Basket will increase or decrease depending upon the performance of the Basket Components. Information regarding the Basket Components will be provided in the applicable Terms Supplement.

## **RISK FACTORS**

You should carefully consider the risk factors set forth below as well as the other information contained in this Disclosure Statement and the applicable Terms Supplement. The applicable Terms Supplement will contain additional risk factors relating to the specific terms of the CDs being offered and to the specific Basket Components included in the Basket. You should reach an investment decision only after you have carefully considered with your advisors the suitability of an investment in the CDs in light of your particular circumstances.

### **The Amount You Receive On The CDs May Not Be Greater Than The Deposit Amount.**

The amount you receive on the Stated Maturity Date, together with any amounts received on any Interest Payment Dates, may be less than the return you could earn on other investments. Because of the numerous factors that may affect the performance of the Basket Components and the Closing Levels (as hereinafter defined) of the Basket Components, you may not receive any Contingent Interest or Term Interest. Any amounts you receive in excess of the Deposit Amount may not fully compensate you for any opportunity cost to you when you take into account inflation and other factors relating to the time value of money.

**In addition, the FDIC has taken the position that any Term Interest that has not yet been ascertained and become due, the amount of any Contingent Interest that has not yet been ascertained and become due and any secondary market premium paid by you in excess of the Deposit Amount is not insured by the FDIC.**

### **Insolvency Of The Bank May Result In Early Payment Of Your CDs.**

In the event that the Bank approaches insolvency or becomes insolvent, the FDIC may be appointed as conservator or receiver for the Bank. If the FDIC is appointed as conservator or receiver for the Bank, the FDIC is authorized to disaffirm or repudiate any contract to which the Bank is a party, the performance of which is determined to be burdensome, and the disaffirmance or repudiation of which is determined to promote the orderly administration of the Bank's affairs. It is possible that for this purpose deposit obligations, such as the CDs, are "contracts" within the meaning of the foregoing and that the CDs could be repudiated by the FDIC in its capacity as conservator or receiver of the Bank. Notwithstanding any such repudiation, in the event of the Bank's failure a holder of the CDs would have an insurance claim against the FDIC for the Deposit Amount of the CDs and any accrued Minimum Interest Amount to the date of failure, subject to the limits set forth in the FDIC deposit insurance regulations. A holder of a CD may be required to follow the FDIC's claims procedures, which could result in a delay in receiving payment. In any case, no claim would be available for any secondary market premium paid by you above the Deposit Amount, any Term Interest that has not yet been ascertained and become due, the amount of any Contingent Interest that has not yet been ascertained and become due or other damages such as lost profit or opportunity. Alternatively, the FDIC as conservator or receiver could transfer the CDs to another insured depository institution without approval or consent of the holder of the CDs. A transferee depository institution would likely be permitted to offer holders of the CDs the choice of (i) repayment of the Deposit Amount of the CDs and any accrued Minimum Interest Amount or (ii) maintaining the CD with the transferee depository institution on less favorable terms. If a CD is paid off prior to maturity, either by a transferee depository institution or the FDIC, you may be unable to reinvest the funds at the same anticipated rate of return as the rate on the original CD.

### **You May Not Have The Right To Withdraw The Deposit Amount Of A CD Prior To Its Stated Maturity Date.**

When you purchase a CD, you agree with the Bank to keep your funds on deposit for the term of the CD. Unless otherwise provided in the applicable Terms Supplement, you will not have the right to withdraw any portion of the Deposit Amount prior to the Stated Maturity Date. Therefore, you should not rely on the possibility of early withdrawal for gaining access to your funds prior to the Stated Maturity Date. In the event of your death, the Deposit Amount of your CDs may be withdrawn before the Stated Maturity Date without an early withdrawal penalty.

### **The CDs Are Subject To The Credit Risk Of The Bank.**

The CDs are deposit obligations of the Bank and are not, either directly or indirectly, an obligation of any third party. Any Deposit Amount of a CD that exceeds the applicable FDIC insurance limits, as well as any amounts payable under the CDs that are not insured by FDIC insurance, are subject to the creditworthiness of the Bank. As a result, the actual and perceived creditworthiness of the Bank may affect the market value of the CDs and, in the event the Bank were to default on its obligations, you may not receive the principal protection or any other amounts owed to you under the terms of the CDs in excess of the amounts covered by the applicable FDIC insurance.

### **The Inclusion Of Placement Fees And Hedging Costs In The Issue Price Of The CDs Is Likely To Adversely Affect The Price At Which You Can Sell Your CDs.**

Assuming no changes in market conditions or any other relevant factors, the price, if any, at which a Broker is willing to purchase the CDs from you will likely be significantly less than their issue price, since the issue price included, and any price quoted to you is likely to exclude, placement fees paid with respect to the CDs, as well as the cost of hedging the Bank's obligations under the CDs. Such hedging activities may be conducted through a Broker, in which case the Bank's hedging cost would include the Bank's expected cost of entering into such hedging transactions with the Broker, as well as the profit the Broker expects to realize in consideration for assuming the risks inherent in providing such hedge. The price at which a Broker or any other potential buyer may be willing to buy your CDs will also be affected by the market and other conditions discussed in the next risk factor.

### **You May Be Unable To Sell Your CDs Prior To Their Stated Maturity Date And The Value Of The CDs Prior To Their Stated Maturity Date Will Be Affected By Numerous Factors, Some Of Which Are Related In Complex Ways.**

Although a Broker or its affiliates may purchase the CDs from you, none of the Brokers is obligated to do so. The Brokers and their affiliates are not required to, and do not intend to, make a market for the CDs. There can be no assurance that a secondary market will develop. Because the rate of return of the CDs is tied to the performance of the Basket, any secondary market for the CDs may not be as liquid as the secondary market for CDs with a fixed rate of return. As a result, you may not be able to sell your CDs prior to their Stated Maturity Date. You should therefore not rely on any such ability to sell your CDs for any benefits, including achieving trading profits, limiting trading or other losses, receiving a return on the CDs prior to their Stated Maturity Date, or having access to proceeds prior to the Stated Maturity Date.

In the event that a buyer is available at the time you attempt to sell your CDs prior to their Stated Maturity Date, the price at which your CDs are sold may result in a return to you which may differ from the return which the CDs would have earned had they been held to the Stated Maturity Date, due to the fact that the value of the CDs in such circumstances will likely be based on a number of factors such as the value and volatility of the Basket Components, the relative performances of the Basket Components in the Basket, interest rate movements, whether the CDs are callable at the option of the Bank, volatility of currency exchange rates and the correlation between currency exchange rates and the Basket Components, time remaining until the Stated Maturity Date, the Bank's creditworthiness and other market conditions, all of which factors may impact the value of the CDs and some of which are interrelated in complex ways. As a result, the effect of any one factor may be offset or magnified by the effect of another factor. If you sell the CDs prior to their Stated Maturity Date, regardless of the changes in the Closing Levels of the Basket Components between the issuance date and the sale date, the sale price may be lower than the price you may have received if you had held your CDs until their Stated Maturity Date. In addition, the price you may pay for any such CDs in the secondary market might include a mark-up established by the applicable market maker. Similarly, the price at which CDs may be sold if a secondary market is available will reflect a mark-down retained by the applicable broker. For the foregoing reasons, the price at which the CDs may be purchased or sold prior to their Stated Maturity Date may not directly reflect changes in the Closing Levels of the Basket Components and their impact on the Term Interest or Contingent Interest, as the case may be.

**In the event you choose to sell a CD prior to its Stated Maturity Date, you may receive substantially less in sale proceeds than the Deposit Amount.**

**If The Final Basket Level Is Based On An Average Of The Closing Levels Of The Basket Components On Valuation Dates Throughout The Term Of The CDs, The Term Interest You May Receive At Stated Maturity May Be Less Than The Interest You Would Receive If Term Interest Was Calculated Solely Based On The Changes In Level Of The Basket Components During The Term Of The CDs.**

If the Final Basket Level is calculated based upon the arithmetic average of the Closing Levels of the Basket Components on various Valuation Dates throughout the term of the CDs, the Term Interest you may receive at stated maturity may be less than the interest you would receive if the Term Interest was based solely on the change in the Closing Levels of the Basket Components from the beginning of the term of the CDs to stated maturity. Determining the amount of Term Interest using an average of the Closing Levels of the Basket Components on various Valuation Dates throughout the term of the CDs may moderate the potential benefit you would otherwise receive from a significant increase in the level of the Basket Components during the term of the CDs. The effect of this moderation could be particularly substantial if there is a significant increase in the Closing Levels of the Basket Components during the latter portion of the term of the CDs and could be more pronounced as the number of Valuation Dates throughout the term of the CDs increases. You should not purchase the CDs if you seek any Term Interest based solely on the positive change, if any, between the Initial Basket Level and the Closing Levels of the Basket Components at stated maturity.

**The Bank Can Postpone An Interest Payment Date Or The Stated Maturity Date If A Market Disruption Event Occurs.**

The determination of Contingent Interest payable on an Interest Payment Date or of Term Interest payable on the Stated Maturity Date, as applicable, may be postponed if the Bank determines, in its sole discretion, that a Market Disruption Event has occurred or is continuing on a Valuation Date shortly before the Interest Payment Date or the Stated Maturity Date, as the case may be. The Market Disruption Events applicable to the Basket Components will be specified in the applicable Terms Supplement. If such a postponement occurs, the applicable Interest Payment Date or the Stated Maturity Date will be postponed until the date specified in the applicable Terms Supplement.

**If Your CDs Are Callable At The Option Of The Bank, Your Maximum Return Will Be Effectively Limited.**

If your CDs are callable at the option of the Bank and the Bank exercises its option to call the CDs, you will only receive the applicable Call Price (as hereinafter defined), together with any accrued and unpaid Contingent Interest to but excluding the Call Date (as hereinafter defined), and you will not be entitled to receive the amount otherwise payable on the Stated Maturity Date or any Contingent Interest payable after the Call Date. The Bank will exercise any call option, if at all, when it is most advantageous for the Bank to do so.

**Changes In The Value Of One Or More Of The Basket Components May Offset Each Other.**

Changes in the Closing Levels of the Basket Components may not correlate with each other. At a time when the value of one or more of the Basket Components increase, the value of one or more of the other Basket Components may not increase as much or may even decrease in value. Therefore, in calculating the level of the Basket on a Valuation Date, increases in the value of one or more of the Basket Components may be moderated, or wholly offset, by lesser increases or decreases in the value of one or more of the other Basket Components depending on the relative weightings of the Basket Components.

**Trading And Other Transactions By The Bank Or Its Affiliates Could Affect The Prices Of The Securities Or Other Assets Included In A Basket Component, The Level Of A Basket Component Or The Value Of The CDs.**

From time to time, as part of the Bank's general financial risk management, the Bank or one or more of its affiliates may fully or partially hedge its obligations under the CDs. Pursuant to such hedging activities, the Bank or one or more of its affiliates may acquire securities or other assets included in a Basket Component or listed or over-the-counter derivative or synthetic instruments related to such securities or other assets. Depending

on, among other things, future market conditions, the aggregate amount and the composition of the Bank's positions are likely to vary over time.

To the extent that the Bank or one or more of its affiliates has a long hedge position in any of the securities or other assets included in a Basket Component, or derivative or synthetic instruments related to those securities or other assets or such Basket Component, the Bank or one or more of its affiliates may liquidate a portion of such holdings at or about the time of a payment date on the CDs or at or about the time of a change in the securities or other assets included in a Basket Component. Certain activity by the Bank or one or more of its affiliates described above can potentially increase or decrease the prices of the securities or other assets included in a Basket Component and, accordingly, increase or decrease the level of a Basket Component. Although the Bank has no reason to believe that any of those activities will have a material impact on the price of the securities or other assets included in a Basket Component, these activities could have such an effect. Profits or losses from any of the Bank's positions cannot be ascertained until the position is closed out and any offsetting position or positions are taken into account.

The Bank or one or more of its affiliates may also engage in trading in the securities or other assets included in a Basket Component and other investments relating to such securities or other assets on a regular basis as part of its or their general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for customers, including block transactions. Any of these activities could adversely affect the market prices of such securities or other assets and, therefore, the value of the CDs.

The Bank or one or more of its affiliates may also take positions in other types of appropriate financial instruments that may become available in the future. You should note that if the Bank or one or more of its affiliates take any such position at any time, it is possible that the Bank or one or more of its affiliates could receive substantial returns with respect to those positions while the value of your CD may decline.

The Bank or one or more of its affiliates may also issue, underwrite or assist unaffiliated entities in the issuance or underwriting of other CDs or securities or financial instruments with returns indexed to a Basket Component. By introducing competing products into the marketplace in this manner, the Bank or one or more of its affiliates could adversely affect the value of the CDs.

#### **Research Reports And Other Transactions May Create Conflicts Of Interest Between You And The Bank.**

The Bank or one or more of its affiliates may, at present or in the future, publish research reports on a Basket Component or the securities or other assets included in a Basket Component. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the CDs. Any of these activities may affect the market price of securities or other assets included in a Basket Component and, therefore, the value of the CDs.

In addition, the Bank or one or more of its affiliates may, at present or in the future, engage in business with the companies whose securities are included in a Basket Component, including making loans to those companies (and exercising creditors' remedies with respect to such loans), making equity investments in those companies or providing investment banking, asset management or other advisory services to those companies. These activities may present a conflict between the Bank and its affiliates and you. In the course of that business, the Bank or any of its affiliates may acquire non-public information about one or more of the companies included in a Basket Component. If the Bank or any of its affiliates does acquire such non-public information, the Bank is not obligated to disclose such non-public information to you.

#### **For Tax Purposes, You May Be Required To Include Original Issue Discount In Income And To Recognize Ordinary Income On Any Disposition Of The CDs.**

For United States federal income tax purposes, the CDs may be classified as contingent payment debt instruments. If so, they will be considered to be issued with original issue discount. You will be required to include this original issue discount in income during your ownership of the CDs even though you may receive no cash payments during the term of the CDs, subject to some adjustments, based on the "comparable yield" of the CDs

unless you hold the CDs through a tax advantaged retirement account (such as an IRA). The “comparable yield” will generally be the rate at which the Bank could issue a fixed rate instrument with terms and conditions similar to the CDs, but in any event not less than the applicable federal rate (based on the overall maturity of the CDs). Additionally, you will generally be required to recognize ordinary income or, to some extent, ordinary loss on the gain or loss, if any, realized upon maturity or on a sale, exchange, redemption or other disposition of the CDs. See “United States Federal Income Tax Consequences.”

## DESCRIPTION OF THE CERTIFICATES OF DEPOSIT

### General

The terms of each CD being offered hereby are available from your Broker and will be specified in the applicable Terms Supplement. Unless otherwise specified in the applicable Terms Supplement, the CDs will be made available in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. You should carefully review the applicable Terms Supplement for a description of the terms of the CD being offered. The general terms and conditions described in this Disclosure Statement will apply to the CD being offered unless the applicable Terms Supplement provides otherwise.

The term of any CD will commence on the date specified in the applicable Terms Supplement. The CDs will mature on the date specified in the applicable Terms Supplement (the “Stated Maturity Date”).

An Interest Payment Date or the Stated Maturity Date will be postponed if a Market Disruption Event occurs or is continuing on a Valuation Date shortly before the applicable Interest Payment Date or the Stated Maturity Date, as the case may be. The Market Disruption Events applicable to the individual Basket Components will be specified in the applicable Terms Supplement.

The CDs will not be automatically renewed or rolled over and Contingent Interest, Term Interest or the Minimum Interest Amount, if any, on the CDs will not accrue after the Stated Maturity Date or any earlier Call Date. The Bank will not compound any interest earned on the CDs. Except as set forth in the next sentence, payment of any Term Interest, any Minimum Interest Amount and the Deposit Amount will be automatically credited to your account with your Broker on the Stated Maturity Date (unless the CDs have been called by the Bank), payment of any Call Price will be automatically credited to your account with your Broker on the applicable Call Date, if any, and payment of any Contingent Interest will be automatically credited to your account with your Broker on the applicable Interest Payment Date. If an Interest Payment Date or the Stated Maturity Date or any earlier Call Date falls on a day that is not a Business Day, any payments otherwise due on your CDs on such day will be remitted on the next day that is a Business Day, without any interest or other payment with respect to the delay. A “Business Day” is any day other than a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized by law or regulation to close in New York, New York or Minneapolis, Minnesota.

The Bank may have the ability to call the CDs at its option on the call dates (the “Call Dates”) and at the call prices (the “Call Prices”) specified in the applicable Terms Supplement.

The CDs issued by the Bank are the obligations solely of the Bank, and are not obligations of and are not guaranteed by Wells Fargo & Company or any other affiliate of the Bank.

You should compare the terms of the CDs to other available investments before deciding to purchase a CD. The rate of return ultimately realized on the CDs may be higher or lower than the rates on other deposits available through the Bank or your Broker.

### Interest

Any Term Interest or Contingent Interest payable on the CDs will be determined by reference to the performance of the Basket. The manner in which the performance of the Basket will be measured will be specified in the applicable Terms Supplement.

While the performance of the Basket Components will be used to determine the amount of any Contingent Interest or Term Interest paid on each CD, purchasers of a CD will not own or be entitled to an interest in the securities or other assets included in the Basket Components.

### *Term Interest*

The interest payable on each CD on the Stated Maturity Date will be the Term Interest, if any, as described in the applicable Terms Supplement or, if greater, the Minimum Interest Amount, if any. The Term Interest will be calculated using an initial basket level (the "Initial Basket Level") set forth in the applicable Terms Supplement and the level of the Basket (the "Final Basket Level") based on the Closing Level or the arithmetic average of the Closing Levels of the Basket Components on a specified date or dates during the term of the CD or during a specified period shortly before the Stated Maturity Date set forth in the applicable Terms Supplement (the "Valuation Date(s)"), together with the weighting of each Basket Component as set forth in the applicable Terms Supplement. The Term Interest may also be calculated by reference to a participation rate (the "Participation Rate") set forth in the applicable Terms Supplement, in which case the percentage change in the Final Basket Level from the Initial Basket Level will be multiplied by a rate which is less than or greater than 1.00. The method of determining the closing level of a Basket Component (the "Closing Level") will be specified in the applicable Terms Supplement.

The Bank's obligation to pay Term Interest, if any, depends on the percentage increase of the Final Basket Level from the Initial Basket Level. There is no assurance that the Term Interest will be greater than the Minimum Interest Amount, if any. If the CDs do not have a Minimum Interest Amount, there is no assurance that you will receive any Term Interest on your CDs.

### *Contingent Interest*

The interest, if any, payable on the CD on a periodic basis during the term of the CDs will be the Contingent Interest as described in the applicable Terms Supplement. The specific method of calculating any Contingent Interest will be set forth in the applicable Terms Supplement. If the CDs provide for the payment of Contingent Interest, they will bear Contingent Interest from the date specified in the applicable Terms Supplement or from the most recent Interest Payment Date on which the Bank has paid or provided for Contingent Interest on the CDs to, but excluding, the Stated Maturity Date or earlier Call Date. You will receive Contingent Interest on the CDs, if any, on each Interest Payment Date, as specified in the applicable Terms Supplement, if you owned such CDs on the applicable record date. The record date with respect to any Interest Payment Date will be the fifteenth calendar day, whether or not a Business Day, preceding such Interest Payment Date. The Bank's obligation to pay Contingent Interest on any Interest Payment Date depends on the performance of the Basket on specified Valuation Dates. There is no assurance that you will receive any Contingent Interest on your CDs.

### **Additions or Withdrawals**

No additions are permitted to be made to any CD.

When you purchase a CD, you agree with the Bank to keep your funds on deposit for the term of the CD. Accordingly, no early withdrawals of the CDs will be available except as set forth in the next paragraph and in the applicable Terms Supplement. Therefore, if the applicable Terms Supplement does not indicate that there is a right of early withdrawal, each CD must either be held to the Stated Maturity Date or sold in the secondary market, if such market is available.

In the event of the death of the beneficial owner of a CD, early withdrawal of the full Deposit Amount of the CD will be permitted, without penalty. Partial withdrawals will not be permitted. The amount payable by the Bank upon such withdrawal will equal the Deposit Amount of the withdrawn CD. Your Broker will require documentation evidencing the death of a beneficial owner of the CD.

Pursuant to the Internal Revenue Code of 1986, as amended, the beneficiary of an IRA (but not a Roth IRA) must begin making withdrawals from the IRA after age 70-1/2. CDs held in an IRA are not eligible for early withdrawal simply because the beneficiary must begin making mandatory withdrawals from the IRA. IRA beneficiaries should purchase the CDs with stated maturities that correspond to the mandatory withdrawal requirements or look to the secondary market for liquidity.

The early withdrawal provisions applicable to your CDs may be more or less advantageous than the provisions applicable to other deposits available from the Bank. In the event that you wish to make a permissible early withdrawal, your Broker will endeavor to obtain funds for you as soon as possible. However, your Broker will not advance funds in connection with early withdrawals and can give no assurances that payment pursuant to early withdrawals will be made by a specified date.

## **Fees**

The Broker offering the CDs to you on behalf of the Bank will receive a placement fee from the Bank in connection with your purchase of a CD. Brokers offering the CDs may include affiliates of the Bank.

The price you pay for a CD in the secondary market may include a mark-up established by the applicable market maker. Similarly, the price at which a CD may be sold, if a secondary market is available, will reflect a mark-down retained by the applicable broker. Except for such mark-ups and mark-downs and a handling fee for secondary market transactions, if any, disclosed on your trade confirmation, you will not be charged any commissions in connection with your purchase of a CD.

## **Evidence of the CDs**

The CDs will be evidenced by one or more master certificates issued by the Bank, each representing a number of individual CDs. These master certificates are held by The Depository Trust Company (“DTC”), a sub-custodian which is in the business of performing such custodial services. No evidence of ownership, such as a passbook or a certificate, will be provided to you. Your Broker, as custodian, will keep records of the ownership of each CD and will provide you with a written confirmation of your purchase. You will also be provided with an account statement which will reflect your CD ownership. You should retain the trade confirmation and the account statement(s) for your records.

Because you will not be provided with a certificate evidencing your CD, the purchase of a CD is not recommended if you wish to take possession of a certificate.

Payments on the CDs will be remitted by the Bank to DTC when due. Upon receipt in full of such amounts by DTC, the Bank will be discharged from any further obligation with regard to such payments. Such payments will be credited through DTC’s procedures to participant firms and thereafter will be remitted to your Broker, so long as your Broker acts as your nominee, authorized representative, agent or custodian, and credited to your account with your Broker.

Each CD constitutes a direct obligation of the Bank and is not, either directly or indirectly, an obligation of your Broker. You will have the ability to enforce your rights in a CD against the Bank through your Broker. No deposit relationship shall be deemed to exist prior to the receipt and acceptance of your funds by the Bank.

If you choose to remove your Broker as your agent with respect to your CDs, you may (i) transfer your CDs to another agent (provided that the agent is a member of DTC (most major brokerage firms are members; many banks and savings institutions are not)) or (ii) request that your ownership of the CDs be evidenced directly on the books of the Bank, subject to applicable law and its terms and conditions, including those related to the manner of evidencing ownership. If you choose to remove your Broker as your agent, your Broker will have no further responsibility for crediting your account with payments made with respect to your CDs.

## DEPOSIT INSURANCE

### General

This section describes FDIC deposit insurance covering deposits, such as the CDs issued by the Bank. The FDIC deposit insurance laws and regulations, including the level of insurance coverage, are subject to change. The Bank cannot predict whether or not any future changes will occur and whether they will apply retroactively to the CDs.

The Deposit Amount of your CDs is insured by the FDIC, an independent agency of the U.S. Government. The FDIC standard maximum deposit insurance amount (the “MDIA”) of \$250,000 per depositor per insured bank is in effect through December 31, 2013. On January 1, 2014, the MDIA will return to \$100,000 per depositor per insured bank for all accounts except IRAs and certain other retirement accounts, which will remain at \$250,000 per depositor. The CDs are eligible for FDIC insurance up to \$250,000 for deposits held in the same ownership category (for example, individual accounts are insured separately from joint accounts, self-directed retirement accounts and/or revocable trust accounts). For purposes of calculating FDIC deposit insurance limits, the Deposit Amount of your CD will be combined with deposit balances held directly or indirectly by you with the Bank (including checking accounts, certificates of deposit and other deposits in your name or held through an intermediary, such as your broker in a sweep deposit program, or a fiduciary acting in an agency capacity) in the same ownership category. **The FDIC has taken the position that any Term Interest that has not yet been ascertained and become due, the amount of any Contingent Interest that has not yet been ascertained and become due and any secondary market premium paid by you above the Deposit Amount on the CDs is not insured by the FDIC.** Funds become eligible for deposit insurance immediately upon issuance of a CD. **You are responsible for monitoring the total amount of all direct or indirect deposits held by or for you with the Bank for purposes of determining the amounts eligible for coverage by FDIC insurance, including the Deposit Amount of your CDs.**

You can calculate your insurance coverage using the FDIC’s online Electronic Deposit Insurance Estimator at [www2.fdic.gov/edie](http://www2.fdic.gov/edie). The information on such website is not a part of this Disclosure Statement.

The application of FDIC insurance coverage limits for several of the more common account types is illustrated below. **Please consult with your attorney or tax advisor to fully understand all of the legal consequences associated with any account ownership change you may be considering to maximize your deposit insurance coverage.**

**Individual Accounts.** This type of account is in one person’s name only. The account balance is added together with other deposit account balances in the person’s name at the Bank and insured up to \$250,000. Another example of an individual account is the custodial account. In this account, the account is in the name of the custodian for benefit of a beneficiary. For example, a Uniform Gifts to Minors Act account is a type of custodial account. The account balance is added together with other deposits in the beneficiary’s individual name at the Bank and insured up to \$250,000. Note that funds in a deposit account held by a custodian (such as the CDs held in your account with your Broker) are not treated as owned by the custodian.

**Joint Accounts.** Joint accounts are in the name of two or more people and each person’s share is insured up to \$250,000 separately at the Bank. Joint accounts will be insured separately from individually owned accounts only if each of the co-owners is an individual person and has a right of withdrawal on the same basis as the other co-owners.

**Revocable Trust Accounts.** Please refer to [www.fdic.gov](http://www.fdic.gov) for a full explanation and examples of deposit coverage for revocable trusts as the following information is a general summary. A revocable trust account indicates an intention that the deposit will belong to one or more named beneficiaries upon the death of the owner(s). A revocable trust can be terminated at the discretion of the owner. There are two types of revocable trusts: informal revocable trusts — known as Payable on Death (POD) or “Totten Trusts” — and formal revocable trusts — known as “living” or “family” trusts (created for estate planning purposes pursuant to a written agreement). All deposits that an owner holds in both informal and formal revocable trusts are added together for insurance purposes and the insurance limit is applied to the combined total.

To qualify for revocable trust deposit insurance coverage, a revocable trust beneficiary must be an individual or a charity/non-profit entity recognized by the Internal Revenue Service (“Eligible Beneficiaries”). Revocable trust deposit insurance coverage is calculated at \$250,000 times the number of Eligible Beneficiaries up to \$1,250,000. If the owner(s) of a revocable trust account has six or more beneficiaries and wants to insure more than \$1,250,000, the deposit insurance coverage will be the greater of \$1,250,000 or the aggregate amount of all Eligible Beneficiaries’ proportional interest in the revocable trust, limited to \$250,000 per Eligible Beneficiary.

**Self-Directed Retirement Accounts.** These are deposits you have in retirement accounts for which you have the right to direct how the money is invested, including the ability to direct that the funds be deposited at an FDIC-insured bank. Types of self-directed retirement accounts include traditional and Roth Individual Retirement Accounts (IRAs), Simplified Employee Pension (SEP) IRAs, Savings Incentive Match Plans for Employees (SIMPLE) IRAs, “Section 457” deferred compensation plan accounts, self-directed Keogh plan accounts, and self-directed defined contribution plan accounts.

The owner’s funds held in an IRA will be aggregated with the owner’s other funds in certain other self-directed retirement plans held at the same financial institution and will be insured (including principal and interest that has been ascertained and become due) up to \$250,000. FDIC deposit insurance will remain at \$250,000 per owner for the retirement account ownership category after December 31, 2013.

### **Questions About FDIC Deposit Insurance Coverage**

You can learn more about FDIC insurance by reading *Your Insured Deposits: FDIC’s Guide to Deposit Insurance Coverage*, which is available at [www.fdic.gov/html](http://www.fdic.gov/html). This brochure explains the federal insurance limitation for the various types of accounts you might own. You can also contact the FDIC, Division of Supervision and Consumer Protection, at Deposit Insurance Outreach, 550 17th Street N.W., Washington, D.C., 20429-9990. Their telephone number is (877) 275-3342 or (800) 925-4618 (TDD). The FDIC website has additional resources at [www.fdic.gov](http://www.fdic.gov).

### **Payments Under Adverse Circumstances**

As with all deposits, if it becomes necessary for federal deposit insurance payments to be made on the CDs, there is no specific time period during which the FDIC must make insurance payments available. Accordingly, you should be prepared for the possibility of an indeterminate delay in obtaining insurance payments.

As explained above, the MDIA applies to the principal and any interest that has been ascertained and become due on all CDs and other deposit accounts maintained by you at the Bank in the same legal ownership category. The records maintained by the Bank and your Broker regarding ownership of CDs will be used to establish your eligibility for federal deposit insurance payments. In addition, you may be required to provide certain documentation to the FDIC and to your Broker before insurance payments are released to you. For example, if you hold CDs as trustee for the benefit of trust participants, you may also be required to furnish an affidavit to that effect; you may be required to furnish other affidavits and provide indemnities regarding an insurance payment.

In the event that insurance payments become necessary for your CDs, the FDIC is required to pay the original principal amount and interest that has been ascertained and become due subject to the MDIA. No interest will be earned on deposits from the time the Bank is closed until insurance payments are received.

As an alternative to a direct deposit insurance payment from the FDIC, the FDIC may transfer the insured deposits of an insolvent institution to a healthy institution. Subject to insurance verification requirements and the limits on deposit insurance coverage, the healthy institution may assume the CDs under the original terms or offer you a choice between paying the CD off and maintaining the deposit at a different rate. Your Broker will advise you of your options in the event of a deposit transfer.

Your Broker will not be obligated to you for amounts not covered by deposit insurance nor will your Broker be obligated to make any payments to you in satisfaction of a loss you might incur as a result of (i) a delay in insurance payouts applicable to your CD, (ii) your receipt of a decreased interest rate on an investment

replacing your CD as a result of the payment of the principal of your CD prior to its stated maturity, or (iii) payment in cash of the principal of your CD prior to its stated maturity in connection with the liquidation of the Bank or the assumption of all or a portion of its deposit liabilities. In connection with the latter, the amount of a payment on a CD which had been purchased at a premium in the secondary market is based on the original principal amount and not on any premium amount. Therefore, you can lose up to the full amount of the premium as a result of such a payment. Also, your Broker will not be obligated to credit your account with funds in advance of payments received from the FDIC.

## UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material United States federal income tax consequences of the purchase, beneficial ownership, and disposition of CDs as of the date of this Disclosure Statement. When the term “holder” is used in this section, it refers to a beneficial owner of the CDs and not the record holder. Except where noted, this summary deals only with a CD held as a capital asset by a United States holder (as defined below) who purchases the CD on original issue at the original principal amount, and it does not deal with special situations. For example, this summary does not address:

- tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, financial institutions, regulated investment companies, real estate investment trusts, tax-exempt entities or insurance companies;
- tax consequences to persons holding CDs as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;
- tax consequences to holders of CDs whose “functional currency” is not the U.S. dollar;
- tax consequences to holders who hold the CDs as part of a retirement plan which is generally subject to special income tax deferral or exemption rules;
- alternative minimum tax consequences, if any; or
- any state, local or foreign tax consequences.

The discussion below is based upon the provisions of the Code and Treasury regulations, rulings and judicial decisions as of the date of this Disclosure Statement. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those discussed below. The Bank will not seek a ruling from the IRS with respect to any matters discussed in this summary. The IRS may challenge one or more of the tax consequences described below.

If a partnership holds CDs, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding CDs, you should consult your own tax advisors.

If you are considering the purchase of CDs, you should consult your own tax advisors concerning the United States federal income tax consequences applicable to you in light of your particular situation and any consequences arising under the laws of any other taxing jurisdiction.

This tax discussion has been prepared to support the marketing of the CDs. Nothing herein may be used by any taxpayer for the purpose of avoiding any penalties that may be imposed under the Code. Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

### United States Holders

The following discussion is a summary of certain United States federal income tax consequences that will apply to you if you are a United States holder of the CDs.

For purposes of this discussion, a “United States holder” is a beneficial owner of a CD that is for United States federal income tax purposes:

- a citizen or resident of the United States;

- a corporation or partnership created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if (1) its administration is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three year period ending in the current calendar year (counting for such purposes all of the days present in the current year, one third of the days present in the immediately preceding year and one sixth of the days present in the second preceding year).

As used herein, the term “non-United States holder” means a beneficial owner of a CD that is not a United States holder.

### Contingent Payment Debt CDs

#### *Accrual of Interest*

If CDs provide for variable rates of interest or other contingent payments but fail to qualify as variable rate debt instruments (described below), then the Treasury regulations that apply to contingent payment debt instruments may apply to the CDs. In this event, all payments on the CDs (including payments of Contingent Interest, if any, and any Minimum Interest Amount) will be taken into account under these Treasury regulations. As discussed more fully below, the effect of these Treasury regulations will be to:

- require you, regardless of your usual method of tax accounting, to use the accrual method with respect to the CDs;
- result in the accrual of original issue discount by you based on the “comparable yield” of the CDs even though no cash payments may be made to you until maturity of the CDs; and
- generally result in ordinary rather than capital treatment of any gain, and to some extent loss, upon maturity or on the sale, exchange, redemption or other disposition of the CDs.

Under the contingent payment debt rules, unless you hold the CDs through a tax advantaged retirement account (such as an IRA) you will be required to include original issue discount in income each year, regardless of your usual method of tax accounting, based on the “comparable yield” of the CDs, which will generally be the rate at which the Bank could issue a fixed rate instrument with terms and conditions similar to the CDs, but in any event not less than the applicable federal rate (based on the overall maturity of the CDs).

In such event, the Bank will be required to provide the comparable yield to you and, solely for tax purposes, will also be required to provide a projected payment schedule that estimates the amount and timing of contingent payments on the CDs as of their issue date. The issue date of a CD is the date on which the CD is sold to the public for cash consideration. The CDs may be callable at the option of the Bank prior to their Stated Maturity Date. For purposes of determining the projected payment schedule, CDs that may be called prior to their Stated Maturity Date at the option of the Bank generally will be treated from the issue date as having a maturity date on such redemption date if such redemption would result in a lower yield to maturity. If, contrary to the assumptions made as of the issue date, the CDs are not called, then solely for purposes of the accrual of original issue discount, the CDs will be treated as reissued on the date of the change in circumstances for an amount equal to their adjusted issue price. The estimated comparable yield and projected payment schedule for the CDs will be set forth in the

applicable Terms Supplement. Investors in the CDs may obtain the finalized projected payment schedule by submitting a written request for such information to the Wholesale Risk Manager, Wells Fargo Bank, N.A., MAC A0112-144, 550 California Street, San Francisco, California 94104. You will be provided with an annual statement reporting OID accruals, which accruals will reflect the comparable yield. By purchasing a CD you agree to this treatment of the CD and to report all income (or loss) with respect to the CD according to these Treasury regulations. You are required to use the comparable yield determined by the Bank and the projected payments set forth in the projected payment schedule prepared by the Bank in determining your interest accruals, and the adjustments thereto, in respect of the CDs, unless you timely disclose and justify on your federal income tax return the use of a different comparable yield and projected payment schedule. **The comparable yield and the projected payment schedule are not provided for any purpose other than the determination of your interest accruals and adjustments thereof in respect of the CDs and do not and will not constitute a representation regarding the actual amount of any payment on a CD.**

The amount of original issue discount on a CD for each accrual period (generally, each six-month period during which the CDs are outstanding) is determined by multiplying the comparable yield of the CD, adjusted for the length of the accrual period, by the CD's adjusted issue price (as defined below) at the beginning of the accrual period, determined in accordance with the rules set forth in the Treasury regulations governing contingent payment debt instruments. The amount of original issue discount so determined is then allocated on a ratable basis to each day in the accrual period that you held the CD. In general, for these purposes, a CD's adjusted issue price will equal the CD's original principal amount, increased by the original issue discount previously accrued on the CD and decreased by Contingent Interest paid, if any.

If an actual contingent payment made on the CDs differs from the projected contingent payment, an adjustment will be made for the difference. A positive adjustment, for the amount by which an actual contingent payment exceeds the projected contingent payment, will be treated as additional original issue discount on the Stated Maturity Date. A negative adjustment, for the amount by which a projected contingent payment exceeds an actual contingent payment, will:

- first, reduce the amount of original issue discount required to be accrued in the taxable year in which the payment date occurs; and
- second, any negative adjustment that exceeds the amount of original issue discount accrued in the taxable year in which the Stated Maturity Date occurs will be treated as ordinary loss to the extent of your total prior original issue discount inclusions with respect to the CD.

#### *Sale, Exchange, Redemption or Other Disposition*

Upon the sale, exchange, redemption or other disposition of a CD, you will recognize gain or loss equal to the difference between your amount realized and your adjusted tax basis in the CD. Such gain on a CD generally will be treated as ordinary income. Loss from the disposition of a CD will be treated as ordinary loss to the extent of your prior net original issue discount inclusions with respect to the CD. Any loss in excess of that amount will be treated as capital loss. Special rules apply in determining the adjusted tax basis of a CD. Your adjusted tax basis in a CD is generally equal to your initial investment in the CD increased by any original issue discount you previously accrued on the CD.

#### Variable Rate CDs

Treasury regulations prescribe special rules for "variable rate debt instruments" that provide for the payment of interest based on certain floating or objective rates. In general, CDs will qualify as variable rate debt instruments ("variable rate CDs") if (i) the issue price of the CDs does not exceed the total non-contingent principal payments due in respect of the CDs by more than an amount equal to the lesser of (A) 0.015 multiplied by the product of the total non-contingent principal payments and the number of complete years to maturity from the issue date or (B) 15% of the total non-contingent principal payments, and (ii) the CDs provide for stated interest, paid or compounded at least annually, at "current values" of (A) one or more "qualified floating rates," (B) a single fixed rate and one or more qualified floating rates, (C) a single "objective rate," or (D) a single fixed rate and a single

objective rate that is a “qualified inverse floating rate.” A current value of a rate is the value of the rate on any date that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

A “qualified floating rate” is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the variable rate CDs are denominated. Although a multiple of a qualified floating rate generally will not itself constitute a qualified floating rate, a variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35 can constitute a qualified floating rate. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the variable rate CDs (*e.g.*, two or more qualified floating rates with values within 25 basis points of each other as determined on the issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum stated interest rate (*i.e.*, a cap), a minimum stated interest rate (*i.e.*, a floor) or a restriction on the amount of increase or decrease in the stated interest (*i.e.*, a governor) may, under certain circumstances, fail to be treated as a qualified floating rate unless such restrictions are fixed throughout the term of the variable rate CDs or are reasonably expected to not have a significant effect on the yield of the variable rate CDs.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and that is based on objective financial or economic information. A rate will not qualify as an objective rate if it is based on information that is within the control of the issuer (or a related party) or that is unique to the circumstances of the issuer (or a related party), such as dividends, profits, or the value of the issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the issuer). An objective rate is a “qualified inverse floating rate” if the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. The Treasury regulations also provide that if CDs provide for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate and if the variable rate on the issue date is intended to approximate the fixed rate (*e.g.*, the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be. A rate will not be an objective rate if it is reasonably expected that the average value of the rate during the first half of the CDs’ term will be significantly less or greater than the average value of the rate during the last half of the CDs’ term.

#### *Accrual of Interest*

If variable rate CDs provide for stated interest at either a single qualified floating rate or a single objective rate throughout their term, and such interest is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually, then all stated interest on such variable rate CDs will constitute qualified stated interest that is included in gross income by you as received or accrued in accordance with your regular methods of accounting for United States federal income tax purposes (unless you hold the variable rate CDs in a tax advantaged account (such as an IRA)). Thus, such variable rate CDs generally will not be treated as having been issued with original issue discount (“OID”) unless the variable rate securities are sold at a discount from their stated deposit amount, subject to a *de minimis* exception. In general, the amount of qualified stated interest and OID, if any, that accrues during an accrual period on such variable rate CDs is determined under the rules described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the variable rate CDs. The qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest that was accrued under the foregoing approach.

For other variable rate CDs, the timing and amount of OID and qualified stated interest will be determined by converting the variable rate CDs into “equivalent fixed rate debt instruments.” The conversion of the

variable rate CDs into equivalent fixed rate debt instruments generally involves substituting for any qualified floating rate or qualified inverse floating rate a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the issue date, or substituting for any objective rate (other than a qualified inverse floating rate) a fixed rate that reflects the yield that is reasonably expected for the variable rate CDs. In the case of variable rate CDs that provide for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the variable rate CDs provide for a qualified inverse floating rate). Under such circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the variable rate CDs as of their issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse rate, the variable rate CDs are then converted into equivalent fixed rate debt instruments in the manner described above.

Once the variable rate CDs are converted into equivalent fixed rate debt instruments pursuant to the foregoing rules, the timing and amount of OID and qualified stated interest, if any, are determined for the equivalent fixed rate debt instruments by applying the general OID rules to the equivalent fixed rate debt instruments. You will account for OID and qualified stated interest as if you held the equivalent fixed rate debt instruments. For each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the equivalent fixed rate debt instruments in the event that such amounts differ from the actual amount of interest accrued or paid on the variable rate CDs during the accrual period.

#### *Sale, Exchange, Redemption or Other Disposition*

Upon the sale, retirement or other taxable disposition of variable rate CDs, you generally will recognize gain or loss equal to the difference between the amount realized upon the sale, retirement or other taxable disposition (other than amounts representing accrued and unpaid qualified stated interest, which will be taxable as ordinary interest income to the extent not previously included in gross income) and your adjusted tax basis of the CDs. In general, your adjusted tax basis of the CDs will equal your cost for the CDs, increased by OID previously included in gross income, if any. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, retirement or other taxable disposition the CDs have been held for more than one year. Under current United States federal income tax law, certain non-corporate United States holders, including individuals, are eligible for preferential rates of United States federal income taxation in respect of long-term capital gains. The deductibility of capital losses is subject to limitations under the Code.

#### **Non-United States Holders**

The following discussion is a summary of certain United States federal income and estate tax consequences that will apply to you if you are a non-United States holder of CDs. Special rules may apply to you if you are a controlled foreign corporation, passive foreign investment company, foreign personal holding company or an individual who is a United States expatriate and therefore subject to special treatment under the Code. You should consult your own tax advisors to determine the United States federal, state, local and other tax consequences that may be relevant to you.

#### *United States Federal Withholding Tax*

The 30% United States federal withholding tax will not apply to any payment, including original issue discount, on a CD provided that you provide your name and address on an IRS Form W-8BEN and certify, under penalties of perjury, that you are not a United States holder or you hold your CDs through certain foreign intermediaries and you satisfy the certification requirements of applicable Treasury regulations. Special certification rules apply to holders that are pass-through entities rather than individuals.

If you hold a CD in connection with a United States trade or business, you must provide the Bank with IRS Form W-8ECI stating that interest paid on a CD is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States.

### *United States Federal Income Tax*

Any gain or income on a CD will generally be subject to United States federal income tax if you are engaged in a trade or business in the United States, and gain or income on the CD is effectively connected with the conduct of that trade or business. In such case, you will be subject to United States federal income tax on such gain or income on a net income basis in the same manner as if you were a United States holder.

### *United States Federal Estate Tax*

Your estate will not be subject to United States federal estate tax on CDs beneficially owned by you at the time of your death, provided that any payment to you on a CD, including original issue discount (1) would be eligible for exemption from the 30% withholding tax under the rules described under the heading “—Non-United States Holders—United States Federal Withholding Tax,” without regard to the certification requirements, and (2) would not have been, if received at the time of your death, effectively connected with the conduct by you of a trade or business in the United States.

### **Information Reporting And Backup Withholding**

If you are a United States holder of CDs, information reporting requirements will generally apply to original issue discount accrued on the CDs, all payments the Bank makes to you, and the proceeds from the sale of a CD paid to you, unless you are an exempt recipient such as a corporation. Backup withholding tax at the applicable statutory rate will apply if you fail to provide a taxpayer identification number, a certification of exempt status, or if you fail to report in full interest income.

If you are a Canadian holder of CDs, the Bank must report annually to the IRS and to you the amount of payments the Bank makes to you and the tax withheld with respect to such payments, regardless of whether withholding was required. Copies of the information returns reporting such payments and withholding may also be made available to the Canadian tax authorities. If you are a non-United States holder of the CDs, you will not be subject to backup withholding regarding payments the Bank makes to you provided that the Bank does not have actual knowledge or reason to know that you are a United States holder and the Bank has received from you the statement described above under “Non-United States Holders—United States Federal Withholding Tax.”

In addition, if you are a non-United States holder, you will be subject to information reporting and, depending on the circumstances, backup withholding regarding the proceeds of the sale of a CD made within the United States or conducted through United States-related intermediaries, unless the payor receives the statement described above and you meet certain conditions, or you otherwise establish an exemption.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against your United States federal income tax liability provided the required information is furnished to the Internal Revenue Service.

### **CERTAIN ERISA CONSIDERATIONS**

Section 4975 of the Code prohibits the borrowing of money, the sale of property and certain other transactions involving the assets of plans that are qualified under the Code (“Qualified Plans”) or IRAs and persons who have certain specified relationships to them. Section 406 of ERISA prohibits similar transactions involving employee benefit plans that are subject to ERISA (“ERISA Plans”). Certain governmental and other plans may be subject to provisions materially similar to the foregoing provisions of ERISA and the Code (“Similar Law”) (such plans are referred to as “Similar Law Plans”). Qualified Plans, IRAs and ERISA Plans are referred to as “Plans”.

Persons who have such specified relationships are referred to as “parties in interest” under ERISA and as “disqualified persons” under the Code. “Parties in interest” and “disqualified persons” encompass a wide range of persons, including any fiduciary (for example, an investment manager, trustee or custodian), any person providing services (for example, a broker), the Plan sponsor, an employee organization any of whose members are covered by the Plan, and certain persons related to or affiliated with any of the foregoing.

The purchase and/or holding of the CDs by a Plan with respect to which the Bank and/or your broker is a fiduciary and/or a service provider (or otherwise is a “party in interest” or “disqualified person”) might constitute or result in a prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless such CDs are acquired or held pursuant to and in accordance with an applicable statutory or administrative exemption. The Bank, your Broker and several of their affiliates are each considered to be a “disqualified person” under the Code or a “party in interest” under ERISA with respect to many Plans, although the Bank is not a “disqualified person” with respect to an IRA simply because the IRA is established with a Broker or because a Broker provides services to the IRA, and neither the Bank nor a Broker can be a “party in interest” to any IRA other than certain employer-sponsored IRAs as only employer-sponsored IRAs are covered by ERISA.

Applicable administrative exemptions may include certain prohibited transaction class exemptions (for example, Prohibited Transaction Class Exemption (“PTCE”) 84-14 relating to qualified professional asset managers, PTCE 96-23 relating to certain in-house asset managers, PTCE 91-38 relating to bank collective investment funds, PTCE 90-1 relating to insurance company separate accounts and PTCE 95-60 relating to insurance company general accounts). In view of the fact that the CDs represent deposits with the Bank, fiduciaries should take into account the prohibited transaction exemption described in ERISA Section 408(b)(4), relating to the investment of plan assets in deposits bearing a reasonable rate of interest in a financial institution supervised by the United States or a state, and/or Part IV of PTCE 81-8, relating to transactions involving short-term investments, specifically certificates of deposit. Finally, it should also be noted that the recently enacted Pension Protection Act of 2006 contains a new statutory exemption from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code for transactions involving certain parties in interest or disqualified persons who are such merely because they are a service provider to a Plan, or because they are related to a service provider. Generally, the new exemption would be applicable if the party to the transaction with the Plan is a party in interest or a disqualified person to the Plan but is not (i) an employer of employees covered by the Plan, (ii) a fiduciary who has or exercises any discretionary authority or control with respect to the investment of the Plan assets involved in the transaction, (iii) a fiduciary who renders investment advice (within the meaning of ERISA and Section 4975 of the Code) with respect to those assets, or (iv) an affiliate of (i), (ii) or (iii). Any Plan fiduciary relying on this new statutory exemption (Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code) and purchasing securities on behalf of a Plan will be deemed to have made a determination that the Plan is paying no more than, and is receiving no less than, adequate consideration in connection with the transaction, which is a necessary precondition to utilizing this new exemption. Any purchaser that is a Plan is encouraged to consult with counsel regarding the application of the new exemption. A fiduciary of a Plan or a Similar Law Plan purchasing the CDs, or in the case of certain IRAs, the grantor or other person directing the purchase of the CDs for the IRA, shall be deemed to represent, by its purchase, that its purchase, holding, and disposition of the CDs does not constitute a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or Similar Law.

The sale of CDs to a Plan or a Similar Law Plan is in no respect a representation by the Bank or its affiliates that such an investment meets all relevant legal requirements with respect to investments by Plans or Similar Law Plans generally or any particular Plan or Similar Law Plan, or that such an investment is appropriate for a Plan or Similar Law Plan generally or any particular Plan or Similar Law Plan.

## DISPUTE RESOLUTION PROGRAM: ARBITRATION AGREEMENT

By purchasing a CD, you hereby agree to the following Arbitration Agreement between you and the Bank.

**Non-Judicial Resolution of Disputes.** If you have a dispute with the Bank, and you are not able to resolve the dispute informally, you and the Bank agree that any dispute between or among you and the Bank, regardless of when it arose, shall be resolved by the following arbitration process. **You understand and agree that you and the Bank are each waiving the right to a jury trial or a trial before a judge in a public court.**

**Disputes.** A dispute is any unresolved disagreement between or among you and the Bank (and its employees, officers, directors, attorneys, and other agents), arising out of or relating in any way to your CD. It includes any dispute relating in any way to your CD; to your use of any Bank location or facility; or to any means you may use to access the Bank. It includes claims based on broken promises or contracts, torts (injuries caused by negligent or intentional conduct) or other wrongful actions. It also includes statutory, common law and equitable claims. A dispute also includes any disagreement about the meaning of this Arbitration Agreement, and whether a disagreement is a “dispute” subject to binding arbitration as provided for in this Arbitration Agreement. **A dispute does not include a claim that may be filed in small claims court. If you have a dispute that is within the jurisdiction of the small claims court, you should file your claim there.**

**Binding Arbitration.** Binding arbitration is a means of having an independent third party resolve a dispute without using the court system, judges or juries. Either you or the Bank may require the submission of a dispute to binding arbitration at any reasonable time notwithstanding that a lawsuit or other proceeding has been commenced. If either you or the Bank fails to submit to binding arbitration following a lawful demand, the one who fails to so submit bears all costs and expenses (including attorneys’ fees and expenses) incurred by the other compelling arbitration.

**Neither you nor the Bank shall be entitled to join or consolidate disputes by or against others in any arbitration, or to include in any arbitration any dispute as a representative or member of a class, or to act in any arbitration in the interest of the general public or in a private attorney general capacity.**

Each arbitration, including the selection of the arbitrator, shall be administered by the American Arbitration Association (“AAA”), according to the Commercial Arbitration Rules and the Supplemental Procedures for Consumer Related Disputes (excluding the Optional Procedures for Large, Complex Commercial Disputes) and the Optional Rules For Emergency Measures of Protection of the AAA (“AAA Rules”). To the extent that there is any variance between the AAA Rules and this Arbitration Agreement, this Arbitration Agreement shall control. The Arbitrator must be a member of the state bar where the arbitration is held, with expertise in the substantive laws applicable to the subject matter of the dispute.

You and the Bank each agree that in this relationship:

- you and the Bank are participating in transactions involving interstate commerce; and
- each arbitration is governed by the provisions of the Federal Arbitration Act (Title 9 of the United States Code), and, to the extent any provision of that Act is inapplicable, unenforceable or invalid, the laws governing the relationship between you and the Bank about which the dispute arose.

To find out how to initiate an arbitration, please call any office of the AAA or visit the AAA website at [www.adr.org](http://www.adr.org).

**Rights Preserved.** This Arbitration Agreement and the exercise of any of the rights you and the Bank have under this Arbitration Agreement do not stop you or the Bank from exercising any lawful rights to use other remedies available to preserve, foreclose or obtain possession of real or personal property; exercise self-help

remedies, including setoff and repossession rights; or obtain provisional or ancillary remedies such as injunctive relief, attachment, garnishment or court appointment of a receiver by a court having jurisdiction.

**Miscellaneous.** You and the Bank each agree to take all steps and execute all documents necessary for the implementation of arbitration proceedings. The arbitrator may hear and rule on appropriate dispositive motions as part of the arbitration proceeding, such as motions for judgments on the pleadings, summary judgment or partial summary judgment. The AAA, the arbitrators, you and the Bank, must, to the extent feasible, take any necessary action to ensure that an arbitration proceeding, as described in this Arbitration Agreement, is completed within 180 days of filing the dispute with the AAA. These parties must not disclose the existence, content or results of the arbitration, except for disclosures of information required in the ordinary course of business or permitted by the laws governing your CD. This provision shall be liberally construed in order to ensure the enforcement of this Arbitration Agreement. Arbitration proceedings are conducted in the state whose laws govern your CD or at a location determined by the AAA.

All statutes of limitations applicable to any dispute apply to any arbitration between you and the Bank. The provisions of this Arbitration Agreement shall survive termination, amendment or expiration of your CD relationship or any other relationship between you and the Bank. This Arbitration Agreement constitutes the entire agreement between you and the Bank and supersedes all prior arrangements and other communications concerning dispute resolution. If more than one arbitration agreement entered into by you and the Bank is potentially applicable to a dispute, the one most directly related to the CD or transaction that is the subject of the dispute shall control.

**Fees and Expenses of Arbitration.** Arbitration fees shall be determined by the rules or procedures of AAA, unless limited by the laws governing your CD. Please check with AAA to determine the fees applicable to any arbitration you may file. If the laws governing your CD limit the amount of fees and expenses (including attorneys' fees and expenses) to be paid by you, then no allocation of fees and expenses to you shall exceed this limitation. Unless inconsistent with the laws governing your CD, each party shall bear the expense of their own attorneys', experts' and witness' fees, regardless of which party prevails in the arbitration.