DISCLOSURE STATEMENT

BARCLAYS BANK DELAWARE

Linked Certificates of Deposit

General Terms of Deposit

Barclays Bank Delaware (the "**Bank**") may offer from time to time linked certificates of deposit (the "**CDs**") with maturities of 7 days or more from their respective dates of issue. At maturity, holders of the CDs will receive the principal amount of their CDs plus an additional amount, if any, which may be determined by reference to the level, value or price of, movements in the level, value or price of or other events relating to one or more of the following: equity securities, indices of equity securities, shares or other interests in exchange-traded funds, commodities, indices of commodities, foreign currencies, indices of foreign currencies, interest rates, indices of interest rates, indices of consumer prices or other asset classes. In addition, the amount payable on the CDs may be based on measures, formulas or instruments, including those related to macroeconomic events or indicators or the occurrence or non-occurrence of any event or circumstance, or baskets comprised of any instruments or measures, as specified in the applicable disclosure supplement. Accordingly, you will receive an amount at maturity or, if applicable, on the date of earlier redemption that is greater than or equal to, but not less than, the amount of your deposit, subject to any applicable limit in respect of any deposit insurance coverage by the Federal Deposit Insurance Corporation (the "**FDIC**"). In addition, interest may accrue, and you may receive interest payments, during the term of the CDs. We will give you the specific terms of the CDs and related information in supplements to this disclosure statement. You should read this disclosure statement and the applicable disclosure supplement carefully before you invest. We may offer and sell the CDs to or through Barclays Capital Inc. or other agents or brokers, as indicated in the applicable disclosure supplement.

Investing in the CDs involves risks. Consider carefully the information under "Risk Factors" herein and in the applicable disclosure supplement.

The CDs will be obligations of the Bank only, and not obligations of your broker, Barclays Bank PLC, Barclays PLC, Barclays Capital Inc. or any of their subsidiaries or affiliates (other than the Bank).

The principal amount of any CD will be insured by the FDIC within the limits and to the extent described in this disclosure statement – generally, $100,000 per depositor in each insurable capacity (e.g., individual, joint account, etc.). In addition, federal deposit insurance is available up to a maximum amount of $250,000 for self-directed retirement accounts (as described under "Deposit Insurance" below). A depositor purchasing a principal amount of CDs that is in excess of the applicable limit, or which, together with other deposits it maintains at the Bank in the same insurable capacity, is in excess of such applicable limit, should not rely on the availability of deposit insurance with respect to such excess. In addition, the FDIC has taken the position that the amount of interest or other amounts payable at maturity, if any, and any secondary market premium paid by a depositor above the principal amount of the CDs are not insured by the FDIC.

The date of this disclosure statement is September 30, 2009.

No broker, salesperson or other person has been authorized to give any information or to make any representation other than those contained or incorporated by reference in this disclosure statement, the applicable disclosure supplement and any amendment or supplement hereto or thereto in connection with the offer contained herein and therein and, if given or made, such information or representation must not be relied upon as having been authorized by the Bank, Barclays Capital Inc. or any other agent or broker. Neither the delivery of this disclosure statement, the applicable disclosure supplement or any amendment or supplement hereto or thereto nor any sale made hereunder or thereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Bank since the date hereof or thereof or that the information herein or therein or incorporated by reference herein or therein is correct as of any time subsequent to the date of such information.

The information contained or incorporated by reference in this disclosure statement, the applicable disclosure supplement and any amendment or supplement hereto or thereto does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer is not qualified to do so or to anyone to whom it is unlawful to make any such offer or solicitation. No action has been taken in any jurisdiction that would permit an offering of any CDs, or possession or distribution of this disclosure statement or any other offering material, in any country or jurisdiction where action for that purpose is required. Each agent or broker, as the case may be, has agreed that it will comply with all relevant laws, regulations and directives, and obtain all relevant consents, approvals or permissions, in each jurisdiction in which it purchases, offers, sells or delivers CDs or has in its possession or distributes this disclosure statement or any other offering material, and the Bank shall have no responsibility therefor.

The information contained or incorporated by reference in this disclosure statement and any disclosure supplement relating to the Bank was obtained from it, and no assurance can be given by any agent or broker as to the accuracy or completeness of such information. The agents or brokers, as the case may be, have not independently verified any of the information contained herein or therein or incorporated by reference herein or therein (financial, legal or otherwise). In making an investment decision with respect to any CDs, investors must rely on their own examination of the Bank and the terms and conditions of the offering of such CDs, including the merits and risks involved.

Neither the Bank nor any agent or broker is making any representation to any offeree or purchaser of CDs regarding the legality of investment therein by such offeree or purchaser under applicable legal investment or similar laws or regulations.

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In this disclosure statement, unless the context otherwise requires, the "Bank," we," "us" and "our" mean Barclays Bank Delaware, "Barclays Bank Group" and "Group" mean Barclays Bank PLC and its subsidiary undertakings, and "Barclays Capital" means Barclays Capital Inc. Barclays PLC is the ultimate parent company of the Bank, the Group and Barclays Capital.

Where You Can Find More Information

We are "incorporating by reference" certain information we file with the FDIC, our primary federal regulator, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this disclosure statement.

We are incorporating by reference the most recent quarterly Consolidated Reports of Condition and Income of the Bank filed with the FDIC (the "**Call Reports**"), and any future Call Reports filed with the FDIC until we complete our offering of the CDs, or if later, the date on which we and any of our affiliates cease offering and selling the CDs. The publicly available portion of the Call Reports with respect to the Bank are on file with, and publicly available upon written request to, the FDIC, 801 17th Street, N.W., Washington, D.C. 20434, Attention: Public Information Center, or by calling the FDIC Public Information Center at (800) 276-6003 or by accessing the FDIC's website at http://www.fdic.gov.

We will provide to you, upon your written or oral request, without charge, a copy of any or all of the documents referred to above which we have incorporated in this disclosure statement by reference, other than certain exhibits to those documents. You should direct your requests to Barclays Capital Inc., 200 Park Avenue, New York, New York 10166, Attention: General Counsel (telephone: (212) 412-4000).

Barclays Bank Delaware

The Bank was founded in 2001 and, as of December 31, 2008, had approximately $12.4 billion in total assets with approximately 6.8 million credit card accounts. The Bank is a wholly-owned indirect subsidiary bank of Barclays PLC. The Bank is chartered under Delaware law and is regulated by the Office of the State Bank Commissioner of Delaware and the FDIC.

The Bank is located at 100 South West Street, Wilmington, Delaware 19801 and its telephone number is (302) 255-8000.

The Barclays Bank Group

Barclays Bank PLC and its subsidiary undertakings are major global financial services providers engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.

The principal executive offices of Barclays Bank PLC are located at 1 Churchill Place, London, E14 5HP, England.

Description of the CDs

The following is a summary of the general terms of the CDs being offered by this disclosure statement. The disclosure supplement applicable to each offering of CDs will contain the specific information and terms for those CDs. If any information in the applicable disclosure supplement is inconsistent with this disclosure statement, you should rely on the information in the applicable disclosure supplement. The applicable disclosure supplement may also add, update or change information contained in this disclosure statement. It is important for you to consider the information contained in this disclosure statement and the applicable disclosure supplement in making your investment decision.

Those who invest in CDs may not receive any return on their investment. We will describe the risks associated with an investment in particular CDs herein and in the applicable disclosure supplement. In *addition, the treatment of CDs for U.S. federal income tax purposes is often unclear due to the absence of any authority specifically addressing the issues presented by any particular CD. Thus, you should independently evaluate the federal income tax consequences of purchasing a CD that apply in your particular circumstances. You should also read the discussion of U.S. tax matters that may be set forth in the applicable disclosure supplement.*

General

We may offer CDs from time to time with maturities of 7 days or more from their respective dates of deposit. The deposits will be accepted in minimum amounts of $1,000 and integral multiples thereof.

At maturity, holders of the CDs will receive the principal amount of their CDs plus an additional amount, if any, which may be determined by reference to the level, value or price of, movements in the level, value or price of or other events relating to one or more of the following: equity securities, indices of equity securities, shares or other interests in exchange-traded funds, commodities, indices of commodities, foreign currencies, indices of foreign currencies, interest rates, indices of interest rates, indices of consumer prices or other asset classes. In addition, the amount payable on the CDs may be based on measures, formulas or instruments, including those related to macroeconomic events or indicators or the occurrence or non-occurrence of any event or circumstance, or baskets comprised of any instruments or measures, as specified in the applicable disclosure supplement. In addition, interest may accrue, and you may receive interest payments, during the term of the CDs.

You will receive an amount at maturity or, if applicable, on the date of earlier redemption that is greater than or equal to, but not less than, the principal amount of your CD, depending upon the levels, values or prices of the applicable reference asset(s) at the time set forth in the applicable disclosure supplement, subject to any applicable limit in respect of any deposit insurance coverage by the FDIC. The levels, values and prices of the applicable reference asset(s) will fluctuate over time. The amount you will receive upon an early redemption, if applicable to your CDs, will be determined as specified in the applicable disclosure supplement.

The applicable disclosure supplement will include information about the relevant reference asset(s) and about how payments upon maturity will be determined by reference to the levels, values, or prices, movements in the levels, values or prices of or other events relating to the reference asset(s). The applicable disclosure supplement will also identify the calculation agent that will calculate the amounts payable with respect to the CDs and that may exercise significant discretion in doing so. The calculation agent may be Barclays Capital, Barclays Bank PLC or another of our affiliates. The applicable disclosure supplement may also set forth certain additional risk factors and tax consequences associated with an investment in the CDs, as applicable.

The disclosure supplement will indicate for each CD, as applicable:

- the initial offering price,
- the reference asset(s) and a description thereof,
- the ticker symbol(s) or other identification for the reference asset(s),
- to the extent that a reference asset is an index or a basket, a description of the components thereof,
- to the extent that a reference asset is based on multiple indices or assets, the relative weighting of each index or asset comprising such reference asset,
- the initial levels, values or prices of the reference asset(s),
- the stated principal amount,
- the initial valuation date or other date on which the CDs price,
- the issue date,

- the valuation dates, observation dates or averaging dates, if any,
- the maturity date and any terms related to any extension of the maturity date not otherwise set forth in this disclosure statement,
- the broker's placement fee,
- the maximum return, if any,
- the participation rate, if any,
- the barrier percentage or barrier level, if any,
- the payment at maturity, including the formula or method of calculation,
- for CDs that pay interest, information concerning the related fixed or floating rate, any spread and any other terms relating to the particular method of calculating the interest rate for the CD,
- the definition of a business day, business day convention and day count convention,
- the CUSIP number,
- the denominations of the CDs,
- any automatic or optional early redemption provisions, redemption dates and the payment you will be entitled to receive upon early redemption or the formula or method of calculation for such payment,
- any provisions regarding withdrawals at the option of the CD holder,
- the specified currency and the currency in which the interest will be payable if not U.S. dollars, and
- any other applicable terms.

Additional Deposits and Withdrawals

Unless otherwise specified in the applicable disclosure supplement, after an initial investment in a CD is made, no additional deposits to that CD are permitted to be made. When you purchase a CD, you agree with us to keep your funds on deposit for the complete term of the CD. Accordingly, unless otherwise provided in the applicable disclosure supplement, no early redemptions or withdrawals of CDs will be available under any circumstances, including the death or adjudication of incompetence of any depositor.

If the applicable disclosure supplement provides for early redemptions or withdrawals, including upon the death or adjudication of incompetence of any depositor, such disclosure supplement will set forth the terms of the applicable early redemption or withdrawal provisions, procedures for effecting an early redemption or withdrawal and the payment you will be entitled to receive upon early redemption or withdrawal or the method for calculating such payment. Upon withdrawal of a CD at the depositor's option, the amount you receive pursuant to the terms of the applicable disclosure supplement may be less, and possibly significantly less, than the principal amount of your CD.

In the event that the Bank fails between an early redemption date (as defined and specified in the applicable disclosure supplement) and the time you receive the early redemption amount (as defined and specified in the applicable disclosure supplement), the portion of the early redemption amount in excess of the principal amount of your CD, if any, may not be FDIC insured.

Calculations and Calculation Agent

Any calculations relating to the CDs will be made by the calculation agent, an institution that we appoint as our agent for this purpose. Unless otherwise specified in the applicable disclosure supplement, Barclays Bank PLC will act as calculation agent. We may appoint a different institution, including another one of our affiliates, to serve as calculation agent from time to time after the original issue date of the CDs without your consent and without notifying you of the change.

The calculation agent will, in its sole discretion, make all determinations regarding the amount payable in respect of your CDs during the term of your CDs, if applicable, and at maturity, the levels, values or prices of, movements in the levels, values or prices of or other events relating to the reference asset(s), market disruption events, business days, the maturity date, optional redemption dates, if any, the interest rate, if any, and any other calculations or determinations to be made by the calculation agent. Absent manifest error, all determinations of the calculation agent will be conclusive for all purposes and final and binding on you and us, without any liability on the part of the calculation agent. Even if the calculation agent is Barclays Bank PLC or another affiliate of the Bank, the calculation agent is obligated to carry out its duties and functions as calculation agent in good faith and using reasonable judgment. If the calculation agent uses its discretion to make a determination, the calculation agent will notify the Bank who will notify The Depository Trust Company ("**DTC**"), as holder of the master certificates. You will not be entitled to any compensation from us for any loss suffered as a result of any of the above determinations by the calculation agent.

All percentages resulting from any calculation relating to a CD will be rounded upward or downward, as appropriate, to the next higher or lower one hundred-thousandth of a percentage point, e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655). All amounts used in or resulting from any calculation relating to a CD will be rounded upward or downward, as appropriate, to the nearest cent, in the case of U.S. dollars, the nearest corresponding hundredth of a unit, in the case of a currency other than U.S. dollars, or to the nearest one hundred-thousandth of a unit, in the case of a currency exchange rate, with one-half cent, one-half of a corresponding hundredth of a unit or one-half of a hundred-thousandth of a unit or more being rounded upward.

In determining the level, value or price of a reference asset that applies to a CD during a particular interest or other period, the calculation agent may obtain quotes from various banks or dealers active in the relevant market, as described under "Reference Assets" below. Those reference banks, dealers, reference asset sponsors or information providers may include the calculation agent itself and its affiliates, as well as any agent or broker participating in the distribution of the relevant CDs and their affiliates, and they may include Barclays Bank PLC and its affiliates.

Hedging

On or prior to the issuance of the CDs, we or our affiliates expect to enter into hedging transactions to hedge some or all of our anticipated exposure by, for example, taking or modifying positions in the reference asset(s) and listed or over-the-counter options on the reference asset(s). From time to time, we or our affiliates may enter into additional hedging transactions or unwind those we have entered into.

In this regard, we or our affiliates may, throughout the life of the CDs:

- acquire or dispose of long or short positions in listed or over-the-counter options, futures or other instruments linked to the reference asset(s),
- acquire or dispose of long or short positions in components of the reference asset(s),
- acquire or dispose of long or short positions in listed or over-the-counter options, futures or other instruments designed to track the performance of the reference asset(s) or their components, or
- any other transaction or arrangement.

We or our affiliates may also acquire a long or short position in products similar to the CDs from time to time and may, in our or their sole discretion, hold or resell those products.

We or our affiliates may close out our or their hedging transactions on or before the final valuation date. That step may involve sales or purchases of some or all of the reference asset(s), components of the reference asset(s) or listed or over-the-counter options, futures or other instruments linked to the reference asset(s) or their components.

The hedging activity discussed above may adversely affect the market value of the CDs from time to time. See "Risk Factors" in this disclosure statement for a discussion of these adverse effects.

Evidence of the CDs

The CDs will be evidenced by one or more master certificates issued by us, each representing a number of individual CDs. These master certificates will be held by or on behalf of DTC. No evidence of ownership, such as a passbook or a certificate, will be provided to you. Your broker is expected to keep records of the ownership of each CD and is expected to provide you with a written confirmation (the "**Confirmation**") of your purchase. The applicable disclosure supplement will set forth the proposed maturity date, the amount of interest, if any, and the manner in which any such interest will be calculated, the additional amount payable at maturity, if any, and the manner in which any such additional amount payable at maturity will be calculated, the applicable reference asset(s), any early redemption feature or withdrawal feature, any other terms of the CDs and any terms of the CDs that differ from the terms set forth in this disclosure statement. Your broker is expected to provide you with a periodic account statement that will reflect your CD ownership. You should retain the Confirmation and the account statement(s) for your records. Because you will not be provided with a certificate evidencing your deposit, the purchase of a CD is not recommended for persons who wish to take physical possession of a certificate.

Payments on the CDs will be remitted by us to DTC when due. Upon receipt in full of such amounts by DTC, we 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 such broker acts as your nominee, authorized representative, agent or custodian, and credited to your account with such broker.

Each CD constitutes a direct obligation of ours and is not, either directly or indirectly, an obligation of any agent or broker. No deposit relationship shall be deemed to exist prior to the receipt and acceptance of your funds by us.

If you choose to remove your broker as your agent with respect to your CD, you may (i) transfer your CD to another agent (provided the agent is a participant of DTC (most major brokerage firms are participants; many FDIC-insured deposit institutions are not)) or (ii) request that your ownership of the CD be evidenced directly on the books of the Bank by giving at least 45 days prior written notice to your broker, Barclays Capital and the Bank, subject to applicable law and our terms and conditions, including those related to the manner of evidencing CD ownership and obtaining the consent of Cede & Co. or other registered holder of the master certificates. In the event your ownership is evidenced directly on the books of the Bank, any payments made or notices given with respect to your CDs will be made or given directly to you by the Bank.

Deposit Insurance

The CDs are protected by federal deposit insurance provided by the Deposit Insurance Fund, which is administered by the FDIC and backed by the full faith and credit of the U.S. Government, generally up to a maximum amount of $100,000 for all deposits held in the same insurable capacity (e.g., individual, joint account, etc.). In addition, federal deposit insurance is available up to a maximum amount of $250,000 for self-directed retirement accounts (as described below). Any accounts or deposits a holder maintains directly with the Bank in the same insurable capacity as such holder maintains its CDs would be aggregated with such CDs for purposes of the applicable limit.

Due to recent legislation, federal deposit insurance limits have been temporarily raised from $100,000 per depositor to $250,000 per depositor for all deposits held by you in the same insurable capacity with the Bank. This increased limit went into effect on October 3, 2008, was extended on May 20, 2009 and will expire on December 31, 2013. After December 31, 2013, CDs that have not reached maturity may not have the benefit of the increased insurance limit, even if such CDs were issued prior to the expiration date. Thus, any CDs maturing after December 31, 2013, other than CDs held in IRAs and certain self-directed retirement accounts, may be subject to a reduction in coverage. You should not rely on an extension of this increased coverage in purchasing CDs. These FDIC insurance limits are effective as of the date of this disclosure statement and could change. The CDs will be insured up to the applicable FDIC insurance limits effective from time to time.

Although FDIC insurance coverage includes both principal and accrued interest and other accrued amounts payable in respect of the CDs (subject to the applicable limit) as of the date when the FDIC is appointed conservator or receiver of the Bank, if the FDIC was appointed conservator or receiver of the Bank prior to the maturity of the CDs, the FDIC could take the position that any increase in the value of a linked portion of the deposit between the date of deposit and the date the FDIC was appointed receiver or conservator was not insured because the return is not calculated until the final valuation date, the final observation date or the final averaging date or upon maturity of the CDs, as the case may be, and would not be reflected as accrued on the books of the Bank at the time of such appointment.

Each holder is responsible for monitoring the total amount of its deposits in order to determine the extent of deposit insurance coverage available to it on such deposits, including the CDs. In circumstances in which FDIC insurance coverage is needed, (a) the FDIC will not be responsible for the uninsured portion of the CDs or any other deposits and (b) neither we nor any broker will be responsible for any insured or uninsured portion of the CDs or any other deposits. Persons considering the purchase, ownership or disposition of a CD should consult their legal advisors concerning the availability of FDIC insurance.

If the CDs or other deposits of a holder at the Bank are assumed by another depository institution pursuant to a merger or consolidation, such CDs or deposits will continue to be separately insured from the deposits that such holder might have established with the acquirer for six months from the date of assumption or, in the case of a time deposit such as the CDs, the earliest maturity date after the six-month period. Thereafter, any assumed deposits will be aggregated with the existing deposits with the acquirer held in the same insurable capacity for purposes of federal deposit insurance. Any deposit opened at the acquired institution after the acquisition will be aggregated with deposits established with the acquirer for purposes of federal deposit insurance.

If a CD depositor chooses to purchase CDs in an amount exceeding the applicable deposit insurance limit, a broker may sell such CDs if, and only if, (a) the broker has disclosed to such depositor that the purchases exceed the applicable deposit insurance limit and that the amount of such excess may not be eligible for federal deposit insurance, and (b) the depositor has indicated that it understands that such excess amount may not be eligible for such insurance.

You should consider the risks relating to FDIC deposit insurance under "Risk Factors— Risks Relating to All CDs" herein.

The application of the applicable federal deposit insurance limitation in certain common factual situations is illustrated below, assuming the temporary increase in insurance limitation has expired:

Individual Customer Accounts

Funds owned by an individual and held in an account in the name of an agent or nominee of such individual (such as the CDs held in a brokerage account) are not treated as owned by the agent or nominee, but are added to other deposits of such individual held in the same insurable capacity and are insured up to $100,000 in the aggregate.

Custodial Accounts

Funds in accounts held by a custodian, guardian or conservator for the benefit of a ward or a minor (for example, under the Uniform Gifts to Minors Act) are not treated as owned by the custodian, but are added to other deposits of the minor or other beneficiary held in the same insurable capacity and are insured up to $100,000 in the aggregate.

Joint Accounts

The interests of co-owners in funds in an account held under any form of joint ownership valid under applicable state law may be insured up to $100,000 in the aggregate, separately and in addition to the $100,000 allowed on other deposits individually owned by any of the co-owners of such account (hereinafter referred to as a "**Joint Account**"). Joint Accounts will be insured separately from such 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. If the Joint Account meets the foregoing criteria then it shall be deemed to be jointly owned, provided that the deposit account records of the Bank are clear and unambiguous as to the ownership of the account. However, if the deposit account records are ambiguous or unclear as to the manner in which the deposit account is owned, then the FDIC may consider evidence other than such deposit account records to determine ownership. The names of two or more persons on a CD or other deposit instrument will be conclusive evidence that the account is a Joint Account unless the deposit records as a whole are ambiguous and some other evidence indicates that there is a contrary ownership capacity.

In the event an individual has an interest in more than one Joint Account and different co-owners are involved, his interest in all of such Joint Accounts (subject to the limitation that such individual's insurable interest in any one account may not exceed $100,000 divided by the number of owners of such account) is then added together and insured up to $100,000 in the aggregate, with the result that no individual's insured interest in the joint account category can exceed $100,000. For deposit insurance purposes, the co-owners of any Joint Account are deemed to have equal interests in the Joint Account unless otherwise stated in the Bank's deposit account records.

Entity Accounts

The deposit accounts of any corporation, partnership or unincorporated association that is operated primarily for some purpose other than to increase deposit insurance are added together and insured up to $100,000 in the aggregate per insured depository institution.

Revocable Trust Accounts

Funds owned by an individual and deposited into a deposit account with respect to which the owner evidences an intention that upon his/her death the funds will belong to one or more named beneficiaries are insured up to $100,000 for each such named beneficiary, up to five beneficiaries only, separately from any other deposit accounts of the owner or any beneficiary. For revocable trust accounts with more than five beneficiaries and more than $500,000, the maximum coverage will be the greater of $500,000 or the aggregate amount of the ownership interests of each beneficiary named in the trust, up to the limit of $100,000 per different beneficiary. The title of the account must include commonly accepted terms such as "in trust for," "as trustee for" or "payable-on-death to," and for informal revocable trusts commonly referred to as payable-on-death accounts, in-trust-for-accounts or Totten Trust accounts, the beneficiaries must be specifically named in the deposit account records of the insured depository institution. Additionally, a beneficiary must be a person, charity or another non-profit organization (as recognized by the Internal Revenue Service). A revocable trust account established by persons (such as a husband and wife) that names the persons as the sole beneficiaries will be treated as a joint account and insured as described above under "Joint Accounts." The above information regarding revocable trust accounts is based on an interim rule effective as of the date of this Disclosure Statement, which is subject to change. The final rule on revocable trust accounts will be applicable to the CDs.

Irrevocable Trust Accounts

Funds (i.e., trust interests that are capable of determination without evaluation of contingencies) of a beneficiary deposited into one or more deposit accounts established pursuant to one or more irrevocable trust agreements created by the same settlor (grantor) will be aggregated and insured up to $100,000. The deposit insurance of each beneficiary's interest is separate from the coverage provided for other accounts maintained by the settlor (grantor), trustee or beneficiary. When a bankruptcy trustee commingles the funds of two or more bankruptcy estates in the same trust account, the funds of each bankruptcy estate will be added together and insured up to $100,000, separately from the funds of any other such estate.

Retirement Plans and Accounts

CDs are sometimes held in retirement and employee benefit plan accounts. There are many types of plans and accounts. The amount of deposit insurance each will be entitled to and whether CDs held by the plan or account will be considered separately or aggregated with CDs of the Bank held in other plans or accounts in determining the amount of deposit insurance such accounts are entitled to will vary depending on the type of plan or account. It is therefore important to understand the type of plan or account holding the CD. Moreover, the Federal Deposit Insurance Corporation Improvement Act of 1991, the Federal Deposit Insurance Reform Act of 2005 and regulations enacted by the FDIC to implement these laws made changes to the deposit insurance coverage of deposits held in retirement plans and accounts. The following sections entitled "Individual Retirement Accounts and Other 'Self-Directed' Plan Accounts" and "Employee Benefit Plans" discuss the rules that apply to deposits of retirement plans and accounts.

Individual Retirement Accounts and Other "Self-Directed" Plan Accounts

Deposits in an insured depository institution made in connection with the following types of retirement plans will be aggregated and insured up to $250,000 per participant:

- Any individual retirement account described in Section 408(a) of the Internal Revenue Code of 1986, as amended (the "**Code**");
- Any eligible deferred compensation plan described in Section 457 of the Code;
- Any individual account plan defined in Section 3(34) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and any plan described in Section 401(d) of the Code, to the extent that participants and beneficiaries under such plans have the right to direct the investment of assets held in individual accounts maintained on their behalf by the plans.

This deposit insurance coverage is separate from, and in addition to, the coverage to which each participant is entitled for deposits held in the same insured depository institution but in other capacities.

Employee Benefit Plans

With certain limitations and exceptions, any deposit of an Employee Benefit Plan (as defined below) is insured, on a "pass-through" basis, up to $100,000 for the vested and non-contingent interest in such deposit of each Employee Benefit Plan participant, provided that the account records of the insured depository institution indicate that the deposit is held for the benefit of each Employee Benefit Plan participant, and provided further that the Employee Benefit Plan participants can be identified from the account records of the Employee Benefit Plan administrator. This deposit insurance coverage is separate from, and in addition to, the coverage to which each participant is entitled for deposits held in the same insured depository institution but in other capacities.

For this purpose, the term "Employee Benefit Plan" has the same meaning given to such term in Section 3(3) of ERISA and also includes any plan described in Section 401(d) of the Code, and certain eligible deferred compensation plans described in Section 457 of the Code. This includes "Keogh Plans" of owner-employees described in Section 401(d) of the Code, tax-qualified pension, profit-sharing or stock bonus plans, and government and church plans. However, it does not include employee welfare plans (such as health and welfare trust funds, or medical or life insurance plans). Certain Employee Benefit Plans, such as self-directed "Keogh Plans," qualify for "pass-through" deposit insurance up to $250,000.

"Pass-through" insurance means that, instead of the Employee Benefit Plan's deposits at one depository institution being entitled to only $100,000 of insurance, each participant in the Employee Benefit Plan is entitled to insurance of his or her interest in the Employee Benefit Plan's deposits of up to $100,000 (subject to the exceptions and limitations noted below).

This general rule regarding pass-though insurance is subject to the following limitations and exceptions:

- *Total Coverage Might Not Equal $100,000 Times Number of Participants.* Coverage for a plan's deposits is not based on the number of participants, but rather on each participant's share of the plan. Because plan participants normally have different interests in the plan, insurance coverage cannot be determined by simply multiplying the number of participants by $100,000. To determine the maximum amount a plan can have on deposit in a single bank and remain fully insured, first determine which participant has the largest share of the plan assets, then divide $100,000 by that percentage. For example, if a plan has 20 participants and qualifies for $100,000 of insurance per participant, but one participant has an 80% share of the plan assets, the most that can be on deposit and remain fully insured is $125,000 ($100,000/.80 = $125,000).
- *Aggregation.* An individual's non-contingent interests in funds deposited with the same depository institution by different Employee Benefit Plans of the same employer or employee organization are aggregated for purposes of applying this pass-through $100,000 deposit insurance limit, and are insured in aggregate only up to $100,000.
- *Contingent Interests/Overfunding.* Any portion of an Employee Benefit Plan's deposits that is not attributable to the non-contingent interests of Employee Benefit Plan participants is not eligible for pass-through deposit insurance coverage, and is insured, in aggregate, only up to $100,000.

The foregoing examples are based on rules issued by the FDIC, which rules are subject to change from time to time and in certain instances additional terms and conditions may apply which are not described above.

Accordingly, such examples are qualified in their entirety by such rules, and the holder is urged to discuss with its legal advisors the insurance coverage afforded to any CD that it may purchase. Additionally, questions about how CDs will be insured may be addressed to your broker. Holders may also write to the following address: FDIC Office of Consumer Affairs, 550 17th Street, N.W., Washington, D.C. 20489.

To the extent that a CD purchaser expects its beneficial interest in the CDs to be fully covered by FDIC insurance, such purchaser, by purchasing a CD, is deemed to represent to the Bank and its broker that its beneficial interest (or if it is an agent, nominee, custodian or other person who is purchasing a CD for a beneficial owner, that each beneficial owner's beneficial interest) in other deposits in the Bank, when aggregated with the beneficial interest in the CD so purchased, to the extent that aggregation is required in determining insurance of accounts under the federal deposit insurance regulations, does not exceed $100,000, or $250,000 for retirement accounts that qualify for $250,000 of deposit insurance.

Neither we nor any broker will be obligated to any holder for amounts not covered by deposit insurance nor will we or they be obligated to make any payments to any holder in satisfaction of any loss such holder might incur, including losses that result from (a) a delay in insurance payouts applicable to its CD, (b) its receipt of a decreased rate of return on the reinvestment of the proceeds received as a result of a payment on a CD prior to its scheduled maturity, (c) payment in cash of the CD principal prior to maturity in connection with the liquidation of an insured institution or the assumption of all or a portion of its deposit liabilities at a lower interest rate or (d) its receipt of a decreased rate of return as compared to the return on the applicable index.

Preference in Right of Payment

Federal legislation adopted in 1993 provides for a preference in right of payment of certain claims made in the liquidation or other resolution of any FDIC-insured depository institution. The statute requires claims to be paid in the following order:

- First, administrative expenses of the receiver;
- Second, any deposit liability of the institution;
- Third, any other general or senior liability of the institution not described below;
- Fourth, any obligation subordinated to depositors or general creditors not described below;

- Fifth, any obligation to shareholders or members (including any depository institution holding company or any shareholder or creditor of such company).

For purposes of the statute, deposit liabilities include any deposit payable only at an office of the insured depository institution in the United States. They do not include international banking facility deposits or deposits payable at an office of the insured depository institution outside the United States.

In addition, in the view of the FDIC, any obligation of an FDIC-insured depository institution that is contingent at the time of the insolvency of the institution may not provide a basis for a claim against the FDIC as receiver or conservator of the insolvent institution.

Termination of Deposit Insurance

We will provide notice of any termination of our insured status through our agents and other brokers to you as promptly as practicable, but in no event later than (i) the day an order of termination of the FDIC insurance becomes final or such other day that the order prescribes if such insured status is terminated by the FDIC; or (ii) a date approved by the FDIC if such insured status is terminated by us.

Secondary Market

Each broker, though not obligated to do so, may maintain a secondary market in the CDs. Secondary market transactions may be expected to be effected at prices which reflect then-current interest rates, the levels, values or prices of, movements in the levels, values or prices of or other events relating to the reference asset(s), supply and demand, time remaining until maturity, general market conditions and other factors. The foregoing means that secondary market transactions may be effected at prices greater or lesser than the initial principal amount of your CDs, and the yield to maturity on a CD purchased in the secondary market may differ from the yield at the time of original issuance. The prices at which CDs may trade in secondary markets may fluctuate more than ordinary interest-bearing CDs.

Each broker may purchase and sell CDs for its own account, as well as for the accounts of customers. Accordingly, a broker may realize profits from mark-ups on transactions for its own account, and may charge customers commissions in brokerage transactions, which mark-ups or commissions will affect the yield to maturity of such CDs. Any commission on a brokered secondary market transaction may be reflected in a holder’s Confirmation.

Each broker may at any time, without notice, discontinue participation in any secondary market transactions in CDs. Accordingly, a holder should not rely on the possible existence of a secondary market for any benefits, including liquidity, achieving trading profits, limiting trading or other losses or realizing income prior to maturity.

In the event that you purchase a CD in the secondary market at a premium over the principal amount, that premium would not be insured. Therefore, if insurance payments become necessary for the Bank, you would incur an additional loss of up to the amount of the premium paid for your CD.

Risk Factors

You should understand the risks of investing in the CDs and should reach an investment decision only after careful consideration with your advisors of the suitability of the CDs in light of your particular financial circumstances, the following risk factors and the other information included or incorporated by reference in the applicable disclosure supplement and this disclosure statement. Please note that this Risk Factors section has various subsections addressing risk factors relating to specific types of reference assets and transaction structures and not all of these risk factors will be applicable to each CD issued. In addition, we have no control over a number of matters, including economic, financial, regulatory, geographic, judicial and political events, that are important in determining the existence, magnitude and longevity of these risks and their influence on the value of, or the payments made on or settlement of obligations with respect to, the CDs. You should not invest in the CDs unless you understand and can bear these investment risks.

Risks Relating to All CDs

(1) The CDs may differ from conventional bank deposits.

The CDs may combine features of equity securities with features of traditional certificates of deposit. The terms of the CDs may differ from those of conventional bank deposits in that we may not pay interest on your CDs and the return on your CDs may be less than the amount that would be paid on an ordinary bank deposit of similar length. The potential return at maturity of only the principal amount of your investment in the CDs will not compensate you for any loss in value on your investment due to inflation and other factors relating to the value of money over time or for the opportunity cost of not having invested in, and received the corresponding return on, an ordinary bank deposit of similar length.

(2) The CDs are intended to be held to maturity.

The CDs are not principal protected unless they are held until maturity. You may receive less, and possibly significantly less, than the amount you originally invested if you sell your CDs prior to maturity in any secondary market transaction. Accordingly, you should be willing and able to hold your CDs until maturity.

(3) You will have limited rights to withdraw your funds prior to the maturity date of the CDs.

By purchasing a CD, you will be deemed to agree with the Bank to keep your funds on deposit for the term of the CDs. If provided for in the applicable disclosure supplement, early withdrawals will be permitted only in certain situations, and you may receive no return if you withdraw your deposit early. Therefore, you should not rely on being able to gain access to your funds prior to the maturity date and should be willing and able to hold your CDs to maturity.

(4) There may not be any secondary market for your CDs.

There may be no secondary market for your CDs. The CDs will not be listed or quoted on any securities exchange or any electronic communications network, nor will they otherwise be quoted on any quotation system sponsored or administered by a U.S. self-regulatory organization. Barclays Capital or other affiliates of the Bank and brokers may engage in limited purchase and resale transactions in the CDs, although they are not required to do so. If they decide to engage in such transactions, they may stop at any time.

Secondary market transactions may be expected to be effected at prices that reflect then-current interest rates, the levels, values or prices of, movements in the levels, values or prices of or other events relating to the reference asset(s), supply and demand, time remaining until maturity, general market conditions and other factors. The foregoing means that secondary market transactions may be effected at prices greater or less than the initial principal amount of a CD, and the yield to maturity on a CD purchased in the secondary market may differ from the yield at the time of original issuance. The prices at which CDs may trade in secondary markets may fluctuate more than ordinary, interest-bearing certificates of deposit.

If you sell your CDs before maturity, you may have to do so at a substantial discount from the principal amount of your CDs and, as a result, you may suffer substantial losses. Accordingly, you should be willing and able to hold your CDs to maturity.

(5) Credit of Bank.

The CDs are deposit obligations of the Bank and are not, either directly or indirectly, an obligation of any third party. Any amounts payable under the CDs that exceed the applicable FDIC insurance limit, 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.

(6) The scope and extent of FDIC insurance coverage may change.

Amendments to existing legislation or regulations or enactment of new legislation or regulations relating to FDIC insurance may be introduced at any time. In the event that any such change to existing law or regulation occurs, for example, a change in law that would result in termination of FDIC insurance for the CDs, holders of the CDs may be affected. We cannot predict whether new legislation will be enacted and, if enacted, the effect that it, or any regulations enacted pursuant to it, would have on holders of the CDs. The Bank is not presently required, nor does it intend, to notify holders of the CDs of any subsequent changes in the federal deposit insurance coverage rules. In addition, it is possible that the FDIC insured status of the Bank could be terminated in certain circumstances, which could potentially result in the loss of FDIC insurance with respect to the CDs. In any such case of termination of FDIC insurance with respect to the CDs, the entire principal amount plus any additional amounts owed in connection with the CDs would be subject to the credit risk of the Bank.

(7) Interest and other amounts payable on the CDs in excess of the principal amount of the CDs are not protected by federal deposit insurance until they are accrued on the books of the Bank (subject to the applicable limit).

An obligation of an FDIC-insured depository institution that is contingent at the time of the insolvency of the institution may not provide a basis for a claim against the FDIC as receiver or conservator of the insolvent institution. As a result, interest, if any is payable on the CDs, will not be protected by federal deposit insurance until it is accrued on the books of the Bank (subject to the applicable limit). In addition, because the amount you will receive at maturity may be determined by reference to the levels, values or prices of, movements in the levels, values or prices of or other events relating to the reference asset(s), any amounts payable in respect of the CDs (other than accrued interest, if any) in excess of the principal amount of the CDs will not accrue to a holder of a CD until the final valuation date, the final observation date or the final averaging date or upon maturity of the CD, as the case may be. Accordingly, any amounts payable in respect of the CDs (other than accrued interest, if any) in excess of the principal amount of the CDs will not be eligible for federal deposit insurance (subject to the applicable limit) prior to the final valuation date, the final observation date or the final averaging date or upon maturity of the CDs, as the case may be. Such amounts payable in respect of the CDs (other than accrued interest, if any) in excess of the principal amount of the CDs will be eligible for federal deposit insurance (subject to the applicable limit) only from the final valuation date, the final observation date or the final averaging date or upon maturity of the CD, as the case may be, until the time the Bank makes payment.

(8) The FDIC's Power as Receiver or Conservator Could Adversely Affect Your Return

If the FDIC were appointed as conservator or receiver of the Bank, the FDIC would be authorized to disaffirm or repudiate any contract to which the Bank is a party, the performance of which was determined to be burdensome, and the disaffirmance or repudiation of which was determined to promote the ordinary administration of the Bank's affairs. It is likely that for this purpose deposit obligations, such as the CDs, would be considered "contracts" within the meaning of the foregoing and that the CDs could be repudiated by the FDIC as conservator or receiver of the Bank. Such repudiation should result in a claim by a depositor against the conservator or receiver for the principal amount of its CDs. No claim would be available, however, for any amount in excess of the principal amount, including any secondary market premium paid by a depositor above the principal amount of a CD.

The FDIC, as conservator or receiver, may also transfer to another insured depository institution any of the insolvent institution's assets and liabilities, including liabilities such as the CDs, without the approval or consent of the beneficial owners of the CDs. The transferee depository institution would be permitted to offer beneficial owners of the CDs the choice of (i) repayment of the principal amount of the CDs or (ii) substitute terms, which may be less favorable. If a CD is paid off prior to its maturity, either by a transferee depository institution or the FDIC, its beneficial owner may not be able to reinvest the funds to yield a rate of return equivalent to the beneficial owner's expected rate of return on the CDs.

Except to the extent insured by the FDIC as described herein and in the applicable disclosure supplement, the CDs are not otherwise insured by any governmental agency or instrumentality or any other person.

(9) Price or other movements in the reference asset(s) and their components are unpredictable, and levels of market volatility in recent periods have been unprecedented.

Movements in the levels, values or prices of the reference asset(s) or their respective components are unpredictable and volatile, and are influenced by complex and interrelated political, economic, financial, regulatory, geographic, judicial and other factors. Moreover, while the global capital, credit and commodity markets have experienced volatility and disruption since August 2007, the volatility and disruption have reached unprecedented levels in the months following September 2008. In some cases throughout this period, the markets produced downward pressure on stock prices and the credit capacity for certain issuers of the reference asset(s) without regard to those issuers' underlying financial strength. As a result, in the type of environment since August 2007, it is impossible to predict whether the levels, values or prices of the reference asset(s) will rise or fall during the term of the CDs. Changes in the levels, values or prices of the reference asset(s) may determine the amount of interest or other amounts payable on your CDs. Therefore, these changes may result in the receipt of little or no interest or other payments on your CDs. There can be no assurance that recent unprecedented levels of volatility, or periods of sudden and dramatic price increases or declines, will not continue or recur. As the CDs are linked to reference asset(s) that may be unpredictable and volatile, we cannot guarantee that these changes will be beneficial to you, and therefore you may not receive any payments in connection with the CDs above your principal amount.

(10) The historical or hypothetical performance of the reference asset(s) is not an indication of future performance.

The historical or hypothetical performance of the reference asset(s), which may be included in the applicable disclosure supplement, should not be taken as an indication of the future performance of the reference asset(s). It is impossible to predict whether the levels, values or prices of the reference asset(s) will fall or rise during the term of the CDs, in particular in the environment in recent periods which has been characterized by unprecedented volatility across a wide range of asset classes. Past fluctuations and trends in the reference asset(s) are not necessarily indicative of fluctuations or trends that may occur in the future.

(11) You must rely on your own evaluation of the merits of an investment in the CDs.

In connection with your purchase of the CDs, we urge you to consult your own financial, tax and legal advisors as to the risks involved in an investment in the CDs and to investigate the reference asset(s) and not rely on our views in any respect. You should make a complete investigation as to the merits of an investment in the CDs.

(12) The price at which you will be able to sell your CDs prior to the maturity date will depend on a number of factors, and may be substantially less than the amount you had originally invested.

If you wish to liquidate your investment in the CDs prior to the maturity date, your only alternative, in the absence of any applicable withdrawal at the option of the holder provisions, would be to sell them. At that time, there may be an illiquid market for the CDs or no market at all. Even if you were able to sell your CDs, there are many factors outside of our control that may affect their market value. We believe that the market value of your CDs will be affected by the volatility of the reference asset(s), the levels, values or prices of the reference asset(s) at the time of the sale, changes in interest rates, our financial condition and creditworthiness, the supply of and demand for the CDs and a number of other factors. Some of these factors 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. The price, if any, at which you will be able to sell your CDs prior to maturity may be substantially less than the amount you originally invested and will depend on the market value of the CDs at the time of the sale. The following paragraphs describe the manner in which we expect the market value of the CDs to be affected in the event of a change in a specific factor, assuming all other conditions remain constant.

• *Reference asset(s) performance*. We expect that the market value of the CDs prior to maturity will depend substantially on the current levels, values or prices (or in some cases, performance since the date on which the CDs price) of the reference asset(s) relative to their initial levels, values or prices. If you decide to sell your CDs prior to maturity when the current levels, values or prices of the reference asset(s) at the time of sale are favorable relative to their initial levels, values or prices, you may nonetheless receive substantially less than the amount that would be payable at maturity based on those levels, values or prices because of expectations that the levels, values or prices will continue to fluctuate until the final levels, values or prices are determined.

• *Volatility of the reference asset(s)*. Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the reference asset(s) or their components increases or decreases, the market value of the CDs may be adversely affected.

• *Interest rates*. We expect that the market value of the CDs will be affected by changes in interest rates. Interest rates also may affect the economy and, in turn, the value of the components of the reference asset(s), which would affect the market value of the CDs.

• *Supply and Demand for the CDs*. We expect that the market value of the CDs will be affected by the supply of and demand for the CDs. In general, if the supply of the CDs decreases and/or the demand for the CDs increases, the market value of the CDs may increase. Alternatively, if the supply of the CDs increases and/or the demand for the CDs decreases, the market value of the CDs may be adversely affected. The supply of the CDs, and therefore the market value of the CDs, may be affected by inventory positions held by Barclays Capital, Barclays Bank PLC or any market maker.

• *Withdrawal and Redemption Rights*. Your right to withdraw the CDs or our right to redeem the CDs may affect the market value of the relevant CDs. Generally, the grant of a withdrawal right to CD holders may enhance the market value of the CDs, while a redemption right by us may adversely affect the market value of such CDs.

• *Our financial condition, credit quality and results of operations*. Actual or anticipated changes in the Bank's financial condition, credit quality (including the current credit ratings of its affiliates) or results of operations may significantly affect the market value of the CDs. The significant difficulties experienced in the global financial system since August 2007 and the resulting lack of credit, lack of confidence in the financial sector, increased volatility in the financial markets and reduced business activity could materially and adversely affect our business, financial condition, credit quality and results of operations. However, because the return on the CDs is dependent upon factors in addition to our ability to pay or settle our obligations under the CDs (such as the current levels, values or prices of the reference asset(s)), an improvement in our financial condition, credit quality or results of operations alone may not have a positive effect on the market value of the CDs. The Bank's actual or perceived credit quality does not affect or enhance the return on the CDs and is not indicative of the risks associated with the CDs or an investment in the reference asset(s).

• *Time remaining to maturity or to the expiration date*. A "time premium" results from expectations concerning the levels, values or prices of the reference asset(s) during the period prior to the maturity date of the CDs. As the time remaining to the maturity date of the CDs decreases, this time premium will likely decrease, potentially adversely affecting the market value of the CDs. As the time remaining to maturity decreases, the market value of the CDs may be less sensitive to the volatility in the components of the reference asset(s).

• *Events affecting or involving the reference asset(s)*. Economic, financial, regulatory, geographic, judicial, political and other developments that affect the levels, values or prices of the reference asset(s) and their components, and real or anticipated changes in those factors, also may affect the market value of the CDs. For example, for reference assets composed of equity securities, the financial condition and earnings results of the issuers of the equity securities, and real or anticipated changes in those conditions or results, may affect the market value of the CDs. In addition, speculative trading by third parties in the reference asset(s) could significantly increase or decrease the levels, values or prices of the reference asset(s), thereby exposing the reference asset(s) to additional volatility which could affect the market value of the CDs.

- *Broker's placement fee and cost of hedging.* The original issue price of the CDs may include the broker's placement fee and the estimated cost of hedging our obligations under the CDs through one or more of our affiliates. Such cost may include our affiliates' expected cost of providing such hedge, as well as the profit our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge. As a result, assuming no change in market conditions or other relevant factors, the price, if any, at which a broker might be willing to purchase the CDs from you in a secondary market transaction, if at all, will likely be lower than the original issue price, and could result in a substantial loss to you. In addition, any such prices may differ from values determined by pricing models used by a broker, as a result of such compensation or other transaction costs. Moreover, this hedging activity may result in the broker realizing a profit, even if the market value of the CDs declines.

The effect of one of the factors specified above may offset some or all of any change in the market value of the CDs attributable to another factor.

(13) Reported levels, values and prices of the reference asset(s) and their components may be based on non-current information.

If trading is interrupted in the reference asset(s) or any of their components, publicly available information regarding the levels, values or prices of the reference asset(s) may be based on the last reported levels, values or prices. As a result, publicly available information regarding reported levels, values or prices of the reference asset(s) or their components may at times be based on non-current information.

(14) The reference asset(s) or their components may trade around-the-clock, however, if a secondary market develops, the CDs may trade only during regular trading hours in the United States.

If the market for a reference asset or its components is a global, around-the-clock market, the hours of trading for the CDs, if any, may not conform to the hours during which such reference asset or its components are traded. To the extent that U.S. markets are closed while international markets remain open, significant movements may take place in the levels, values or prices of such reference asset or its components that will not be reflected immediately in the price of the CDs. There may not be any systematic reporting of last-sale or similar information for the reference asset(s) or their components. The absence of last-sale or similar information and the limited availability of quotations would make it difficult for many investors to obtain timely, accurate data about the state of the market for such reference asset(s) or their components.

(15) The calculation agent may postpone calculations and determinations if a market disruption event occurs.

In some cases, the CDs may be linked to a reference asset where a valuation date, observation date or averaging date, as applicable (collectively referred to herein as a "**valuation date**," and which is described in "Certain Features of the CDs—Valuation Dates, Observation Dates or Averaging Dates" herein), may be postponed if the calculation agent determines that a market disruption event (described in "Reference Assets" herein) has occurred or is continuing on that valuation date. If that type of postponement occurs, the calculation agent will determine the closing level, value, price or other amount on the first succeeding scheduled trading day on which no market disruption event occurs or is continuing, provided that the valuation date will not be postponed by more than five scheduled trading days. You will not be entitled to compensation from us or the calculation agent for any loss suffered as a result of the occurrence of a market disruption event, any resulting delay in payment or any change in the level, value or price of a reference asset after the originally scheduled valuation date.

(16) We or one of our affiliates could serve as the calculation agent, which could result in a conflict of interest.

The calculation agent will make determinations and judgments in connection with valuing the reference asset(s) and calculating adjustments to the reference asset(s), dates, prices, or any other affected variable when the reference asset(s) are changed or modified as well as determining whether a market disruption event has occurred. You should refer to "Description of the CDs—Calculations and Calculation Agent" herein. Because we or one of our affiliates could serve as the calculation agent, conflicts of interest may arise in connection with the calculation agent performing its role as calculation agent.

(17) You will be bound by the determinations made by the calculation agent.

The calculation agent will, in its sole discretion, make certain determinations in respect of your CDs that may include determinations regarding relevant dates and amounts payable in respect of your CDs. Absent manifest error, all determinations of the calculation agent will be final and binding on you and us, without any liability on the part of the calculation agent. You will not be entitled to any compensation from us for any loss suffered as a result of any of such determinations by the calculation agent.

(18) Trading and other transactions by us or our affiliates could affect the levels, values or prices of the reference asset(s) and their components, the market value of the CDs and the amounts payable on your CDs.

In connection with our normal business practices or in connection with hedging our obligations under the CDs, we and our affiliates may from time to time buy or sell the reference asset(s) and their components, or similar instruments, or derivative instruments relating to the reference asset(s) or their components. These trading activities may present a conflict of interest between your interest in the CDs and the interests we and our affiliates may have in our proprietary accounts, in facilitating transactions, including block trades, for our other customers and in accounts under our management. These trading activities also could affect the levels, values or prices of the reference asset(s) in a manner that would decrease the market value of the CDs and the amounts payable on your CDs. To the extent that we or any of our affiliates have a hedge position in the reference asset(s) or their components, or in a derivative or synthetic instrument related to the reference asset(s) or their components, we or any of our affiliates may increase or liquidate a portion of those holdings at any time before, during or after the term of the CDs. This activity may affect the amounts payable on your CDs or the market value of the CDs in a manner that would be adverse to your investment in the CDs. Depending on, among other things, future market conditions, the aggregate amount and the composition of those hedge positions are likely to vary over time. In addition, we or any of our affiliates may purchase or otherwise acquire a long or short position in the CDs. We or any of our affiliates may hold or resell any such position in the CDs.

(19) Research reports and other transactions may create conflicts of interest between you and us.

We or one or more of our affiliates have published, and may in the future publish, research reports relating to the reference asset(s) or any of their components. The views expressed in this research may be 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 levels, values or prices of the reference asset(s) or their components and, therefore, the market value of the CDs. Moreover, other professionals who deal in these markets may at any time have views that differ significantly from ours. In connection with your purchase of the CDs, you should investigate the reference asset(s) and not rely on our views with respect to future movements in the reference asset(s) and their components.

We or any of our affiliates also may issue, underwrite or assist unaffiliated entities in the issuance or underwriting of other securities or financial instruments with returns indexed to the reference asset(s). By introducing competing products into the marketplace in this manner, we or our affiliates could adversely affect the market value of the CDs.

We and our affiliates, at present or in the future, may engage in business relating to the person or organization responsible for calculating, publishing or maintaining a reference asset, which we refer to as the “sponsor” of such reference asset. In addition, we or our affiliates may engage in business relating to any component of the reference asset(s), including making loans to, equity investments in, or providing investment banking, asset management or other advisory services to the sponsor(s) or issuer(s) of the reference asset(s). In connection with these activities, we may receive information pertinent to the reference asset(s) or their components that we will not divulge to you.

(20) We cannot control actions by the sponsor(s) or issuer(s) of the reference asset(s).

Actions by any sponsor or issuer of a reference asset may have an adverse effect on the price of such reference asset and therefore on the market value of the CDs. Unless otherwise specified in the applicable disclosure supplement, no sponsor or issuer will be involved with the administration, marketing or trading of the CDs and no sponsor or issuer will have any obligations with respect to the amounts to be paid or delivered to you, including on any interest payment date or on the maturity date of the CDs, or to consider your interests as an holder of the CDs when it takes any actions that might affect the market value of the CDs. No sponsor or issuer will receive any of the proceeds of any CD offering and no sponsor or issuer will be responsible for, or have participated in, the determination of the timing of, prices for or quantities of the CDs to be issued.

Unless otherwise specified in the applicable disclosure supplement, we will not be affiliated with any sponsor(s) or issuer(s) of the reference asset(s) (except for the licensing arrangements, if any, discussed in the applicable disclosure supplement), and we have no ability to control or predict their actions. These actions could include mergers or tender offers, in the case of reference assets consisting of securities, or errors in information disclosed by a sponsor of an index or an issuer of an equity security or any discontinuance by such sponsor or issuer of that disclosure. However, we or any of our affiliates may currently, or in the future, engage in business with any sponsor or issuer. Neither we, nor any of our affiliates, nor any agents or brokers, assume any responsibility for the adequacy or accuracy of any publicly available information about the sponsor(s) or issuer(s) of the reference asset(s), whether the information is contained in the disclosure supplement or otherwise. You should make your own investigation into the reference asset(s) and their sponsor(s) or issuer(s).

(21) No research recommendation on your CDs.

Although we or one or more of our affiliates may publish research on, or assign a research recommendation to, other financial products linked to the performance of any of the reference asset(s) or their components or sponsor(s) or issuer(s), neither Barclays Bank PLC nor any of its subsidiaries or affiliates publishes research on, or assigns a research recommendation to, your CDs.

(22) You have no recourse to the sponsor(s) or issuer(s) of the reference asset(s) or any components of the reference asset(s).

Your investment in the CDs will not give you any rights against any sponsor or any issuer of the reference asset(s) or any components of the reference asset(s), including any sponsor that may determine or publish the levels, values or prices of the reference asset(s) and any issuer that may otherwise affect the levels, values or prices of the reference asset(s).

(23) Changes in methodology of the sponsor of a reference asset, or changes in laws or regulations, may affect the market value of the CDs and the amounts payable on your CDs.

The sponsor of a reference asset may have the ability from time to time to change any rule or bylaw or take emergency action under its rules, any of which could affect the level, value or price of such reference asset or a component of such reference asset. Any change of that kind which causes a change in the level, value or price of a reference asset could adversely affect the market value of the CDs, as well as the amounts payable on your CDs.

In addition, levels, values or prices of the reference asset(s) 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 relating to taxes and duties on any reference asset) by one or more governments, governmental agencies or instrumentalities, courts or other official bodies. For example, direct or indirect government intervention may restrict the issuance or trading of products, such as your CDs, linked to the value of international securities (or indices relating to those securities). Governments may also seek to regulate not only the reference asset(s) linked to your CD but also derivative instruments based on the reference asset(s), which can affect the value of such reference asset(s). Any of these events could adversely affect the levels, values or prices of the reference asset(s) and, correspondingly, could adversely affect the market value of the CDs, as well as the amounts payable on your CDs.

(24) Any of the indices comprising the reference asset(s) may be discontinued, the manner in which the reference asset(s) are calculated may change in the future and the instruments comprising the components of the reference asset(s), or their respective weights, may change.

There can be no assurances that the reference asset(s) will continue or the method by which the reference asset(s) are calculated will remain unchanged. Changes in the method by which the reference asset(s) are calculated could change the levels, values or prices of the reference asset(s) and, as a consequence, adversely affect the amounts payable on your CDs and the market value of your CDs. In addition, if a reference asset is discontinued or altered, a substitute reference asset may be employed to calculate the amounts payable on your CDs. This substitution may adversely affect the market value of your CDs.

Further, the sponsor(s) of reference asset(s) that are indices can add, delete or substitute the instruments comprising the components of such reference asset(s) or make other methodological changes that could adversely change the levels, values or prices of such reference asset(s) and, therefore, the market value of the CDs. You should realize that changes in the components of a reference asset may affect such reference asset, as a newly added instrument or instruments may perform significantly better or worse than the instrument or instruments it replaces. We have no control over the way the reference asset(s) are calculated by the sponsor(s).

(25) Any discontinuance or suspension of calculation or publication of the level, value or price of a reference asset may adversely affect the market value of the CDs and the amount you will receive at maturity of the CDs.

If the calculation or publication of the level, value or price of a reference asset is discontinued or suspended, and the discontinuance or suspension is continuing on a valuation date, it may become difficult for the calculation agent to determine accurately the level, value or price for that date and accurately make calculations or determinations regarding the amount of interest or other amounts payable on such date. If the discontinuance or suspension is continuing on the final valuation date, final observation date or final averaging date (collectively referred to herein as the "**final valuation date**" and described under "Certain Features of the CDs—Final Valuation Date, Final Observation Date or Final Averaging Date" herein), it may become difficult for the calculation agent to accurately make calculations or determinations regarding the amount of interest or amounts payable at maturity of the CDs. In these situations, the calculation agent will follow a substitute procedure to determine the most appropriate payment or settlement value as described in this disclosure statement (for example, as described under "Reference Assets—Exchange-Traded Funds—Adjustments Relating to CDs with a Reference Asset Comprised of an Exchange-Traded Fund or Exchange-Traded Funds—Discontinuance of the Exchange-Traded Fund") or in the applicable disclosure supplement.

(26) Barclays Wealth, the Wealth Management Division of Barclays Capital, may sell the CDs to certain of its customers and may receive compensation from the Bank in this capacity, which may create a potential conflict of interest. Barclays Wealth is not acting as your agent or investment adviser and is not representing you in any capacity in connection with your purchase of the CDs.

Barclays Wealth, the wealth management division of Barclays Capital, may arrange for the sale of the CDs to certain of its clients. In doing so, Barclays Wealth will be acting as agent for the Bank and may receive placement fees or other compensation from the Bank. The role of Barclays Wealth as a provider of certain services to such customers and as agent for the Bank in connection with the distribution of the CDs to investors may create a potential conflict of interest, which may be adverse to such clients. Barclays Wealth is not acting as your agent or investment adviser and is not representing you in any capacity with respect to any purchase of the CDs by you. Barclays Wealth is acting solely as agent for the Bank. If you are considering whether to invest in the CDs through Barclays Wealth, we strongly urge you to seek independent financial and investment advice to assess the merits of such investment.

Additional Risks Relating to CDs with Reference Assets That Are Equity Securities or Shares or Other Interests in Exchange-Traded Funds, That Contain Equity Securities or Shares or Other Interests in Exchange-Traded Funds or That Are Based in Part on Equity Securities or Shares or Other Interests in Exchange-Traded Funds

(27) Equity market risks may affect the market value of the CDs and the amounts payable on your CDs.

If a reference asset is, contains or is based on one or more equity securities or shares or other interests in exchange-traded funds that track such equity securities, we expect that such reference asset will fluctuate in accordance with changes in the financial condition of the relevant issuer(s) of the components of such reference asset, the value of equity securities generally and other factors. The financial condition of the issuer(s) of the components of such reference asset may become impaired or the general condition of the equity market may deteriorate, either of which may cause a decrease in the level, value or price of such reference asset and thus in the market value of the CDs and the amount payable on your CDs. Equity securities are susceptible to general equity market fluctuations, to speculative trading by third parties and to volatile increases and decreases in value as market confidence in and perceptions regarding the security or securities comprising a reference asset change. Investor perceptions regarding the issuer of an equity security comprising a reference asset are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic, and banking crises.

(28) You have no rights in the property, nor shareholder rights in any securities of any issuer, of the security or securities comprising a reference asset.

Investing in the CDs will not make you a holder of the security or securities comprising a reference asset. Neither you nor any other holder of the CDs will have any voting rights, any right to receive dividends or other distributions, or any other rights with respect to any property or securities of any issuer or with respect to any security or securities comprising a reference asset.

(29) Payments on the CDs will not reflect dividends on any of the securities underlying a reference asset.

Payments on the CDs at maturity do not reflect the payment of dividends on any of the securities underlying a reference asset. Therefore, the yield derived from an investment in the CDs will not be the same as if you had purchased the securities underlying a reference asset and held them for a similar period.

(30) We obtained the information about the sponsor or issuer of a reference asset from public filings.

We have derived all information in the applicable disclosure supplement about the sponsor or issuer of a reference asset from publicly available documents. We have not participated, and will not participate, in the preparation of any of those documents. Nor have we made, or will we make, any "due diligence" investigation or any inquiry with respect to the sponsor or issuer of a reference asset in connection with the offering of the CDs. We do not make any representation that any publicly available document or any other publicly available information about the sponsor or issuer of a reference asset is accurate or complete. Furthermore, we do not know whether all events occurring before the date of the applicable disclosure supplement, including events that would affect the accuracy or completeness of the publicly available documents referred to above or the level, value or price of a reference asset, have been publicly disclosed. Subsequent disclosure of any events of this kind or the disclosure of, or failure to disclose, material future events concerning the sponsor or issuer of a reference asset could affect the market value of the CDs and the amounts payable on the CDs.

(31) Any of the issuers of the securities comprising a reference asset may perform an action that could adversely affect the market value of the CDs.

The calculation agent may adjust any date, price (including but not limited to the initial level, value or price, final level, value or price, barrier level, value or price and strike level, value or price), barrier percentage, any combination thereof or any other variable for stock splits, mergers, tender offers, reverse stock splits, stock dividends, extraordinary dividends and other corporate events that affect the capital structure of the issuer of an equity security comprising a reference asset, as well as for certain actions taken by any depositary for an equity security comprising a reference asset (e.g., American depositary shares) that affect such reference asset in the situations and in the manner described in "Reference Assets—Equity Securities—Share Adjustments Relating to CDs with an Equity Security as a Reference Asset" and "Reference Assets—Exchange-Traded Funds—Adjustments Relating to CDs with a Reference Asset Comprised of an Exchange-Traded Fund or Exchange-Traded Funds" in this disclosure statement. However, the calculation agent is not required to make an adjustment for every corporate event that may affect a reference asset or any component of such reference asset. Any of the above events or other actions by the issuer of a reference asset or a third party may adversely affect the market value of an equity security comprising such reference asset and, therefore, adversely affect the market value of the CDs and the amounts payable on the CDs.

(32) Reference assets or their components traded in an international market may be subject to additional risk.

The levels, values, prices and performance of reference assets and their components traded in international markets may be affected by political, economic, financial and social factors in the relevant international market. In addition, recent or future changes in a particular country's government, economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions, and possible fluctuations in the rate of exchange between currencies, are factors that could adversely affect the international securities markets. Moreover, the relevant international economy may differ favorably or unfavorably from that of the United States.

(33) Time differences between the domestic and international markets may create discrepancies in the market value of the CDs if a reference asset or its components primarily trade on international markets.

In the event that a reference asset or its components trade primarily on an international market, time differences between the domestic and international market (e.g., New York City is currently five and 13 hours behind London and Tokyo, respectively) may result in discrepancies between the level, value or price of such reference asset (or the levels, values or prices of its components) and the market value of the securities. To the extent that U.S. markets are closed while markets for a reference asset or its components remain open, significant price or rate movements may take place in such reference asset or its components that will not be reflected immediately in the market value of the CDs. In addition, there may be periods when the relevant international markets are closed for trading (e.g., during holidays in an international country), causing the level, value or price of a reference asset (or the levels, values or prices of its components) to remain unchanged for multiple trading days in New York City.

(34) Your return may be affected by factors affecting international securities markets.

The reference asset(s) and their components may include securities issued by international companies and may be denominated in a foreign currency. Investors should be aware that investments in reference assets linked to the value of international securities (or indices relating to those securities) might involve particular risks. The international securities comprising or relating to a reference asset may have less liquidity and could be more volatile than many of the securities traded in U.S. or other longer-established securities markets. Direct or indirect government intervention to stabilize the relevant international securities markets, as well as cross shareholdings in international companies, may affect trading prices and volumes in those markets. Direct or indirect government intervention may restrict the issuance or trading of products, such as your CDs, linked to the value of international securities (or indices relating to those securities). In addition, governments may seek to regulate not only a reference asset or its components linked to your CD but also derivative instruments based on such reference asset or its components, which can affect the value of such reference asset or its components. Also, there is generally less publicly available information about international companies than about those U.S. companies that are subject to the reporting requirements of the SEC and international companies often are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies. The other special risks associated with international securities may include, but are not necessarily limited to: less liquidity and smaller market capitalizations; less rigorous regulation of securities markets; different accounting and disclosure standards; governmental interference; higher inflation; and social, economic and political uncertainties.

These factors may adversely affect the performance of a reference asset or its components as well as the liquidity of the market for your CDs and, as a result, the market value of the CDs and the amounts payable on the CDs.

(35) The issuer of a security that serves as a reference asset or its components could take actions that may adversely affect your CDs.

The issuer of a security that serves as a reference asset or a component of a reference asset for your CDs will have no involvement in the offer and sale of the CDs and no obligation to you, unless otherwise specified in the applicable disclosure supplement. The issuer may take action, such as placing itself into bankruptcy or receivership or engaging in a merger or sale of assets, without regard to your interests. Any of these actions could adversely affect the value of that security, such reference asset or a component of such reference asset and, correspondingly, could adversely affect the market value of the CDs and the amounts payable on the CDs.

Additional Risks Relating to CDs with Reference Asset(s) That Are Commodities, an Index Containing Commodities, Shares or Other Interests in an Exchange-Traded Fund Invested in Commodities or Based in Part on Commodities

(36) Prices of commodities are highly volatile and may change unpredictably.

Commodities prices are highly volatile and, in many sectors, experienced in the months following September 2008 unprecedented historical volatility. Commodity prices are affected by numerous factors including: changes in supply and demand relationships (whether actual, perceived, anticipated, unanticipated or unrealized); weather, agriculture; trade, fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; disease; pestilence; technological developments; changes in interest rates, whether through governmental action or market movements; and monetary and other governmental policies, action and inaction. Those events tend to affect prices worldwide, regardless of the location of the event. Market expectations about these events and speculative activity also cause prices to fluctuate. These factors may adversely affect the performance of a reference asset or its components and, as a result, the market value of the CDs and the amounts payable on the CDs.

Moreover, the prices of many of the commodities, particularly energy and agricultural commodities, have, in approximately the past year, been at historically high levels. Since that time, prices have fallen precipitously, to approximately 25% of their historic highs, in some cases, and prices have experienced unprecedented volatility since that time. There is no assurance that prices will again reach their historically high levels or that volatility will subside. It is possible that lower prices, or increased volatility, will adversely affect the performance of the reference assets or their components and, as a result, the market value of the CDs.

(37) The prices of certain commodities may be subject to price ceilings.

Certain exchanges have regulations that limit the amount of fluctuation in futures contract prices which may occur during a single business day. These limits are generally referred to as “daily price fluctuation limits,” and the maximum or minimum price of a futures 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 futures contract, no trades may be made at a price above or below the limit price, as the case may be. Limit prices may have the effect of precluding trading in a particular contract or forcing the liquidation of futures contracts at disadvantageous times or prices. These circumstances could adversely affect the prices of the commodities comprising a reference asset and, therefore, could adversely affect the market value of the CDs and the amounts payable on the CDs.

(38) Suspensions or disruptions of market trading in the commodity markets and related futures markets may adversely affect the amounts payable on your CDs and the market value of the CDs.

The commodity markets are subject to temporary distortions or other disruptions due to various factors, including a lack of liquidity in the markets, the participation of speculators and potential government regulation and intervention. Certain exchanges, or the Commodity Futures Trading Commission, commonly referred to as the "CFTC," could suspend or terminate trading in a particular futures contract or contracts in order to address market emergencies. These circumstances may adversely affect the performance of a reference asset or its components and, as a result, may adversely affect the market value of the CDs and the amounts payable on the CDs.

(39) Risks relating to trading of reference assets and their components on international futures exchanges.

Certain international futures exchanges operate in a manner more closely analogous to the over-the-counter physical commodity markets than to the regulated futures markets, and certain features of U.S. futures markets are not present. For example, there may not be any daily price limits which would otherwise restrict the extent of daily fluctuations in the prices of the respective contracts. 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. This may adversely affect the performance of a reference asset or its components and, as a result, the market value of the CDs and the amounts payable on the CDs.

(40) You will not have any rights to receive any reference asset or its components.

Investing in the CDs will not make you a holder of any commodity or futures contract relating to a reference asset or its components. Payments due on the CDs will be made in U.S. dollars or the specified currency stated in the applicable disclosure supplement, and you will have no right to receive delivery of any commodity or futures contract relating to a reference asset or its components.

(41) Your investment in CDs linked to commodities or a basket or index including commodities will not entitle you to the regulatory protections of the CFTC or any other regulated futures exchange.

The net proceeds to be received by us from the sale of CDs relating to one or more commodities or a basket of commodities (or an index thereon) will not be used to purchase or sell any commodity futures contracts or options on futures contracts for your benefit. An investment in the CDs thus does not constitute either an investment in futures contracts, options on futures contracts or in a collective investment vehicle that trades in these futures contracts (i.e., the CDs will not constitute a direct or indirect investment by you in the futures contracts), and you will not benefit from the regulatory protections of the CFTC. We are not registered with the CFTC as a futures commission merchant and you will not benefit from the CFTC's or any other regulatory authority's regulatory protections afforded to persons who trade in futures contracts on a regulated futures exchange through a registered futures commission merchant. 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, or qualify for an exemption from the registration requirement. Because the CDs will not be interests in a commodity pool, the CDs will not be regulated by the CFTC as a commodity pool, we will not be registered with the CFTC as a commodity pool operator and you will not benefit from the CFTC's or any other regulatory authority's regulatory protections afforded to persons who invest in regulated commodity pools.

(42) Changes in law or regulation relating to commodities futures contracts may affect the market value of certain CDs and the amounts payable on your CDs.

The commodities futures contracts that underlie certain CDs are subject to legal and regulatory regimes that may change in the United States and, in some cases, in other countries. For example, the United States House of Representatives and the United States Senate are currently considering legislation, and the House of Representatives recently passed legislation (although that legislation has not yet been approved by the Senate or enacted into law) intended to limit speculation and increase transparency in the commodity markets. If enacted, the legislation would, among other things, require the CFTC to adopt rules, apply existing rules, or modify its application of such rules, with respect to the establishment of position limits on positions that are not entered into or maintained for "bona fide" or "legitimate" hedging purposes as defined in the proposed legislation. In addition, the CFTC has recently conducted a series of hearings for the purpose of determining whether the CFTC should establish more stringent position limits for all commodities, and across all markets and market participants, pursuant to its existing statutory authority. The CFTC indicated at the hearings that it intends to issue proposed rules regarding position limits in September 2009. Such actions by the Congress or the CFTC could limit the extent to which entities can enter into hedging transactions in exchange-traded futures contracts unless they are hedging inventories of or commitments with respect to physical commodities. Any such limitations could restrict or prevent our ability to hedge our obligations under the CDs, which could result in a market disruption event and, if specified in the applicable disclosure supplement, could result in a change in law redemption event (as defined in such disclosure supplement) in these circumstances. In addition, if they are imposed, those restrictions on effecting transactions in the futures markets could substantially reduce liquidity in the commodities futures contracts that underlie certain CDs, which could adversely affect the prices of such contracts and, in turn, the market value of the CDs and the amounts payable on your CDs.

(43) The value, level or price of a reference asset or its components can fluctuate widely due to supply and demand disruptions in major producing or consuming regions.

The value, level or price of a reference asset or its components can fluctuate widely due to supply and demand disruptions in major producing or consuming regions. For example, certain commodities are used primarily in one industry, and fluctuations in levels of activity in (or the availability of alternative resources to) one industry may have a disproportionate effect on global demand for a particular commodity. Moreover, recent growth in industrial production and gross domestic product has made many developing countries, particularly China, disproportionately large users of commodities and has increased the extent to which reference assets rely on the markets of these developing countries. Political, economic and other developments that affect these developing countries may affect the level, value or price of a reference asset or its components and, thus, the market value of the CDs and the amounts payable on the CDs. Because a reference asset may be produced in a limited number of countries and may be controlled by a small number of producers, political, economic and supply-related events in those countries could have a disproportionate impact on the value, level or price of such reference asset or its components.

Additional Risks Relating to CDs with Reference Assets that are Currencies, an Index Containing Currencies, Shares or Other Interests in an Exchange-Traded Fund Invested in Currencies or Based in Part on Currencies

(44) CDs relating to currencies may be subject to foreign exchange risk.

The price relationship between two different currencies (e.g., the U.S. dollar and the Indian rupee) may be highly volatile and varies based on a number of interrelated factors, including the supply of and demand for each currency, political, economic, legal, financial, accounting and tax matters and other actions that we cannot control. Relevant factors include, among other things, the possibility that exchange controls could be imposed or modified, the possible imposition of other regulatory controls or taxes, the overall growth and performance of the local economies, the trade and current account balance between the relevant countries, market interventions by the central banks, inflation, interest rate levels, the performance of the global stock markets, the stability of the relevant governments and banking systems, wars, major natural disasters and other foreseeable and unforeseeable events. In addition, the value of a currency may be affected by the operation of, and the identity of persons and entities trading on, interbank and interdealer foreign exchange markets. These factors may adversely affect the performance of a reference asset or its components and, as a result, the market value of the CDs and the amounts payable on the CDs.

(45) You may not have any rights to receive a reference asset or its components.

Investing in the CDs will not make you a holder of any currency or futures contract relating to a reference asset or its components. The CDs will be paid in U.S. dollars or the specified currency stated in the applicable disclosure supplement, and you will have no right to receive delivery of any currency or futures contract relating to such reference asset or its components.

(46) The liquidity and market value of the CDs, and the amounts payable on your CDs, could be affected by the actions of the relevant sovereign governments.

Currency exchange rates of most economically developed nations are "floating," meaning the rate is permitted to fluctuate in value. However, governments, from time to time, may not allow their currencies to float freely in response to economic forces. Moreover, governments, including those of the United States, use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the currency exchange rates of their respective currencies. Governments also may issue a new currency to replace an existing currency or alter the currency exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. Thus, a special risk in purchasing CDs relating to one or more foreign currencies is that their liquidity, their value and the amounts payable on your CDs could be affected by the actions of sovereign governments which could change or interfere with currency valuation and the movement of currencies across borders. There will be no adjustment or change in the terms of the CDs in the event that currency exchange rates should become fixed, in the event of any devaluation, revaluation or imposition of exchange or other regulatory controls or taxes, in the event of the issuance of a replacement currency or in the event of any other development affecting the relevant currencies.

However, the government that issues that currency will have no involvement in the offer and sale of the CDs and no obligations to you.

Additional Risks Relating to CDs Based on a Basket Comprised of More Than One Reference Asset

(47) The basket may not be a recognized market index and may not accurately reflect global market performance.

The basket may not be a recognized market index and may be created solely for purposes of the offering of the CDs and calculated solely during the term of the CDs. In that instance, the level of the basket and, therefore, its performance will not be published as a separate index during the term of the CDs. A basket might not be reflective of any particular market sector or economic measure but may instead represent a particular exposure created in connection with the particular offering of CDs.

(48) Risks associated with the basket may adversely affect the market price of the CDs and the amounts payable on your CDs.

Because the CDs may be linked to changes in the values of a limited number of reference assets, the basket may be less diversified than funds or portfolios investing in broader markets and, therefore, could experience greater volatility. An investment in these CDs may carry risks similar to a concentrated investment in a limited number of industries or sectors. Baskets may also have weightings or methodologies that differ from those of indices and that could adversely affect the value of the baskets and of the related CDs.

(49) The components of the reference assets and the reference assets comprising the basket may not move in tandem and gains in one such instrument may be offset by declines in another such instrument.

Price movements in the reference assets and the components of the reference assets comprising the basket may not move in tandem with each other. At a time when the level, value or price of one or more of those instruments increases, the level, value or price of one or more of the other of those instruments may decline. Therefore, increases in the level, value or price of one or more of the reference assets or the components of the reference assets comprising the basket may be moderated, or wholly offset, by increases or declines in the level, value or price of one or more of the other reference assets or the components of the reference assets comprising the basket.

(50) The basket may be highly concentrated in one or more geographic regions, industries or economic sectors.

The CDs are subject to the downside risk of an investment in the basket, which may be highly concentrated in securities or other instruments representing a particular geographic region, industry or economic sector. These include the risks that the levels, values or prices of other assets in these geographic regions, industries or economic sectors or the levels, values or prices of securities or other reference assets or components of such reference assets comprising the basket may decline, thereby adversely affecting the market value of the CDs and, if the basket is concentrated in a geographic region, an industry or group of industries or a particular economic sector, the CDs also will be concentrated in that industry or group of industries or economic sector.

For example, a financial crisis could erupt in a particular geographic region, industry or economic sector and lead to sharp declines in the currencies, stock markets and other asset prices in that geographic region, industry or economic sector, threatening the particular financial systems, disrupting economies and causing political upheaval. A financial crisis or other event in any geographic region, industry or economic sector could have a negative impact on some or all of the reference assets comprising the basket and, consequently, the market value of the CDs and the amounts payable on your CDs may be adversely affected.

(51) The correlation among the components comprising the basket may change.

Correlation is the term used to describe the relationship between the percentage change among the components comprising a basket. Changes in the correlation may adversely affect the market value of the CDs.

Additional Risks Relating to CDs with More Than One Reference Asset, Where the Performance of the CD Is Based on the Performance of Only One Reference Asset

(52) Although the CDs may initially be linked to more than one reference asset, the amounts payable on your CDs may be based on the performance of only one of those reference assets.

While the CDs may initially be linked to more than one reference asset, the amounts payable on your CDs may be based on the performance of only one of those reference assets. For example, the CDs may be linked to the reference asset that has exhibited the greatest percentage price decline or the lowest percentage price increase (if the final price of each reference asset is greater than its respective initial price). In either case, gains in any of the other reference assets will be irrelevant. Further, if the CDs are linked to the worst performing reference asset among multiple reference assets, there may be a greater risk of you receiving no return in excess of your initial investment.

Additional Risks Relating to CDs with a Maximum Return, Maximum Rate, Ceiling or Cap

(53) Your gain on the CDs at maturity will be limited to the maximum return, maximum rate, ceiling or cap.

Your payment at maturity is based on the return of the reference asset(s), which may be subject to a maximum return, maximum rate, ceiling or cap (collectively referred to herein as a "**maximum return**" and described under "Certain Features of the CDs—Maximum Return, Maximum Rate, Ceiling or Cap" herein). The maximum payment at maturity for each CD, in the event that the maximum return is applicable, will be the sum of (i) the principal amount of the CD and (ii) the product of the principal amount of the CD and the maximum return, regardless of the positive percentage increase of the reference asset(s) or any of their components.

Additional Risks Relating to CDs with a Barrier Percentage or a Barrier Level

(54) The price at which you will be able to sell your CDs prior to the maturity date will depend on whether the closing levels, values or prices of the reference asset(s) ever exceeded or fell below the barrier level or percentage.

The market value of the CDs will be affected if the closing levels, values or prices of the reference asset(s) change and if they ever approach, exceed or fall below the barrier level, barrier percentage or protection price (such terms are described in "Certain Features of the CDs" herein). This type of occurrence will mean you may receive less, and possibly significantly less, than the amount you invested if you sell your CDs prior to the maturity date.

Additional Risks Relating to CDs Which Contain a Multiplier

(55) Changes in the levels, values and prices of the reference asset(s) will intensify any changes to the reference asset(s).

If the amounts payable on your CDs is dependent on a multiplier, movements in the levels, values and prices of reference asset(s) during the term of the CDs will be intensified. As a result, small changes in any of the reference asset(s) are expected to have a greater effect than they would on CDs without a multiplier.

Additional Risks Relating to CDs Which We May Redeem (Automatically or Otherwise)

(56) Market factors may influence whether we exercise our right to redeem the CDs prior to their scheduled maturity.

It is possible that we will redeem the CDs prior to the maturity date. If the CDs are redeemed prior to their maturity date, you may be subject to reinvestment rate risk whereby it is likely that you will be unable to invest in CDs with similar risk and yield as the CDs in which you originally invested. Your ability to realize market value appreciation is limited by our right to redeem the CDs prior to the maturity date.

(57) If subject to an automatic redemption, the appreciation potential of the CDs is limited.

Any gain on the CDs will be limited to the redemption price, applicable to the date on which the CDs are redeemed, regardless of the appreciation of the reference asset(s), which may be greater than the applicable redemption price. In addition, the automatic call feature of the CDs may shorten the term of your investment.

Additional Risks Relating to CDs Which Pay No Interest

(58) Your yield may be lower than on a CD or standard debt security of comparable maturity.

You will not receive periodic payments of interest on the CDs as you would on a conventional fixed-rate or floating-rate certificate of deposit or debt security having the same maturity date and issuance date as the CDs. The effective yield to maturity of the CDs may therefore be less than that which would be payable on that type of conventional CD or debt security. Therefore, the return of each CD at maturity may not compensate you for any opportunity cost implied by inflation and other factors relating to the time value of money.

Additional Risks Relating to CDs with a Reference Asset That Is a Floating Interest Rate, an Index Containing Floating Interest Rates or Based in Part on a Floating Interest Rate

(59) You may receive a lesser amount of interest in the future.

Because the reference asset(s) will be comprised of, or based in part on, a floating interest rate, there will be significant risks not associated with a conventional fixed-rate CD or debt security. These risks include fluctuation of the applicable interest rate and the possibility that, in the future, you will receive a lesser amount of interest or no interest at all. We have no control over a number of matters that may affect interest rates, including economic, financial and political events that are important in determining the existence, magnitude and longevity of these risks and their results. Interest rates have been volatile in recent years and could remain volatile in the future.

(60) The interest rate may be below the rate otherwise payable on similar CDs with a floating interest rate issued by us or another issuer.

Because the reference asset(s) will be comprised of or based in part on a floating interest rate, you may receive a rate of interest that is less than the rate of interest on CDs or debt securities with the same maturity issued by us or another issuer.

(61) The CDs may be subject to a maximum interest rate, which will limit your return.

If the reference asset(s) are comprised of or based in part on a floating interest rate, the CDs may be subject to a maximum interest rate. The rate of interest that will accrue will never exceed the maximum rate permitted by Delaware law, as modified by federal law.

(62) If the CDs contain an interest conversion right, our exercise of that right will depend on market interest rates.

Whether or not we exercise an interest conversion right (described in "Certain Features of the CDs" below) will depend on movements in market interest rates compared to the applicable reference asset(s). We will exercise the interest conversion right and elect to cease accreting and compounding interest in favor of paying interest to you on a periodic basis without compounding at our sole discretion. If we exercise our interest conversion right, you may not be able to reinvest any interest we pay to you at a rate equal to the applicable reference asset(s).

(63) The interest rate on the CDs could be zero.

We have no control over fluctuations in the levels, values or prices of the reference asset(s). If the interest payments depend on a formula that uses the reference asset(s) as a variable, certain values of the reference asset(s) may result in a calculation that equals zero. In that case, no interest may accrue for the related interest payment period.

Additional Risks Relating to Digital CDs

(64) You will not participate in any appreciation in the value of the reference asset(s).

Some CDs, which are sometimes referred to as "digital CDs," are CDs that pay amounts, if any, at maturity and that do not reflect the extent to which the reference asset(s) appreciates. For example, if the final price of a reference asset is greater than the initial price of such reference asset, the amount payable on your CDs will be a fixed amount and not reflect the performance of such reference asset. Under no circumstances, regardless of the extent to which the value of the reference asset(s) appreciate, will your return exceed the applicable interest rate or specified amount payable on your CDs. For example, if the reference asset(s) have appreciated by 50% as of the final valuation date, you will receive only your principal amount plus the applicable amount payable on your CDs plus any accrued but unpaid interest. In this case, you may earn significantly less by investing in the CDs than you would have earned by investing directly in the reference asset(s).

Certain Terms of the CDs

Maturity Date

The maturity date will be the maturity date specified in the applicable disclosure supplement. Unless otherwise stated therein, the maturity date will be governed by the "following business day" convention (e.g., if the maturity date stated in the applicable disclosure supplement is not a business day, the maturity date will be extended to the next following business day). If the final valuation date referred to below occurs on a day which is less than two business days prior to the maturity date, then the maturity date will be the second business day following that date. The calculation agent may postpone the final valuation date—and therefore the maturity date—if a market disruption event occurs or is continuing on a day that would otherwise be the final valuation date. We describe market disruption events for the different reference asset classes under "Reference Assets." See "Certain Features of the CDs—Final Valuation Date, Final Observation Date or Final Averaging Date."

In the event that the maturity date is postponed as described above, the related payment of principal, interest, if any, and any other amounts payable on the CDs at maturity will be made, without additional interest, on the postponed maturity date.

Business Day

A "**business day**" with respect to the CDs will be defined in the applicable disclosure supplement according to a specified business day convention. See "—Business Day Convention" below.

Unless otherwise specified in the applicable disclosure supplement, "**business day**" means any day that is a Monday, Tuesday, Wednesday, Thursday or Friday and that is not a day on which banking institutions in New York City, London or Delaware generally are authorized or obligated by law, regulation or executive order to be closed,

Business Day Convention

Business day conventions are procedures used to adjust certain events (e.g., interest payment dates, redemption dates, valuation dates) that fall on days that are not business days. Unless the applicable disclosure supplement states otherwise, those events will be governed by the "following business day" convention (e.g., if an interest payment date, redemption date, valuation date or other event, as defined in the applicable disclosure supplement, falls on a day that is not a business day, the interest payment date, redemption date or valuation date, as the case may be, will be the next following business day). As described under "—Maturity Date" above and "—Optional Early Redemption and Withdrawal—Optional Redemption Dates" below, the maturity date and any optional redemption dates, respectively, will always be subject to the "following business day" convention, unless otherwise specified in the applicable disclosure supplement. The descriptions below use payment dates for example purposes.

Following Business Day. Any payment on the CDs that would otherwise be due on a day that is not a business day will instead be paid on the next day that is a business day.

Modified Following Business Day. Any payment on the CDs that would otherwise be due on a day that is not a business day will instead be paid on the next day that is a business day, unless that day falls in the next calendar month, in which case the payment date will be the first preceding day that is a business day.

Preceding Business Day. Any payment on the CDs that would otherwise be due on a day that is not a business day will instead be paid on the first preceding day that is a business day.

Day Count Convention

A day count convention is a method to calculate the fraction of a year between two dates. The applicable disclosure supplement will specify the day count convention, if any.

ACT/360 or Actual/360. The actual number of days between two dates divided by 360.

30/360. Each month is deemed to have 30 days and the year is deemed to have 360 days.

ACT/ACT or Actual/Actual. The actual number of days between two dates divided by the actual number of days in the year.

ACT/365 or Actual/365 Fixed. The actual number of days between two dates and the year is deemed to have 365 days, regardless of leap year status.

NL/365. "No Leap Year" logic extension to ACT/365 where leap days are subtracted, ensuring the quotient never exceeds 1.

30/365. Extension to 30/360 where each month is deemed to have 30 days and the year is deemed to have 365 days.

ACT/366 or Actual/366. Extension to ACT/365 where the actual number of days between two dates is divided by 366, ensuring the quotient never exceeds 1.

ACT/252 or BUS/252 or Actual/252 or Business Days/252. The number of business days between two dates, divided by a nominal year deemed to have 252 business days. (Weekends and holidays are excluded; thus, Friday to Monday would be considered 1 business day.)

Optional Early Redemption and Withdrawal

Early Redemption Option

The applicable disclosure supplement will indicate the terms of our option, if any, to redeem the CDs, in whole or in part. We will notify DTC, as holder of the master certificates, within the redemption notice period specified in the applicable disclosure supplement if we decide to exercise our option.

Optional Redemption Dates

If so specified in the applicable disclosure supplement, we, at our election, may redeem the CDs in whole or in part on any optional redemption date. The applicable disclosure supplement will indicate the optional redemption dates. Unless stated otherwise in the applicable disclosure supplement, the optional redemption dates will be governed by the "following business day" convention and interest will not accrue during the period from and after the stated optional redemption date on redeemed CDs. See "—Business Day Convention" above

Redemption Price

If we exercise any optional redemption option we have, we will pay you the "redemption price," as indicated in the applicable disclosure supplement.

Withdrawal at Option of the Holder

The applicable disclosure supplement will indicate whether the holders have the option to withdraw their CDs on a date or dates specified prior to their maturity date and the circumstances under which such withdrawals can be made. The withdrawal price will be disclosed in the applicable disclosure supplement.

Exercise of the withdrawal option by the holder of a CD will be irrevocable. Unless otherwise specified in the applicable disclosure supplement, the holder may exercise the withdrawal option for less than the entire principal amount of a CD but, in that event, the principal amount of the CD remaining outstanding after repayment must be an authorized denomination.

Special Requirements for Optional Repayment of Master Certificates

Since the CDs are represented by master certificates, DTC or DTC's nominee will be the holder of the CDs and therefore will be the only entity that can exercise a right to withdraw prior to the stated maturity. To ensure that DTC's nominee will timely exercise a right to withdraw all or part of a particular CD prior to the stated maturity, the beneficial owner of the CD must instruct the broker or other direct or indirect participant through which it holds an interest in the CD to notify DTC of its desire to exercise a right to withdraw prior to the stated maturity. Each beneficial owner of the CDs should consult the broker or other direct or indirect participant through which it holds an interest in a CD in order to ascertain the cut-off time by which an instruction must be given for timely notice to be delivered to DTC.

Review Dates

If the CDs are redeemable (see "—Optional Redemption and Withdrawal—Optional Redemption Dates" above and "Certain Features of the CDs— Automatically Redeemable CDs" below) on certain review dates, the review dates will be detailed in the applicable disclosure supplement and are subject to postponement in the event of certain market disruption events.

If a review date (including the final review date) is not a scheduled trading day or if there is a market disruption event on that day, and unless the applicable disclosure supplement specifies otherwise, the applicable review date will be the first following scheduled trading day on which the calculation agent determines that a market disruption event does not occur and is not continuing. In no event, however, will the review date be postponed by more than five scheduled trading days. If the closing level, value or price of a reference asset is not available on the last possible review date either because of a market disruption event or for any other reason, the calculation agent will make an estimate of the closing level, value or price for such reference asset for that review date that would have prevailed in the absence of the market disruption event.

If, due to a market disruption event or otherwise, a review date (other than the final review date) is postponed so that it falls less than five business days (unless otherwise specified in the applicable disclosure supplement) prior to any redemption date, the date on which the redemption price for that review date will be paid, if any, will be the fifth business day following the review date as postponed, unless otherwise specified in the applicable disclosure supplement.

Interest Mechanics

How Interest Is Calculated

If applicable, interest on the CDs will accrue from and including the most recent interest payment date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for, from and including the original issue date or any other date specified in the applicable disclosure supplement on which interest begins to accrue. Interest will accrue to but excluding the next interest payment date or, the date on which the principal has been paid or duly made available for payment, except as described below.

If the applicable disclosure supplement specifies that the business day convention is "unadjusted" and an interest payment date is not a business day, the relevant interest payment will be made on the following or preceding business day in accordance with the procedures described under "—If a Payment Date Is Not a Business Day" below with the same effect as if paid on the original due date. Accordingly, the amount of interest accrued and payable on that interest payment date will not be adjusted to reflect the longer or shorter interest period (no additional interest will accrue in the case of payments subject to the following or modified following business day conventions, and no less interest will accrue in the case of payments subject to the preceding business day convention). If the applicable disclosure supplement specifies that the business day convention is "adjusted" and an interest payment date is not a business day, the relevant interest payment will be made on the following or preceding business day in accordance with the procedures described under "—If a Payment Date Is Not a Business Day" below and deemed made on that following or preceding business day (not on the original due date). Accordingly, the amount of interest accrued and payable on that interest payment date will be adjusted to reflect the longer or shorter interest period (additional interest will accrue for the postponed interest payment date in the case of payments subject to the following or modified following business day conventions, and no interest will accrue for the scheduled interest payment date in the case of payments subject to the preceding business day convention).

Accrued interest on a floating rate CD during an interest period with more than one interest reset date will be calculated by multiplying the principal amount of the CD by an accrued interest factor. The accrued interest factor will be computed by adding the interest factors calculated for each day in the applicable interest period. Unless otherwise specified in the applicable disclosure supplement, the interest factor for each such day will be computed by dividing the interest rate in effect on that day by 360, in the case of CDs linked to the CD rate, commercial paper rate, federal funds (effective) rate, federal funds (open) rate, LIBOR, EURIBOR, prime rate, eleventh district cost of funds rate, Consumer Price Index or CMS rate. In the case of CDs linked to the CMT rate or Treasury rate, the interest factor for each such day will be computed by dividing the interest rate by the actual number of days in the year, unless otherwise specified in the applicable disclosure supplement. The interest factor will be expressed as a decimal calculated to seven decimal places without rounding. For purposes of making the foregoing calculation, the interest rate in effect on any interest reset date will be the applicable rate as reset on that date.

For all other floating rate CDs, accrued interest will be calculated by multiplying the principal amount of the CDs by the interest rate in effect during the applicable interest period. That product is then multiplied by the quotient obtained by dividing the actual number of days in the period for which accrued interest is being calculated by 360, in the case of CDs linked to the CD rate, commercial paper rate, federal funds (effective) rate, federal funds (open) rate, LIBOR, EURIBOR, prime rate, eleventh district cost of funds rate, Consumer Price Index or CMS rate. In the case of CDs linked to the CMT or Treasury rate, the product is multiplied by the quotient obtained by dividing the actual number of days in the period for which accrued interest is being calculated by the actual number of days in the year, unless otherwise specified in the applicable disclosure supplement.

Regular Record Dates for Interest

The ultimate beneficial owners of the CDs are indirect holders and interest will be paid to the person in whose name the CDs are registered at the close of business on the regular record date before each interest payment date. The regular record date relating to an interest payment date will be the date one business day prior to the interest payment date, whether or not that interest payment date is a business day; provided that for an interest payment date that is also the maturity date, the interest payable on that interest payment date will be payable to the person to whom the principal is payable. If the interest payment date is also a day on which principal is due, the interest payable will include interest accrued to, but excluding, the maturity date. If a CD is issued between a record date and an interest payment date, the first interest payment will be made on the next succeeding interest payment date. For the purpose of determining the holder at the close of business on a regular record date, the close of business will mean 5:00 p.m., New York City time, on that day. See "Evidence of the CDs" herein.

If a Payment Date Is Not a Business Day

If any scheduled interest payment date, maturity date or any early redemption or withdrawal date is not a business day, we may pay interest or principal according to a designated business day convention, which may be the same for all of those dates or different for each date. See "Certain Terms of the CDs—Business Day Convention" above. As described under "Certain Terms of the CDs—Maturity Dates" and "Certain Terms of the CDs—Optional Early Redemption and Withdrawal—Optional Redemption Dates" above, the maturity date and any optional redemption dates, respectively, will always be subject to the "following business day" convention, unless otherwise specified in the applicable disclosure supplement. Interest on that payment may or may not accrue during the period from and after the scheduled or stated payment date. Unless the applicable disclosure supplement states otherwise, we will pay interest, if any, according to the following business day convention, unadjusted (i.e., interest on that payment will not accrue during the period from and after the scheduled date).

No interest will accrue and be payable on your CDs after the maturity date specified in the applicable disclosure supplement, even if the maturity date is postponed.

Interest Payment Dates

Subject to adjustment in accordance with the business day convention, the "interest payment dates" are the dates payments of interest on CDs will be made. The interest payment dates will be specified in the applicable disclosure supplement.

How Floating Interest Rates Are Reset

If so specified in the applicable disclosure supplement, the interest rate in effect from the date of issue to the first interest reset date for a floating rate CD will be the initial interest rate specified in the applicable disclosure supplement. We refer to this rate as the "initial interest rate." The interest rate on each floating rate CD may be reset daily, weekly, monthly, quarterly, semi-annually or annually. This period is the "interest reset period." Unless otherwise specified in the applicable disclosure supplement, the first day of each interest reset period after the initial interest reset period will be the "interest reset date." If the initial interest rate is not specified in the applicable disclosure supplement, the issue date will be treated as the first interest reset date.

Unless otherwise specified in the applicable disclosure supplement, if an interest reset date for any floating rate CD (other than a CD linked to LIBOR, EURIBOR, the federal funds (open) rate or the federal funds (effective) rate) would fall on a day that is not a business day, the interest reset date will be postponed to the next following business day. If an interest reset date for a CD linked to LIBOR would fall on a day that is not a London business day (as defined below), the interest reset date will be postponed to the next modified following London business day. If an interest reset date for a CD linked to EURIBOR would fall on a day that is not a Euro business day (as defined below), the interest reset date will be postponed to the next modified following Euro business day. If an interest reset date, in the case of a CD linked to the federal funds (open) rate or federal funds (effective) rate, would fall on a day that is not a business day, the interest reset date will be postponed to the next modified following business day. If an auction of direct obligations of U.S. Treasury bills falls on a day that is an interest reset date for CDs linked to the treasury rate, the interest reset date will be the next following business day.

As used in this disclosure statement, a "**London business day**" means any day that is a Monday, Tuesday, Wednesday, Thursday or Friday and on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date are expected to be transacted, in the London interbank market, and a "**Euro business day**" means any day that is a Monday, Tuesday, Wednesday, Thursday or Friday on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET), or any successor system, is open for business.

The rate of interest that goes into effect on any interest reset date will be determined by the calculation agent by reference to a particular date called an "interest determination date." Unless otherwise specified in the applicable disclosure supplement:

- For CDs linked to the federal funds (open) rate, the interest determination date relating to a particular interest reset date will be the same day as the interest reset date.
- For CDs linked to the prime rate CDs or federal funds (effective) rate, the interest determination date relating to a particular interest reset date will be the first business day preceding the interest reset date.
- For CDs linked to the commercial paper rate, CD rate, CMS rate or CMT rate, the interest determination date relating to a particular interest reset date will be the second business day preceding the interest reset date.
- For CDs linked to LIBOR, the interest determination date relating to a particular interest reset date will be the second London business day preceding the interest reset date, unless the index currency is pounds sterling, in which case the interest determination date will be the interest reset date.
- For CDs linked to EURIBOR, the interest determination date relating to a particular interest reset date will be the second Euro business day preceding the interest reset date.

- For CDs linked to the Treasury rate, the interest determination date for a particular interest reset date will be the day of the week in which the interest reset date falls on which Treasury securities would normally be auctioned. Treasury securities are normally sold at auction on Monday of each week unless that day is a legal holiday. In that case the auction is normally held on the following Tuesday, except that the auction may be held on the preceding Friday. If, as the result of a legal holiday, an auction is held on the preceding Friday, that Friday will be the Treasury rate interest determination date pertaining to the interest reset date falling in the next week. If an auction date falls on any day that would otherwise be an interest reset date for a Treasury rate CD, then that interest reset date will instead be the business day immediately following the auction date.
- For CDs linked to the eleventh district cost of funds rate, the interest determination date relating to a particular interest reset date will be the last working day, in the first calendar month before that interest reset date, on which the Federal Home Loan Bank of San Francisco publishes the monthly average cost of funds paid by a member institutions of the Eleventh Federal Home Loan Bank District for the second calendar month before that interest reset date.

The "**index maturity**" for any floating rate CD is the period of maturity of the instrument or obligation from which the reference asset or base rate is calculated.

Certain Features of the CDs

To the extent the amounts payable on the CDs are based on a reference asset or formula other than those described in this disclosure statement, the terms of this disclosure statement will be amended in the applicable disclosure supplement to account for such reference asset or formula.

Your CDs may incorporate several or none of these features or additional features, which will be specified in the applicable disclosure supplement.

Bull CDs

"**Bull CDs**" are offerings in which the payment at maturity and/or interest payments are linked to the increase in the levels, values or prices of the reference asset(s).

Bear CDs

"**Bear CDs**" are offerings in which the payment at maturity and/or interest payments are linked to the decrease in the levels, values or prices of the reference asset(s).

Rate Cut-off

If the CDs pay interest, the "**rate cut-off period**" is the specified period during which interest accrues on the CDs immediately prior to an interest payment date, to but excluding the interest payment date. The reference asset for purposes of determining the amount payable for each day during the rate cut-off period will be set a specified number of business days prior to the related interest payment date using the applicable interest rate immediately preceding the start of the rate cut-off period and will remain in effect until the related interest payment date.

Interest Conversion Right

An "interest conversion right" will allow us to elect to convert all of your CDs on a "conversion date" so that instead of accruing interest, the CDs will pay interest periodically at the interest rate on each interest payment date following the conversion date.

Digital CDs

Whether interest or any other amount is payable on "digital CDs" depends on whether the reference asset(s) have achieved certain levels, values or prices set forth in the applicable disclosure supplement; however, the amount of the payments, if any, may or may not be dependent on the reference asset(s). For example, if the final level, value or price of a reference asset(s) is greater than the initial levels, values or prices of such reference asset(s), the interest payment you receive with respect to the CDs and the payment you receive at maturity will be a fixed amount and not reflect the performance of such reference asset(s). Under no circumstances, regardless of the extent to which the value of such reference asset appreciates, will your return exceed the applicable interest rate or specified amount payable on our CD. In this example, if the reference asset has appreciated by 50% as of the final valuation date, you will receive only your principal amount plus the specified amount payable on your CDs plus any accrued but unpaid interest. You may earn significantly less by investing in digital CDs than you would have earned by investing directly in the reference asset(s).

Inverse Floating Rates

Any floating rate may be designated in the applicable disclosure supplement as an inverse floating rate. In that case, unless otherwise specified in the applicable disclosure supplement, the interest rate on the floating rate CD will be equal to:

- the initial interest rate or another fixed rate of interest specified in the applicable disclosure supplement for the period commencing on the original issue date, or the date on which the CD otherwise begins to accrue interest, if different from the original issue date, up to the first interest reset date; and
- a fixed rate of interest specified in the disclosure supplement minus the interest rate determined by the reference asset(s) as adjusted by any multiplier for the period commencing on an interest reset date.

Commencing on the first interest reset date, the rate at which interest on the inverse floating rate CD is payable will be reset as of each interest reset date.

The interest rate will be determined in accordance with the applicable provisions below. The interest rate in effect on each day will be based on:

- if the day is an interest reset date, the interest rate determined as of the interest determination date immediately preceding the applicable interest reset date; or
- if the day is not an interest reset date, the interest rate determined as of the interest determination date immediately preceding the most recent interest reset date.

Maximum Return, Maximum Rate, Ceiling or Cap

The interest or any other amounts payable on the CDs may be subject to a “maximum return,” “maximum rate,” “ceiling” or a “cap” limiting the rate of return or interest which may accrue during the term of the CDs or during any interest payment period.

Minimum Rate or Floor

The interest or any other amounts payable on the CDs may be subject to a “minimum rate” or “floor” guaranteeing a minimum rate of return or interest which may accrue during the term of the CDs or during any interest payment period.

Spread

The “**spread**” is the number of basis points (where one basis point equals one one-hundredth of a percentage point) that may be specified in the applicable disclosure supplement to be added to or subtracted from the reference asset value or other formula. The spread may also be expressed as a percentage where one percentage point is 100 basis points.

Multiplier

The “**multiplier**” is the number of basis points or percentage points that may be specified in the applicable disclosure supplement to be multiplied by a reference asset value or formula.

Ranges or Range Accruals

"**Range accrual CDs**" are CDs where interest or any other amounts payable on the CDs only accrue if the level, value or price of a reference asset is within a specified "range" or above or below a certain threshold value.

Upside Leverage Factor or Participation Rate

The interest or any other amounts payable on the CDs may be subject to an "upside leverage factor" or "participation rate," which will have the effect of increasing your participation in any increase in the value of the reference asset(s). The upside leverage factor or participation rate may or may not be expressed as a percentage (i.e., expressed as 250% or 2.50).

We refer to an upside leverage factor or participation rate that is less than 100% or 1.00 as a "drag leverage factor."

Downside Leverage Factor

The interest or any other amounts payable on the CDs may be subject to a "downside leverage factor," which will have the effect of increasing your participation in any decrease in the value of the reference asset(s). As a result, small negative changes in the reference asset(s) will be magnified and have a greater effect than they would in CDs without a downside leverage factor. The downside leverage factor may or may not be expressed as a percentage (i.e., expressed as 125% or 1.25).

Barrier Percentage, Barrier Level or Protection Level and Protection Price

The interest or any other amounts payable on the CDs may be subject to a "barrier percentage." Payment at maturity in excess of the principal amount of the CDs will be contingent upon whether the closing levels, values or prices of a reference asset exceeds or falls below a level equal to the product of the initial level, value or price and the barrier percentage (the "**barrier level**") at any time from and including the issue date to and including the final valuation date. The amount you receive may depend on whether the closing level, value or price ever exceeded or fell below the barrier level during the term of the CDs. We may also use the term "**protection price**," which is equal to the product of the initial level, value or price multiplied by the "protection level."

Index Return

The "**index return**" is the performance of a reference asset, usually an index, calculated as the percentage change in the final level as compared to the initial level or strike level.

Initial Level, Initial Value or Initial Price

The "**initial level**," "**initial value**" or "**initial price**" is a reference asset closing level, value or price on the initial valuation date or other date as specified in the applicable disclosure supplement.

Strike Level, Strike Value or Strike Price

The "**strike level**," "**strike value**" or "**strike price**" is a level, value or price other than the initial level, value or price used to calculate the performance of the reference asset(s).

Final Level, Final Value or Final Price

The "**final level**," "**final value**" or "**final price**" is a reference asset closing level, value or price on the final valuation date or the arithmetic average of such reference asset's closing levels, values or prices on each of the valuation dates or any other date or dates specified in the applicable disclosure supplement.

Closing Level, Closing Value or Closing Price

The "**closing level**," "**closing value**" or "**closing price**" on any day during the term of the CDs will be the closing level, value or price of a reference asset as determined by the calculation agent based upon the determinations with respect thereto made by the relevant sponsor or issuer.

Valuation Dates, Observation Dates or Averaging Dates

The final level, value or price of a reference asset may be calculated or based on more than one date, the "**observation dates**," "**valuation dates**" or "**averaging dates.**" Each date will be the date stated in the applicable disclosure supplement, unless the calculation agent determines that a market disruption event occurs or is continuing on any respective day. In that event, the valuation date, observation date or averaging date will be postponed as described under "Reference Assets—Equity Securities—Market Disruption Events Relating to CDs with an Equity Security as a Reference Asset" with respect to reference assets comprised of one or more equity securities, "Reference Assets—Exchange-Traded Funds—Market Disruption Events for CDs with a Reference Asset Comprised of Shares or Other Interests in an Exchange-Traded Fund or Exchange-Traded Funds" with respect to reference assets comprised of one or more exchange-traded funds, "Reference Assets—Indices—Market Disruption Events for CDs with a Reference Asset Comprised of an Index or Indices Other than a Commodity-Based Index or Indices" with respect to reference assets comprised of one or more non-commodity-based indices, "Reference Assets—Indices—Market Disruption Events for CDs with a Reference Asset Comprised of a Commodity-Based Index or Indices" with respect to reference assets comprised of one or more commodity-based indices, "Reference Assets—Commodities—Market Disruption Events Relating to CDs with a Commodity as a Reference Asset" with respect to reference assets comprised of one or more commodities and "Reference Assets—Currency Exchange Rates—Market Disruption Events Relating to CDs with a Reference Asset Comprised of a Currency Exchange Rate or Currency Exchange Rates" with respect to reference assets comprised of one or more currency exchange rates.

Where a reference asset is comprised of one or more floating interest rates, the calculation agent shall calculate the level, value or price for a disrupted valuation date, observation date or averaging date as described under "Reference Assets—Floating Interest Rate—Market Disruption Event Relating to CDs with a Floating Interest Rate as a Reference Asset."

For purposes of this disclosure statement, valuation dates, observation dates and averaging dates shall herein be collectively referred to as "**valuation dates**."

Final Valuation Date, Final Observation Date or Final Averaging Date

The final level, value or price of a reference asset may be calculated or based on one or more dates, the "**final valuation date**," "**final observation date**" or the "**final averaging date**," which will be the last valuation date, observation date or averaging date, respectively, and the date on which the holder will be entitled to any additional amount payable. The final valuation date, final observation date or final averaging date will be the date stated in the applicable disclosure supplement, unless the calculation agent determines that a market disruption event occurs or is continuing on that day. In that event, the final valuation date, final observation date or final averaging date will be postponed as described under "Reference Assets—Equity Securities—Market Disruption Events Relating to CDs with an Equity Security as a Reference Asset" with respect to reference assets comprised of one or more equity securities, "Reference Assets—Exchange-Traded Funds—Market Disruption Events for CDs with a Reference Asset Comprised of Shares or Other Interests in an Exchange-Traded Fund or Exchange-Traded Funds" with respect to reference assets comprised of one or more exchange-traded funds, "Reference Assets—Indices—Market Disruption Events for CDs with a Reference Asset Comprised of an Index or Indices Other than a Commodity-Based Index or Indices" with respect to reference assets comprised of one or more non-commodity-based indices, "Reference Assets—Indices—Market Disruption Events for CDs with a Reference Asset Comprised of a Commodity-Based Index or Indices" with respect to reference assets comprised of one or more commodity-based indices, "Reference Assets—Commodities—Market Disruption Events Relating to CDs with a Commodity as a Reference Asset" with respect to reference assets comprised of one or more commodities and "Reference Assets—Currency Exchange Rates—Market Disruption Events Relating to CDs with a Reference Exchange Rate or Currency Exchange Rates" with respect to reference assets comprised of one or more that include currency exchange rates.

Where a reference asset is comprised of one or more floating interest rates, the calculation agent shall calculate the final level, value or price for a disrupted valuation date, observation date or averaging date as described under "Reference Assets—Floating Interest Rate—Market Disruption Event Relating to CDs with a Floating Interest Rate as a Reference Asset."

For purposes of this disclosure statement, the final valuation date, final observation date and final averaging date shall herein be collectively referred to as the "**final valuation date**."

Basket Return

The "**basket return**" is the performance of a basket of reference assets, calculated as the percentage change in the final basket level as compared to the initial basket level or strike basket level.

Initial Basket Level

The "**initial basket level**" will be as specified in the applicable disclosure supplement.

Strike Basket Level

The "**strike basket level**" is a level other than the initial basket level used to calculate the basket return.

Basket Level or Basket Closing Level

The "**basket level**" or "**basket closing level**" is a function of the level, value or price of each component in the basket and will be determined by a formula set forth in the applicable disclosure supplement.

Final Basket Level

The "**final basket level**" is the basket level on the basket final valuation date or the arithmetic average of the basket levels on each of the basket valuation dates or any other date or dates, as specified in the applicable disclosure supplement.

Basket Valuation Dates, Basket Observation Dates or Basket Averaging Dates

The final basket level may be calculated or based on more than one date, the "**basket valuation dates**," "**basket observation dates**" or "**basket averaging dates**." Each date will be the date stated in the applicable disclosure supplement, unless the calculation agent determines that a market disruption event occurs or is continuing on any respective day. In that event, the "basket valuation dates," "basket observation dates" or "basket averaging dates" will be postponed as described under "Reference Assets—Baskets—Market Disruption Events for CDs with a Reference Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, any Other Assets or any Combination Thereof."

For purposes of this disclosure statement, basket valuation dates, basket observation dates and basket averaging dates shall herein be collectively referred to as "**basket valuation dates**."

Basket Final Valuation Date, Basket Final Observation Date or Basket Final Averaging Date

The last basket valuation date, basket observation date or averaging date will be referred to as the "**basket final valuation date**," "**basket final observation date**" or "**basket final averaging date**," respectively, and will be the date stated in the applicable disclosure supplement, unless the calculation agent determines that a market disruption event occurs or is continuing on that day. In that event, the "basket final valuation date," "basket final observation date" or "basket final averaging date" will be postponed as described under "Reference Assets—Baskets—Market Disruption Events for CDs with a Reference Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, any Other Assets or any Combination Thereof."

For purposes of this disclosure statement, the basket final valuation date, basket final observation date and basket final averaging date shall herein be collectively referred to as the "**basket final valuation date.**"

Lesser Return

If specified in the applicable disclosure supplement, the payment at maturity and/or interest payments will be linked to the performance of the reference asset with the lowest return in a group of two or more reference assets.

Lesser Performing Reference Asset

The "**lesser performing reference asset**" is the reference asset with the lesser return.

Better Return

If specified in the applicable disclosure supplement, the payment at maturity and/or interest payments will be linked to the performance of the reference asset with the highest return in a group of two or more reference assets.

Better Performing Reference Asset

The "**better performing reference asset**" is the reference asset with the higher return.

Extendible Maturity Date

If so specified in the applicable disclosure supplement, we may offer CDs which will mature on an initial maturity date specified in such disclosure supplement, unless the holder extends the term of the CD at its option for the period or periods specified in such disclosure supplement. The extension may be made on the initial "**renewal date**," which will be a date so specified in the applicable disclosure supplement, prior to the initial maturity date of the CD. Subsequent renewal dates will be specified in the applicable disclosure supplement. Despite the foregoing, the term of the extendible CD may not be extended beyond the final maturity date specified in the applicable disclosure supplement.

If a holder does not elect to extend the term of any portion of the principal amount of an extendible CD during the specified period prior to any renewal date, that portion will become due and payable on the existing maturity date.

Unless otherwise specified in the applicable disclosure supplement, an election to renew the term of an extendible CD may be made by delivering a notice to your broker or other direct or indirect participant through which you hold an interest in the CDs to notify DTC of your desire to exercise an extension right. The notice must be delivered not less than three nor more than 15 days prior to the renewal date (unless another period is specified in the applicable disclosure supplement as the notice period). The election will be irrevocable and will be binding upon each subsequent holder of the extendible CD.

An election to renew the term of an extendible CD may be exercised for less than the entire principal amount of the extendible CD only if so specified in the applicable disclosure supplement and only in the amount, or any integral multiple in excess of that amount, that is specified in the applicable disclosure supplement.

DTC's nominee will be the holder of the master certificates and, therefore, will be the only entity that can exercise a right to extend a CD. In order to ensure that DTC's nominee will timely exercise an extension right relating to all or part of a particular CD, the beneficial owner of the CD must instruct the broker or other direct or indirect participant through which it holds an interest in the CDs to notify DTC of your desire to exercise an extension right. Different firms have different cut-off times for accepting instructions from their customers. Accordingly, each beneficial owner should consult the broker or other direct or indirect participant through which it holds an interest in the CDs in order to ascertain the cut-off time by which that type of instruction must be given for timely notice to be delivered to DTC.

Automatically Redeemable CDs

Automatic Redemption

If specified in the applicable disclosure supplement, the CDs will be automatically "redeemable." If the level of the reference asset(s) on any review date is equal to or greater than the redemption level, the automatically redeemable CDs will automatically be redeemed for a cash payment as detailed in the applicable disclosure supplement.

Redemption Level

The minimum level of the reference asset(s) which triggers an automatic redemption on a review date and payment of the applicable redemption premium as specified in the applicable disclosure supplement.

Redemption Premium and Redemption Price

The "**redemption premium**" is the additional amount, if any, which we will pay you if the CDs are redeemed. The redemption premium can be expressed as a percentage of the issue price and will be specified in the applicable disclosure supplement.

The "**redemption price**" is the aggregate amount, including the redemption premium, if any, which we will pay you if the CDs are redeemed. The redemption price can be expressed as a percentage of the issue price and will be specified in the applicable disclosure supplement.

Reference Assets

Fixed Interest Rate

If the applicable CDs have a fixed interest rate, the CDs for that particular offering will bear interest from and including the original issue date or any other date specified in the applicable disclosure supplement at the annual rate stated in the applicable disclosure supplement until the principal is paid or made available for payment.

Floating Interest Rate

If the applicable CDs have a floating interest rate, the CDs for that particular offering will bear interest at a floating rate determined by reference to an interest rate or interest rate formula, which we refer to as the "**reference asset.**" The reference asset(s) may be one or more of the following:

- the CD rate,
- the CMS rate,
- the CMT rate,
- the commercial paper rate,
- the Consumer Price Index,
- the eleventh district cost of funds rate,
- EURIBOR,
- the federal funds (effective) rate,
- the federal funds (open) rate,
- LIBOR,
- the prime rate,
- the Treasury rate,
- a combination of any of the above, or

- any other rate or interest rate formula specified in the applicable disclosure supplement.

CD Rate

The "**CD rate**" means, for any interest determination date, the rate on that date for negotiable U.S. dollar certificates of deposit having the index maturity specified in the applicable disclosure supplement as published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates," or any successor publication of the Board of Governors of the Federal Reserve System ("H.15(519)") under the heading "CDs (secondary market)."

The following procedures will be followed if the CD rate cannot be determined as described above:

- If the above rate is not published in H.15(519) by 3:00 p.m., New York City time, on the interest determination date, the CD rate will be the rate on that interest determination date set forth in the daily update of H.15(519), available through the website of the Board of Governors of the Federal Reserve System, or any successor site or publication, which is commonly referred to as the "H.15 Daily Update," or another recognized electronic source used for displaying that rate, for the interest determination date for certificates of deposit having the index maturity specified in the applicable disclosure supplement, under the caption "CDs (secondary market)."
- If the above rate is not yet published in either H.15(519), the H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the interest determination date, the calculation agent will determine the CD rate to be the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on that interest determination date of three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in The City of New York, which may include the agent and its affiliates, selected by the calculation agent, after consultation with us, for negotiable U.S. dollar certificates of deposit of major U.S. money center banks of the highest credit standing in the market for negotiable certificates of deposit with a remaining maturity closest to the index maturity specified in the applicable disclosure supplement in an amount that is representative for a single transaction in that market at that time.
- If fewer than three dealers selected by the calculation agent are quoting as set forth above, the CD rate for that interest determination date will remain the CD rate for the immediately preceding interest reset period (or, in the case of the first reset date following the issue date where an initial interest rate was specified in the applicable disclosure supplement, that initial interest rate).

CMS Rate

The "**CMS rate**" means, on any day during an interest payment period, the rate for U.S. dollar swaps, expressed as a percentage, with a maturity for the number of years specified in the applicable disclosure supplement, which appears on the Reuters screen "ISDAFIX1" page as of 11:00 a.m., New York City time, on the related interest determination date.

The following procedures will be used if the CMS rate cannot be determined as described above:

- If the above rate is no longer displayed on the relevant page, or if it is not displayed by 11:00 a.m., New York City time, on the interest determination date, then the CMS rate will be a percentage determined on the basis of the mid-market, semi-annual swap rate quotations provided by five leading swap dealers in the New York City interbank market at approximately 11:00 a.m., New York City time, on the interest determination date. For this purpose, the semi-annual swap rate means the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. dollar interest rate swap transaction with a term equal to the maturity designated in the applicable disclosure supplement commencing on that interest determination date with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to Three-month LIBOR, as defined below. The calculation agent will select the five swap dealers after consultation with us and will request the principal New York City office of each of those dealers to provide a quotation of its rate. If at least three quotations are provided, the CMS rate for that interest determination date will be the arithmetic mean of the quotations, eliminating the highest and lowest quotations or, in the event of equality, one of the highest and one of the lowest quotations.

- If fewer than three leading swap dealers selected by the calculation agent are quoting as described above, the CMS rate will remain the CMS rate for the immediately preceding interest reset period (or, in the case of the first reset date following the issue date where an initial interest rate was specified in the applicable disclosure supplement, that initial interest rate).

CMT Rate

CMT rates are yields interpolated by the United State Department of the Treasury from its daily yield curve. That yield curve, which relates to the yield on a U.S. Treasury security to its time to maturity, is based on the closing market bid yields on actively traded U.S. Treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations obtained by the Federal Reserve Bank of New York. The yield values are read from the yield curve at fixed maturities. This method provides yields for a two-year maturity, for example, even if no outstanding U.S. Treasury security has exactly two years remaining to maturity.

The "**CMT rate**" means, for any interest determination date, the rate as set forth in H.15(519), as defined below, under the caption "U.S. government securities—Treasury constant maturities," for:

- the rate on that interest determination date, if the Designated CMT page, as defined below, is the Reuters screen "FRBCMT" page; and
- the week or the month, as applicable, ended immediately preceding the week in which the related interest determination date occurs, if the Designated CMT page is the Reuters screen "FEDCMT" page.

"**U.S. government securities business days**" means any day except for a Saturday, Sunday or a day on which The Securities Industry and Financial Markets Association (formerly known as The Bond Market Association) (or any successor or replacement organization) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in US government securities.

"**USD-CMT-T7051**" means that the rate for the interest determination date will be a percentage equal to the yield for U.S. Treasury securities at "constant maturity" for a period of "designated maturity," as specified in the applicable disclosure supplement, and for that interest determination date as set forth in H.15(519) under the caption "U.S. government securities—Treasury constant maturities," as that yield is displayed on the Reuters screen "FRBCMT" page for the interest determination date on the day that is two U.S. government securities business days (as defined below) prior to that interest determination date.

"**1-year CMT rate**" means the USD-CMT-T7051 rate with a designated maturity of one year.

"**2-year CMT rate**" means the USD-CMT-T7051 rate with a designated maturity of two years.

"**3-year CMT rate**" means the USD-CMT-T7051 rate with a designated maturity of three years.

"**5-year CMT rate**" means the USD-CMT-T7051 rate with a designated maturity of five years.

"**7-year CMT rate**" means the USD-CMT-T7051 rate with a designated maturity of seven years.

"**10-year CMT rate**" means the USD-CMT-T7051 rate with a designated maturity of ten years.

"**20-year CMT rate**" means the USD-CMT-T7051 rate with a designated maturity of 20 years.

"**30-year CMT rate**" means the USD-CMT-T7051 rate with a designated maturity of 30 years.

The following procedures will be followed if the CMT rate cannot be determined as described above:

- If the CMT rate is not displayed on the relevant page by 3:30 p.m., New York City time, on the related interest determination date, then the CMT rate will be a percentage equal to the yield for U.S. Treasury securities at "constant maturity" for the Designated CMT Maturity Index on the related interest determination date as set forth in H.15(519) under the caption "U.S. government securities—Treasury constant maturities."
- If the applicable rate described above does not appear in H.15(519), then the CMT rate on the related interest determination date will be the rate for the Designated CMT Maturity Index as may then be published by either the Board of Governors of the Federal Reserve System or the U.S. Department of the Treasury that the calculation agent determines to be comparable to the rate formerly displayed on the Designated CMT page and published in the relevant H.15(519).
- If on the related interest determination date, neither the Board of Governors of the Federal Reserve System nor the U.S. Department of the Treasury publishes a yield on U.S. Treasury securities at a "constant maturity" for the Designated CMT Maturity Index, the CMT rate on the related interest determination date will be calculated by the calculation agent and will be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on the related interest determination date, of three leading primary U.S. government securities dealers in New York City. The calculation agent will select five such securities dealers, and will eliminate the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest), for U.S. Treasury securities with an original maturity equal to the Designated CMT Maturity Index, a remaining term to maturity of no more than one year shorter than that Designated CMT Maturity Index and in a principal amount equal to the Representative Amount. If two bid prices with an original maturity as described above have remaining terms to maturity equally close to the Designated CMT Maturity Index, the quotes for the U.S. Treasury security with the shorter remaining term to maturity will be used. The "Representative Amount" means an amount equal to the outstanding principal amount of the CDs.
- If fewer than five but more than two such prices are provided as requested, the CMT rate for the related interest determination date will be based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of those quotations will be eliminated.
- If fewer than three leading primary U.S. government securities dealers selected by the calculation agent provide quotes as described above, the CMT rate will remain the CMT rate for the immediately preceding interest reset period (or, in the case of the first reset date following the issue date where an initial interest rate was specified in the applicable disclosure supplement, that initial interest rate).

"**Designated CMT page**" means the display on the Reuters service, or any successor service, on the page designated in the applicable disclosure supplement or any other page as may replace that page on that service for the purpose of displaying Treasury Constant Maturities as reported in H.15(519). If no page is specified in the applicable disclosure supplement the Designated CMT page will be the Reuters screen "FEDCMT" page for the most recent week.

"**H.15(519)**" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System, available through the website of the Board of Governors of the Federal Reserve System at http://www.federalreserve.gov/releases/H15/ or any successor site or publication. We make no representation or warranty as to the accuracy or completeness of the information displayed on that website, and that information is not incorporated by reference herein and should not be considered a part of this disclosure statement.

"**Designated CMT Maturity Index**" means the original period to maturity of the U.S. Treasury securities, which is either one, two, three, five, seven, ten, 20 or 30 years, specified in the applicable disclosure supplement for which the CMT rate will be calculated. If no maturity is specified in the applicable disclosure supplement, the Designated CMT Maturity Index will be two years.

Commercial Paper Rate

The "**commercial paper rate**" means, for any interest determination date, the money market yield, calculated as described below, of the rate on that date for commercial paper having the index maturity specified in the applicable disclosure supplement, as that rate is published in H.15(519), under the heading "Commercial Paper—Nonfinancial."

The following procedures will be followed if the commercial paper rate cannot be determined as described above:

- If the above rate is not published by 3:00 p.m., New York City time, on the interest determination date, then the commercial paper rate will be the money market yield of the rate on that interest determination date for commercial paper of the index maturity specified in the applicable disclosure supplement as published in the H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the heading "Commercial Paper—Nonfinancial."
- If by 3:00 p.m., New York City time, on that interest determination date the rate is not yet published in either H.15(519) or the H.15 Daily Update, then the calculation agent will determine the commercial paper rate to be the money market yield of the arithmetic mean of the offered rates as of 11:00 a.m., New York City time, on that interest determination date of three leading dealers of U.S. dollar commercial paper in The City of New York, which may include the agent and its affiliates, selected by the calculation agent, after consultation with us, for commercial paper of the index maturity specified in the applicable disclosure supplement, placed for an industrial issuer whose bond rating is "AA," or the equivalent, from a nationally recognized statistical rating agency.
- If fewer than three leading dealers of U.S. dollar commercial paper in the City of New York selected by the calculation agent are quoting as set forth above, the commercial paper rate will remain the commercial paper rate for the immediately preceding interest reset period (or, in the case of the first reset date following the issue date where an initial interest rate was specified in the applicable disclosure supplement, that initial interest rate).

The "**money market yield**" will be a yield calculated in accordance with the following formula:

$$\text{money market yield} = \frac{(\text{D x } 360)}{360 - (\text{D x M})} \text{ x } 100$$

where, "D" refers to the applicable per-year rate for commercial paper quoted on a bank discount basis and expressed as a decimal and "M" refers to the actual number of days in the interest reset period for which interest is being calculated.

Consumer Price Index

The "**Consumer Price Index**" or "**CPI**" means, for any interest determination date, the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers, published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor (the "**Bureau of Labor Statistics**") and reported on Bloomberg ticker "CPURNSA" or any successor service ("**Bloomberg CPURNSA**"). The Bureau of Labor Statistics makes the majority of its consumer price index data and press releases publicly available immediately at the time of release. This material may be accessed electronically by means of the Bureau of Labor Statistics' home page on the Internet at http://www.bls.gov. The Consumer Price Index for a particular month is published during the following month. The Consumer Price Index is a measure of the average change in consumer prices over time for a fixed market basket of goods and services, including food, clothing, shelter, fuels, transportation, charges for doctors and dentists services and drugs. User fees (such as water and sewer service) and sales and excise taxes paid by the consumer are included in determining consumer prices. Income taxes and investment items such as stocks, bonds and life insurance are not included. The Consumer Price Index includes expenditures by urban wage earners and clerical workers, professional, managerial and technical workers, the self-employed, short-term workers, the unemployed, retirees and others not in the labor force. In calculating the Consumer Price Index, price changes for the various items are averaged together with weights that represent their importance in the spending of urban households in the United States. The contents of the market basket of goods and services and the weights assigned to the various items are updated periodically by the Bureau of Labor Statistics to take into account changes in consumer expenditure patterns.

The Consumer Price Index is expressed in relative terms in relation to a time base reference period for which the level is set at 100.0. The time base reference period is the 1982-1984 average. Because the Consumer Price Index for the period from 1982-1984 is 100, an increase in the price of the fixed market basket of goods and services of 16.5% from that period would be shown as 116.5. If the Bureau of Labor Statistics rebases the Consumer Price Index when the CDs are outstanding, the calculation agent will continue to calculate inflation using 1982-1984 as the base reference period for so long as the current Consumer Price Index continues to be published. Any conversion by the Bureau of Labor Statistics to a new reference base will not affect the measurement of the percent changes in a given index series from one time period to another, except for rounding differences. Rebasing might affect the published “headline” number often quoted in the financial press, but the inflation calculation for the CDs should not be adversely affected by any rebasing because the Consumer Price Index based on 1982-1984 will be calculated using the percentage changes of the rebased Consumer Price Index.

The Bureau of Labor Statistics has made technical and methodological changes to the Consumer Price Index, and is likely to continue to do so. Examples of recent methodological changes include:

- the use of regression models to adjust for improvements in the quality of various goods (televisions, personal computers, etc.);
- the introduction of geometric averages to account for consumer substitution within the consumer price index categories; and
- changing the housing/shelter formula to increase rental equivalence estimation.

Similar changes in the future could affect the level of the Consumer Price Index and alter the interest payable on the CDs.

“**CPI Performance**” means the annual percentage change for a month, as specified in the applicable disclosure supplement, prior to the month of the relevant interest payment date (the “reference month”). For example, if the performance of the Consumer Price Index is the annual percentage change in the Consumer Price Index for the third calendar month prior to the reference month, then the interest rate payable on June 30, 2009 will reflect the percentage change in the Consumer Price Index from March 2008 to March 2009 plus the applicable spread, if any.

The performance of the Consumer Price Index will be calculated as follows:

$$\text{Interest Rate} = \left(\frac{\text{CPI}_F - \text{CPI}_I}{\text{CPI}_I} \right)$$

where,

CPI_F = CPI for the applicable reference month, as published on Bloomberg ticker “CPURNSA,” and

CPI_I = CPI for the twelfth month, or otherwise as specified in the applicable disclosure supplement, prior to the applicable reference month, as published on Bloomberg ticker “CPURNSA.”

Using the example above, if CPI Performance for the second calendar month prior to the reference month was used, then the interest rate payable on June 30, 2009 will reflect the percentage change in the Consumer Price Index from April 2008 to April 2009 plus the applicable spread, if any.

If the performance of the Consumer Price Index for a particular reference month is a decline of a magnitude greater than or equal to the spread, such that the CPI Performance plus the spread is less than or equal to zero, you will not receive an interest payment on the corresponding interest payment date. The interest payment on any interest payment date will not be less than 0.00% per annum, unless specified in the applicable disclosure supplement.

The following procedures will be followed if the Consumer Price Index cannot be determined as described above:

- If the Consumer Price Index is not reported on Bloomberg ticker "CPURNSA" for a particular month by 3:00 PM on the interest determination date, but has otherwise been published by the Bureau of Labor Statistics, the calculation agent will determine the Consumer Price Index as published by the Bureau of Labor Statistics for that month using any other source as the calculation agent deems appropriate.
- If the Consumer Price Index is rebased to a different year or period, the base reference period will continue to be the 1982-1984 reference period as long as the 1982-1984 Consumer Price Index continues to be published.
- If the Consumer Price Index for the reference month is subsequently revised by the Bureau of Labor Statistics, the calculation agent will continue to use the Consumer Price Index initially published by the Bureau of Labor Statistics on the interest reset date.
- If, while the CDs are outstanding, the Consumer Price Index is discontinued or substantially altered, as determined by the calculation agent, the applicable substitute index for the CDs will be that chosen by the Secretary of the Treasury for the Department of Treasury's Inflation-Linked Treasuries as described at 62 Federal Register 846-874 (January 6, 1997). If none of those securities are outstanding, the calculation agent will determine a substitute index for the CDs in accordance with general market practice at the time.

Eleventh District Cost of Funds

The "**eleventh district cost of funds rate**" or "**COFI**" means, for any interest determination date, the rate on the applicable interest determination date equal to the monthly weighted average cost of funds for the calendar month preceding the interest determination date as displayed under the caption "Eleventh District" on the Reuters screen "COFI/ARMS" page.

The following procedures will be followed if the eleventh district cost of funds rate cannot be determined as described above:

- If the above rate is not displayed by 3:00 p.m., New York City time, on the interest determination date for the applicable interest determination date, the eleventh district cost of funds rate will be the eleventh district cost of funds rate index on the applicable interest determination date.
- If the Federal Home Loan Bank of San Francisco fails to announce the rate for the calendar month next preceding the applicable interest determination date, then the eleventh district cost of funds rate for the new interest reset period will remain the eleventh district cost of funds rate for the immediately preceding interest reset period (or, in the case of the first reset date following the issue date where an initial interest rate was specified in the applicable disclosure supplement, that initial interest rate).

The "**eleventh district cost of funds rate index**" means the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that the Federal Home Loan Bank of San Francisco most recently announced as the cost of funds for the calendar month preceding the date of the announcement.

EURIBOR

"**EURIBOR**" means, for any interest determination date, the rate for deposits in euros as sponsored, calculated and published jointly by the European Banking Federation and ACI—The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, for the index maturity specified in the applicable disclosure supplement as that rate appears on the display on the Reuters screen "EURIBOR01" page as of 11:00 a.m., Brussels time.

The following procedures will be followed if the rate cannot be determined as described above:

- If the above rate does not appear, the calculation agent will request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market, as selected by the calculation agent, after consultation with us, to provide the calculation agent with its offered rate for deposits in euros, at approximately 11:00 a.m., Brussels time, on the interest determination date, to prime banks in the Euro-zone interbank market for the index maturity specified in the applicable disclosure supplement commencing on the applicable interest reset date, and in a principal amount not less than the equivalent of US$1 million in euros that is representative of a single transaction in euros, in that market at that time. If at least two quotations are provided, EURIBOR will be the arithmetic mean of those quotations.
- If fewer than two quotations are provided, EURIBOR will be the arithmetic mean of the rates quoted by four major banks in the Euro-zone interbank market, as selected by the calculation agent, after consultation with us, at approximately 11:00 a.m., Brussels time, on the applicable interest reset date for loans in euros to leading European banks for a period of time equivalent to the index maturity specified in the applicable disclosure supplement commencing on that interest reset date in a principal amount not less than the equivalent of US$1 million in euros that is representative of a single transaction in euros, in that market at that time.
- If fewer than four major banks in the Euro-zone interbank market selected by the calculation agent are quoting as set forth above, EURIBOR for that interest determination date will remain EURIBOR for the immediately preceding interest reset period (or, in the case of the first reset date following the issue date where an initial interest rate was specified in the applicable disclosure supplement, that initial interest rate).

"**Euro-zone**" means the region comprising member states of the European Union that have adopted the single currency in accordance with the relevant treaty of the European Union, as amended.

Federal Funds (Effective) Rate

The "**federal funds (effective) rate**" means, for any interest determination date, the rate on that date for federal funds as published in H.15(519) under the heading "Federal Funds (effective)" as displayed on the Reuters screen "FEDFUNDS1" page

The following procedures will be followed if the federal funds (effective) rate cannot be determined as described above:

- If the above rate is not published by 3:00 p.m., New York City time, on the interest determination date, the federal funds (effective) rate will be the rate on that interest determination date as published in the H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the heading "Federal Funds (effective)."
- If the above rate is not yet published in either H.15(519) or the H.15 Daily Update by 3:00 p.m., New York City time, on the interest determination date, the calculation agent will determine the federal funds (effective) rate to be the arithmetic mean of the rates for the last transaction in overnight U.S. dollar federal funds by each of three leading brokers of U.S. dollar federal funds transactions in The City of New York, which may include the agent and its affiliates, selected by the calculation agent, after consultation with us, prior to 9:00 a.m., New York City time, on that interest determination date.
- If fewer than three leading brokers of U.S. dollar federal funds transactions in The City of New York selected by the calculation agent are quoting as set forth above, the federal funds rate will remain the federal funds (effective) rate for the immediately preceding interest reset period.

Federal Funds (Open) Rate

The "**federal funds (open) rate**" means, for any interest determination date, the rate on that date for federal funds as published in H.15(519) under the section "federal funds" next to the caption "OPEN," as displayed on the Reuters screen "5" page.

The following procedures will be followed if the federal funds (open) rate cannot be determined as described above:

- If the above rate is not published by 3:00 p.m., New York City time, on the interest determination date, the federal funds (open) rate will be the rate on that interest determination date as published on the Bloomberg screen "FEDSPREB Index" page, or other recognized electronic source used for the purpose of displaying the applicable rate.
- If the above rate is not yet published on either the Reuters screen "5" page or the Bloomberg screen "FEDSPREB Index" page by 3:00 p.m., New York City time, on the interest determination date, the calculation agent will determine the federal funds (open) rate to be the arithmetic mean of the rates for the last transaction in overnight U.S. dollar federal funds by each of three leading brokers of U.S. dollar federal funds transactions in The City of New York, which may include the agent and its affiliates, selected by the calculation agent, after consultation with us, prior to 9:00 a.m., New York City time, on that interest determination date.
- If fewer than three leading brokers of U.S. dollar federal funds transactions in The City of New York selected by the calculation agent are quoting as set forth above, the federal funds rate for that interest reset period will remain the federal funds (open) rate for the immediately preceding interest reset period.

LIBOR

CDs having a coupon based on "LIBOR" or the London Interbank Offered Rate will bear interest at the interest rates specified in the applicable disclosure supplement. The calculation agent will determine "**LIBOR**" for each interest determination date as follows:

- As of the interest determination date, LIBOR will be the arithmetic mean of the offered rates for deposits in the index currency having the index maturity designated in the applicable disclosure supplement, commencing on the second London banking day immediately following that interest determination date, that appear on the Designated LIBOR page, as defined below, as of 11:00 a.m., London time, on that interest determination date, if at least two offered rates appear on the Designated LIBOR page; except that if the specified Designated LIBOR page, by its terms provides only for a single rate, that single rate will be used.
- If (i) fewer than two offered rates appear on the Designated LIBOR page and the Designated LIBOR page does not by its terms provide only for a single rate or (ii) no rate appears on the Designated LIBOR page and the Designated LIBOR page by its terms provides only for a single rate, then the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the calculation agent after consultation with us, to provide the calculation agent with its offered quotation for deposits in the index currency for the period of the index maturity specified in the applicable disclosure supplement commencing on the second London banking day immediately following the interest determination date or, if pounds sterling is the index currency, commencing on that interest determination date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that interest determination date and in a principal amount that is representative of a single transaction in that index currency in that market at that time.
- If at least two quotations are provided, LIBOR determined on that interest determination date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, LIBOR will be determined for the applicable interest reset date as the arithmetic mean of the rates quoted at

approximately 11:00 a.m., London time, or some other time specified in the applicable disclosure supplement, in the applicable principal financial center for the country of the index currency on that interest reset date, by three major banks in that principal financial center selected by the calculation agent, after consultation with us, for loans in the index currency to leading European banks, having the index maturity specified in the applicable disclosure supplement and in a principal amount that is representative of a single transaction in that index currency in that market at that time.

- If fewer than three major banks in that principal financial center selected by the calculation agent are quoting as set forth above, LIBOR for that interest determination date will remain LIBOR for the immediately preceding interest reset period (or, in the case of the first reset date following the issue date where an initial interest rate was specified in the applicable disclosure supplement, that initial interest rate.

The "**index currency**" means the currency specified in the applicable disclosure supplement as the currency for which LIBOR will be calculated, or, if the euro is substituted for that currency, the index currency will be the euro. If that currency is not specified in the applicable disclosure supplement, the index currency will be U.S. dollars.

"**Designated LIBOR page**" means the page on the Reuters screen specified in the applicable disclosure supplement, or any other page as may replace that page on that service, for the purpose of displaying the London interbank rates of major banks for the applicable index currency.

"**USD-LIBOR-BBA**" means that the rate for an interest determination date will be the rate for deposits in U.S. dollars for a period of the "designated maturity," specified in the applicable disclosure supplement, which appears on the Reuters screen "LIBOR01" page as of 11:00 a.m., London time, on the day that is two London banking days preceding that interest determination date. If that rate does not appear on the Reuters screen "LIBOR01" page, the rate for that interest determination date will be determined as if the parties had specified "USD-LIBOR-Reference Banks" as the applicable floating rate option.

"**USD-LIBOR-Reference Banks**" means that the rate for an interest determination date will be determined on the basis of the rates at which deposits in U.S. dollars are offered by four major banks in the London interbank market ("reference banks") at approximately 11:00 a.m., London time, on the day that is two London banking days preceding that interest determination date to prime banks in the London interbank market for a designated period commencing on that interest determination date and in a designated amount. The calculation agent will request the principal London office of each of the reference banks to provide a quotation of its rate. If at least two of those quotations are provided, the rate for that interest determination date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that interest determination date will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the calculation agent, at approximately 11:00 a.m., New York City time, on that interest reset date for loans in U.S. dollars to leading European banks for a designated period commencing on that interest determination date and in a designated amount.

"**One-month LIBOR**" means the USD-LIBOR-BBA rate with a designated maturity of one month commencing on the interest reset date.

"**Three-month LIBOR**" means the USD-LIBOR-BBA rate with a designated maturity of three months commencing on the interest reset date.

"**Six-month LIBOR**" means the USD-LIBOR-BBA rate with a designated maturity of six months commencing on the interest reset date.

"**Nine-month LIBOR**" means the USD-LIBOR-BBA rate with a designated maturity of nine months commencing on the interest reset date.

"**One-year LIBOR**" means the USD-LIBOR-BBA rate with a designated maturity of one year commencing on the interest reset date.

"**Twenty-month LIBOR**" means the USD-LIBOR-BBA rate with a designated maturity of 20 months commencing on the interest reset date.

If no Designated LIBOR page is specified in the applicable disclosure supplement, and, if the U.S. dollar is the index currency, LIBOR will be determined as if the Reuters screen LIBOR01 page had been specified.

Prime Rate

The "**prime rate**" means, for any interest determination date, the rate on that date as published in H.15(519) under the heading "Bank prime loan."

The following procedures will be followed if the prime rate cannot be determined as described above:

- If the above rate is not published prior to 3:00 p.m., New York City time, on the interest determination date, then the prime rate will be the rate on that interest determination date as published in H.15 Daily Update under the heading "Bank prime loan."
- If the rate is not published in either H.15(519) or the H.15 Daily Update by 3:00 p.m., New York City time, on the interest determination date, then the calculation agent will determine the prime rate to be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters screen "USPRIME1" page, as defined below, as that bank's prime rate or base lending rate as in effect for that interest determination date.
- If fewer than four rates appear on the Reuters screen "USPRIME1" page by 3:00 p.m., New York City time, for that interest determination date, the calculation agent will determine the prime rate to be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by 360 as of the close of business on that interest determination date by at least three major banks in The City of New York, which may include affiliates of the agent, selected by the calculation agent, after consultation with us.
- If fewer than three major banks in The City of New York selected by the calculation agent are quoting as set forth above, the prime rate for that interest determination date will remain the prime rate for the immediately preceding interest reset period (or, in the case of the first reset date following the issue date where an initial interest rate was specified in the applicable disclosure supplement, that initial interest rate).

Treasury Rate

The "**Treasury rate**" means:

- the rate from the auction held on the applicable interest determination date, which we refer to as the "auction," of direct obligations of the United States, which are commonly referred to as "Treasury Bills," having the index maturity specified in the applicable disclosure supplement as that rate appears under the caption "INVEST RATE" on the Reuters screen "USDAUCTION 10/13" page; or
- if the rate described in the first bullet point is not published by 3:00 p.m., New York City time, on the interest determination date, the bond equivalent yield of the rate for the applicable Treasury Bills as published in the H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "U.S. government securities—Treasury bills—auction high"; or
- if the rate described in the second bullet point is not published by 3:00 p.m., New York City time, on the related interest determination date, the bond equivalent yield of the auction rate of the applicable Treasury Bills, announced by the U.S. Department of the Treasury; or
- if the rate referred to in the third bullet point is not announced by the U.S. Department of the Treasury, or if the auction is not held, the bond equivalent yield of the rate on the applicable interest determination date of Treasury Bills having the index maturity specified in the applicable

disclosure supplement published in H.15(519) under the caption "U.S. government securities—Treasury bills—secondary market"; or

- if the rate referred to in the fourth bullet point is not so published by 3:00 p.m., New York City time, on the related interest determination date, the rate on the applicable interest determination date of the applicable Treasury Bills as published in H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "U.S. government securities—Treasury bills—secondary market"; or
- if the rate referred to in the fifth bullet point is not so published by 3:00 p.m., New York City time, on the related interest determination date, the rate on the applicable interest determination date calculated by the calculation agent as the bond equivalent yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on the applicable interest determination date, of three primary U.S. government securities dealers, which may include the agent and its affiliates, selected by the calculation agent, for the issue of Treasury Bills with a remaining maturity closest to the index maturity specified in the applicable disclosure supplement; or
- if the dealers selected by the calculation agent are not quoting as set forth above, the Treasury rate for that interest determination date will remain the Treasury rate for the immediately preceding interest reset period, or, if there was no interest reset period, the rate of interest payable will be the initial interest rate.

The "**bond equivalent yield**" means a yield calculated in accordance with the following formula and expressed as a percentage:

$$\text{bond equivalent yield} = \frac{(D \text{ x } N)}{360 - (D \text{ x } M)} \text{ x } 100$$

where, "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the interest reset period for which interest is being calculated.

"**Treasury spot rate**" means the mid-market spot Treasury rate with a designated index maturity specified in the applicable disclosure supplement, as determined by the calculation agent, at the time the CDs are priced for initial sale to the public, rounded to two decimal places. The continuously reported mid-market spot Treasury rate with a designated index maturity is publicly available on the Bloomberg screen "BBT" page.

"**10-year Treasury spot rate**" means the USD-Treasury Rate-T500 with a designated maturity of ten years.

"**USD-Treasury Rate-T500**" means that the rate for an interest reset date will be a percentage equal to the mid-market yield-to-maturity of the current "on-the-run" U.S. Treasury with a "designated maturity," specified in the applicable disclosure supplement, which appears as "500" on the Reuters screen "IDN" page as of 11:00 a.m., New York City time, on that interest reset date. If that rate does not appear as "500" on the Reuters screen "IDN" page, the rate for that interest reset date will be determined by the calculation agent and will be a percentage equal to the yield-to-maturity based on the secondary market mid-market prices as of 11:00 a.m., New York City time, on that interest reset date of three leading primary U.S. government securities dealers in New York City, selected by the calculation agent, (from five of the dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for U.S. Treasury securities with a maturity equal to the designated maturity and taking a simple average of the remaining three values.

"**USD-Treasury Rate-T19901**" means that the rate for an interest reset date will be a percentage equal to the mid-market yield-to-maturity of the current "on-the-run" U.S. Treasury with a "designated maturity," specified in the applicable disclosure supplement, which appears as "19901" on the Reuters screen "IDN" page as of 11:00 a.m., New York City time, on that interest reset date. If that rate does not appear as "19901" on the Reuters screen "IDN" page, the rate for that interest reset date will be determined by the calculation agent and will be a percentage equal to the yield-to-maturity based on the secondary market mid-market prices as of 11:00 a.m., New York City time, on that interest reset date of three leading primary U.S. government securities dealers in New York City, selected by the calculation agent, (from five of those dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) for U.S. Treasury securities with a maturity equal to the designated maturity and taking a simple average of the remaining three values.

Equity Securities

The amounts payable on the CDs may be based on the performance of the shares of one or more equity securities, including price movements in, or other events relating to, those equity securities. The shares of equity securities may consist of American depositary shares, which are described under "—American Depositary Shares and Deposit Agreements" below. If a reference asset is comprised of shares of more than one equity security or shares of one equity security and at least one other type of reference asset, the equity security is a "basket component."

Reference Asset Issuer and Reference Asset Information

The CDs have not been passed on by the issuer of the equity securities or the issuer of any corresponding ADS underlying shares (as described below) as to their legality or suitability. The CDs are not issued, endorsed, sponsored or promoted by and are not financial or legal obligations of the issuer of the equity securities or the issuer of any corresponding ADS underlying shares. The trademarks, service marks or registered trademarks of the issuer of the equity securities or the issuer of any corresponding ADS underlying shares are the property of their owners. The issuer of such a reference asset makes no warranties and bears no liabilities with respect to the CDs or to the administration or operation of the CDs. This disclosure statement relates only to the CDs offered by the applicable disclosure supplement and does not relate to any security of an underlying issuer.

If a reference asset is an equity security that is registered under the Securities Exchange Act of 1934, as amended, which is commonly referred to as the "Exchange Act," its issuer is required to periodically file financial and other information specified by the SEC. Information provided to or filed with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at Room 1580, 100 F Street, N.E., Washington, D.C. 20549, and copies of that material can be obtained from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference room by calling the SEC at l-800-SEC-0330. In addition, information provided to or filed with the SEC electronically can be accessed through a website maintained by the SEC. The address of the SEC's website is http://www.sec.gov. Information provided to or filed with the SEC pursuant to the Exchange Act by a company issuing an equity security can be located by reference to the SEC file number provided in the applicable disclosure supplement. In addition, information regarding a company issuing an equity security may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. We make no representation or warranty as to the accuracy or completeness of the information referred to above relating to equity securities or any other publicly available information regarding the issuer of a reference asset. Neither we, our affiliates nor any agent or broker have participated in the preparation of the above-described documents or made any due diligence inquiry with respect to the issuer of such reference asset. Furthermore, we cannot give any assurance that all events occurring prior to the date of the applicable disclosure supplement (including events that would affect the accuracy or completeness of the publicly available documents described herein) that would affect the closing prices of such reference asset (and therefore the closing price of that reference asset at the time we price the CDs) have been publicly disclosed. Subsequent disclosure of any of those events or the disclosure of or failure to disclose material future events concerning the issuer of such reference asset could affect the amounts payable on the CDs, and therefore the price of the CDs in the secondary market, if any.

Special Calculation Provisions

With respect to reference assets that are shares of equity securities, the closing price for any security on any day will equal the closing sale price or last reported sale price, regular way, for the security, on a per-share or other unit basis:

- on the principal national securities exchange on which that security is listed for trading on that day, or
- if that security is not listed on any national securities exchange, on any other U.S. national market system that is the primary market for the trading of that security.

With respect to the closing sale price or last reported sale price for the NASDAQ, the closing price will be the Nasdaq Official Closing Price (NOCP) unless otherwise specified in the applicable disclosure supplement.

If that security is not listed or traded as described above, then the closing price for that security on any day will be determined by the calculation agent. In determining the closing price for that security on any day, the calculation agent may consider any relevant information, including, without limitation, information consisting of relevant market data in the relevant market supplied by one or more third parties or internal sources including, without limitation, relevant rates, prices, yields, yield curves, volatiles, spreads, correlations or other relevant market data in the relevant market.

American Depositary Shares and Deposit Agreements

Any reference asset in the form of an American depositary share is issued pursuant to a deposit agreement, as amended from time to time (the "**deposit agreement**"). An event that has a diluting or concentrative effect on the corresponding ADS underlying shares may affect the theoretical value of those American depositary shares unless (and to the extent that) the issuer of the ADS underlying shares or the depository for the American depositary shares, pursuant to their authority (if any) under the deposit agreement, elects to adjust the number of ADS underlying shares that are represented by each American depositary share such that the price and other terms of the American depositary shares will not be affected by any such event. If the issuer of the ADS underlying shares or the depository for the American depositary shares does not adjust the number of ADS underlying shares that are represented by each American depositary share, or makes an adjustment that the calculation agent deems inappropriate to account for such an event, then the calculation agent may make any adjustments that the calculation agent determines to be appropriate to account for that event. The depository of the American depositary shares may also have the ability pursuant to the deposit agreement to make adjustments in respect of the American depositary shares for share distributions, rights distributions, cash distributions and distributions other than shares, rights and cash. Upon any such adjustment by the depository, the calculation agent may adjust such terms and conditions of the CDs as the calculation agent determines appropriate to account for that event.

"**ADS underlying shares**" means with respect to a reference asset that is an American depositary share, the securities of the issuer underlying that reference asset.

Market Disruption Events Relating to CDs with an Equity Security as a Reference Asset

For purposes of this subsection "Market Disruption Events Relating to CDs with an Equity Security as a Reference Asset," all references to "shares" of equity securities include any corresponding ADS underlying shares unless otherwise specified. Any of the following will be a market disruption event where a reference asset is shares of an equity security:

- a suspension, absence or limitation of trading in (i) the shares in their primary market, as determined by the calculation agent, or (ii) futures or options contracts relating to the shares in the primary market for those contracts, as determined by the calculation agent;
- any event that disrupts or impairs, as determined by the calculation agent, the ability of market participants to (i) effect transactions in, or obtain market values for, the shares in their primary

market, or (ii) effect transactions in, or obtain market values for, futures or options contracts relating to the shares in their primary market;

- the closure on any day of the primary market for the shares where the primary market is scheduled to be open for trading for its regular trading session (a "scheduled trading day") prior to the scheduled weekday closing time of that market (without regard to after hours or any other trading outside of the regular trading session hours) unless the earlier closing time is announced by the primary market at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such primary market on such scheduled trading day for such primary market and (ii) the submission deadline for orders to be entered into the relevant exchange system for execution at the close of trading on such scheduled trading day for such primary market;
- any scheduled trading day on which (i) the primary market for the shares or (ii) the exchanges or quotation systems, if any, on which futures or options contracts on the shares, fails to open for trading during its regular trading session; or
- any other event, if the calculation agent determines that the event interferes with our ability or the ability of any of our affiliates to unwind all or a portion of a hedge with respect to the CDs that we or our affiliates have effected or may effect as described above under "Hedging" in this disclosure statement;

and, in any of these events, the calculation agent determines that the event was material.

The following events will not be market disruption events:

- 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 futures or options contracts relating to the shares.

For this purpose, an "absence of trading" in the primary securities market on which futures or options contracts related to the shares are traded will not include any time when that market is itself closed for trading under ordinary circumstances.

In contrast, a suspension or limitation of trading in shares, or in futures or options contracts related to the shares, in their primary markets, by reason of any of:

- a price change exceeding limits set by that market,
- an imbalance of orders, or
- a disparity in bid and ask quotes,

will constitute a suspension or material limitation of trading.

If the calculation agent determines that a market disruption event occurs or is continuing on any valuation date, the valuation date will be the first following scheduled trading day on which the calculation agent determines that a market disruption event does not occur and is not continuing. In no event, however, will the valuation date be postponed by more than five scheduled trading days. If the calculation agent determines that a market disruption event occurs or is continuing on the fifth scheduled trading day, the calculation agent will make an estimate of the closing price for the shares that would have prevailed on that fifth scheduled trading day in the absence of the market disruption event.

If the shares of an equity security is a basket component and the calculation agent determines that a market disruption event occurs or is continuing with respect to the shares on any basket valuation date, the respective date will be postponed as described under "Reference Assets—Baskets—Market Disruption Events for CDs with a Reference Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, any Other Assets or any Combination Thereof."

Share Adjustments Relating to CDs with an Equity Security as a Reference Asset

For purposes of this subsection "Share Adjustments Relating to CDs with an Equity Security as a Reference Asset," all references to "shares" of equity securities include any corresponding ADS underlying shares unless otherwise specified.

Antidilution Adjustments. The calculation agent may adjust any variable described in the applicable disclosure supplement, including but not limited to, if applicable, any price (including but not limited to the initial price, final price, barrier price and strike price), barrier percentage, any combination thereof or any other variable described in the applicable disclosure supplement, if an event described below occurs on or before the final valuation date (or final observation or final averaging date) and the calculation agent determines that the event has a diluting or concentrative effect on the theoretical value of the shares.

The adjustments described below do not cover all events that could affect the market value of the CDs.

How Adjustments Will Be Made. If one of the events described below occurs on or before the final valuation date (or final observation or final averaging date) and the calculation agent determines that the event has a diluting or concentrative effect on the theoretical value of the shares, the calculation agent may calculate a corresponding adjustment to any variable described in the applicable disclosure supplement, including but not limited to, if applicable, any price (including but not limited to the initial price, final price, barrier price and strike price), barrier percentage or any combination thereof, as the calculation agent determines appropriate to account for that diluting or concentrative effect. The calculation agent will also determine the effective date of that adjustment. Upon making any adjustment of that kind, the calculation agent will provide written notice to the Bank, and the Bank will furnish written notice thereof to DTC, as holder of the master certificates, stating the adjustment made.

If more than one event requiring adjustment occurs, the calculation agent will make such an adjustment for each event in the order in which the events occur, and on a cumulative basis. Thus, having adjusted the values for the appropriate variables for the first event, the calculation agent will adjust the appropriate values for the second event, applying the required adjustments cumulatively.

For any dilution event described below, the calculation agent will not have to adjust any variable unless the adjustment would result in a change of at least 0.1% of the unadjusted amount. The values of the variables, including, but not limited to, if applicable, any price (including, but not limited to, the initial price, final price, barrier price and strike price), barrier percentage, any combination thereof or any other variable described in the applicable disclosure supplement, resulting from any adjustment will be rounded up or down, as appropriate. See "Description of the CDs—Calculations and Calculation Agent."

The calculation agent will make all determinations with respect to antidilution adjustments, including any determination as to whether an event requiring adjustment has occurred, as to the nature of the adjustment required and how it will be made. The calculation agent will provide information about any adjustments it makes upon your written request.

The following events are those that may require an antidilution adjustment, in each case, if that event occurs on or before the final valuation date (or final observation or final averaging date):

- a subdivision, consolidation or reclassification of the shares of equity securities or a free distribution or dividend of any of these shares to existing holders of the shares by way of bonus, capitalization or similar issue;
- a distribution or dividend to existing holders of the shares of equity securities of:

– shares,

– other share capital or securities granting the right to payment of dividends and/or proceeds of a liquidation of the issuer of the shares equally or proportionately with such payments to holders of the shares,

– share capital or other securities of another issuer acquired or owned or owned (directly or indirectly) by the issuer of shares as a result of a spin-off or other similar type transaction, or

– any other type of securities, rights or warrants or other assets in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the calculation agent;

- the declaration by the issuer of the shares of equity securities of an extraordinary or special dividend or other distribution whether in cash or shares or other assets;
- a call by the issuer of shares of equity securities in respect of shares that are not fully paid;
- in respect of an issuer of shares of equity securities, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of capital stock of the issuer of shares of equity securities pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the calculation agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights;
- a repurchase by the issuer of shares of equity securities of its common stock whether out of profits or capital and whether the consideration for that repurchase is cash, securities or otherwise; or
- any other similar event that may have a diluting or concentrative effect on the theoretical value of the shares of equity securities.

Stock Splits. A stock split is an increase in the number of a corporation's outstanding shares of stock without any change in its stockholders' equity. Each outstanding share is worth less as a result of a stock split. The initial price, protection price and any other variable that the calculation agent determines is appropriate to account for the related dilutive effect will be adjusted as discussed above.

Reverse Stock Splits. A reverse stock split is a decrease in the number of a corporation's outstanding shares of stock without any change in its stockholders' equity. Each outstanding share is worth more as a result of a reverse stock split. The initial price, protection price and any other variable that the calculation agent determines is appropriate to account for the related concentrative effect will be adjusted as discussed above.

Extraordinary Dividends. A dividend or other distribution with respect to the shares of equity securities will be deemed to be an "extraordinary dividend" if, as determined by the calculation agent, it is (i) a payment by the issuer of the shares of equity securities to holders of the shares that such issuer announces will be an extraordinary dividend; (ii) a payment by the issuer of the shares of equity securities to holders of these shares out of that issuer's capital and surplus; or (iii) any other "special" cash or non-cash dividend on, or distribution with respect to, the shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer. The ex-dividend date for any dividend or other distribution is the first day on which the shares trade without the right to receive that dividend or distribution.

To the extent an extraordinary dividend is not paid in cash, the value of the non-cash component will be determined by the calculation agent. If an extraordinary dividend occurs on or before the final valuation date (or final observation or final averaging date) occurs and the calculation agent determines that such event has a diluting or concentrative effect on the theoretical value of the shares, the calculation agent will adjust any variables it determines appropriate to account for that diluting or concentrative effect.

Reorganization Events. Each of the following is a reorganization event in respect of the shares of equity securities, provided that, in each case, the closing date of the event occurs on or before the final valuation date (or final observation or final averaging date):

- any reclassification or change of the shares that results in the transfer of or an irrevocable commitment to transfer all of the outstanding shares to another person or entity;

- the shares have been subject to a merger, consolidation, amalgamation or binding share exchange which is not a merger, consolidation, amalgamation or binding share exchange in which the issuer of the shares is the surviving entity and which does not result in the reclassification or change of all of the outstanding shares;
- any takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in that entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, not less than 100% of the outstanding voting shares (other than shares of the equity securities owned or controlled by that other entity or person) as determined by the calculation agent, based upon the making of filings with governmental or self-regulatory agencies or any other information as the calculation agent deems relevant;
- any consolidation, amalgamation, merger or binding share exchange of the issuer of the shares or its subsidiaries with or into another entity in which the issuer of the shares is the continuing entity and which does not result in a reclassification or change of all such outstanding shares but results in the outstanding shares (other than shares of the equity securities owned or controlled by that other entity) immediately prior to that event collectively representing less than 50% of the outstanding shares immediately following that event; or
- any takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in that entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, not less than 10% of the outstanding voting shares (other than the shares of the shares owned or controlled by that other entity or person), as determined by the calculation agent, based upon the making of filings with governmental or self-regulatory agencies or any other information as the calculation agent deems relevant.

Adjustments for Reorganization Events. For purposes of this subsection "Adjustments for Reorganization Events," references to "shares" of equity securities do not include the corresponding ADS underlying shares.

If a reorganization event occurs with respect to the shares of equity securities or any corresponding ADS underlying shares and the consideration for the shares consists solely of new shares (exclusive of fractional share cash amounts) that are publicly quoted, traded or listed on any of the New York Stock Exchange, NYSE Amex Equities or the NASDAQ (or their respective successors), then the shares of the equity securities will be adjusted to comprise the new number of shares to which a holder of one share of the equity securities immediately prior to the occurrence of the reorganization event, as the case may be, would be entitled upon consummation of that reorganization event, and the calculation agent shall adjust any variable that the calculation agent determines appropriate to account for the reorganization event.

If the new shares offered as consideration for the shares of the equity securities are not publicly quoted, traded or listed on any of the New York Stock Exchange, NYSE Amex Equities or the NASDAQ (or their respective successors), then the calculation agent shall accelerate the maturity date to the day which is four business days after the approval date (as described below) and the calculation agent shall calculate the amount payable on the CDs (inclusive of the value of the imbedded options) that would preserve for you the economic equivalent of any remaining payment obligations with respect to the CDs hereunder. For purposes of calculating the amount payable on the CDs, the final price will be determined by the calculation agent and will be deemed to be the value of all consideration received (or that would be received) in respect of that reorganization event and the final valuation date (or final observation or final averaging date) will be deemed to occur on the approval date. The "approval date" shall mean the closing date with respect to each of the first four reorganization events described above or the date on which the person or entity making the offer, solicitation or proposal acquires the right to obtain the relevant percentage of shares of equity securities with respect to the fifth reorganization event described above, as the case may be.

If a reorganization event occurs and the consideration for the shares of equity securities consists (i) solely of cash and assets and other securities (other than new shares as discussed above), or (ii) of new shares plus cash and assets, then the calculation agent shall accelerate the maturity date to the day which is four business days after the approval date (as described above) and the calculation agent shall calculate the amount payable on the CDs (inclusive of the value of the imbedded options) that would preserve for you the economic equivalent of any remaining payment obligations with respect to the CDs hereunder. For purposes of calculating the amount payable on the CDs, the final price will be determined by the calculation agent and will be deemed to be the value of all consideration received (or that would be received) in respect of that reorganization event and the final valuation date (or final observation or final averaging date) will be deemed to be the approval date.

In the case of an acceleration of the maturity date on the CDs, any interest payable under the CDs will be paid through and excluding the related date of the accelerated payment. If a holder of a share of equity security or any corresponding ADS underlying shares elects to receive different types or combinations of property in the reorganization event, that property will consist of the types and amounts of each type distributed to a holder that makes no election, as determined by the calculation agent. For any reorganization event described above, the calculation agent will not have to adjust any variable or combination of variables unless the adjustment would result in a change of at least 0.1% of the unadjusted amount. The values of variables resulting from any adjustment will be rounded up or down, as appropriate, in the case of any price, the nearest cent, and in the case of any percentages, the nearest hundredth of a percent, with one half cent, five hundred thousandths and five hundredth of a percent, respectively, being rounded upward.

If a reorganization event requiring adjustment occurs, the calculation agent will make any adjustments with a view to offsetting, to the extent practical, any change in your economic position relative to the CDs, that results solely from that event. The calculation agent may modify any adjustments as necessary to ensure an equitable result.

Additional Adjustment Events. For purposes of this subsection "Additional Adjustment Events," references to "shares" of equity securities do not include the corresponding ADS underlying shares.

Each of the following is an additional adjustment event in respect of the shares of equity securities, or any corresponding ADS underlying shares provided that, in each case, the event occurs on or before the final valuation date (or final observation or final averaging date):

- All the assets or substantially all the assets of the issuer of the shares of equity securities or any corresponding ADS underlying shares are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.
- By reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of, or any analogous proceeding involving the issuer of the shares of equity securities, or any corresponding ADS underlying shares (i) all of the shares of the issuer of the shares of equity securities or the issuer of any corresponding ADS underlying shares are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the shares of equity securities or any corresponding ADS underlying shares become legally prohibited from transferring those shares.
- The exchange on which the shares of equity securities are traded announces that pursuant to the rules of that exchange, the shares cease (or will cease) to be listed, traded or publicly quoted on that exchange for any reason (other than a reorganization event as described above) and those shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, NYSE Amex Equities or the NASDAQ (or their respective successors).

If an additional adjustment event relating to the shares of equity securities or any corresponding ADS underlying shares occurs on or before the final valuation date (or final observation or final averaging date), the calculation agent may accelerate the maturity date to the day which is four business days after the announcement date (as described below). In the event of such an acceleration, on the maturity date or the payment or settlement date so accelerated, as applicable, we shall pay to you the amount payable in respect of the CDs. For purposes of calculating the amount payable at maturity, the final price will be determined by the calculation agent and the final valuation date (or final observation or final averaging date) will be deemed to be the price on the business day immediately prior to the announcement date. The "announcement date" means, for purposes of this paragraph, (i) in the case of the additional adjustment event first described above, the day of the first public announcement by the relevant government authority that all or substantially all of the assets of the issuer of the shares of equity securities or the issuer of any corresponding ADS underlying shares are to be nationalized, expropriated or otherwise transferred to any governmental agency, authority or entity, (ii) in the case of the second additional adjustment event described above, the day of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to an insolvency with respect to the issuer of the shares of equity securities or any corresponding ADS underlying shares, or (iii) in the case of the third additional adjustment event described above, the day of the first public announcement by the relevant exchange that the shares of the equity securities will cease to trade or be publicly quoted on that exchange. The calculation agent shall then calculate the amount payable on the CDs (inclusive of the value of the imbedded options) that would preserve for you the economic equivalent of any remaining payment obligations with respect to the CDs hereunder.

In the case of an acceleration of the maturity date on the CDs, any interest payable under the CDs will be paid through and excluding the related date of the accelerated payment. In the case where an additional adjustment event relating to the shares of equity securities or any corresponding ADS underlying shares occurs on or before the final valuation date (or final observation or final averaging date) and the calculation agent does not accelerate the maturity date, the calculation agent may adjust any variable the calculation agent determines appropriate to account for that additional adjustment event.

Exchange-Traded Funds

The amounts payable on the CDs may be based on the performance of the shares or other interests in one or more exchange-traded funds, including price movements in or other events relating to those shares or interests. If a reference asset is comprised of shares or other interests in more than one exchange-traded fund or shares or other interests in an exchange-traded fund and at least one other type of reference asset, the shares or other interests in the exchange-traded fund is a "basket component."

Reference Asset Investment Company and Reference Asset Information

Exchange-traded funds are generally designed to track the performance of a portfolio of one or more categories of assets, including, among others, securities, commodities and exchange rate contracts. A registered investment company holds all of the portfolio assets in trust and each share of the exchange-traded fund represents an undivided ownership interest in that trust. Exchange-traded funds may also have a sponsor or investment adviser. The CDs have not been passed on by the issuer of the exchange-traded funds or the issuer or sponsor of the underlying portfolio assets as to their legality or suitability. The CDs are not issued, endorsed, sponsored or promoted by and are not financial or legal obligations of the issuer, sponsor or investment adviser of the exchange-traded funds or the sponsor of any underlying indices. The trademarks, service marks or registered trademarks of the issuer of the exchange-traded funds or the issuer or sponsor of any underlying portfolio assets are the property of their owner. The issuer or sponsor of such reference asset makes no warranties and bears no liabilities with respect to the CDs or to the administration or operation of the CDs. This disclosure statement relates only to the CDs offered by the applicable disclosure supplement and does not relate to the exchange-traded fund or the underlying portfolio assets.

If a reference asset is shares or other interests in an exchange-traded fund that is registered under the Exchange Act and the Investment Company Act of 1940, as amended, the issuer of those shares or other interests is required to file periodically financial and other information specified by the SEC. Information provided to or filed with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at Room 1580, 100 F Street, N.E., Washington, D.C. 20549, and copies of that material can be obtained from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference room by calling the

SEC at l-800-SEC-0330. In addition, information provided to or filed with the SEC electronically can be accessed through a website maintained by the SEC. The address of the SEC's website is http://www.sec.gov. Information provided to or filed with the SEC by an investment company issuing shares or other interests in an exchange-traded fund can be located by reference to the SEC file numbers provided in the applicable disclosure supplement. In addition, information regarding an exchange-traded fund may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. We make no representation or warranty as to the accuracy or completeness of the information referred to above relating to exchange-traded funds. Neither we, our affiliates nor any agent or broker has participated in the preparation of the above-described documents or made any due diligence inquiry with respect to the issuer of such reference asset. Furthermore, we cannot give any assurance that all events occurring prior to the date of the applicable disclosure supplement (including events that would affect the accuracy or completeness of the publicly available documents described herein) that would affect the closing prices of such reference asset (and therefore the closing price of that reference asset at the time we price the CDs) have been publicly disclosed. Subsequent disclosure of any of those events or the disclosure of or failure to disclose material future events concerning the issuer of such reference asset could affect the amounts payable on the CDs, and therefore the price of the CDs in the secondary market, if any.

Special Calculation Provisions

With respect to reference assets that are shares or other interests in exchange-traded funds, the closing price for any security on any day will equal the closing sale price or last reported sale price, regular way, for the security, on a per-share or other unit basis:

- on the principal national securities exchange on which that security is listed for trading on that day, or
- if that security is not listed on any national securities exchange, on any other U.S. national market system that is the primary market for the trading of that security.

With respect to the closing sale price or last reported sale price for the NASDAQ, the closing price will be the Nasdaq Official Closing Price (NOCP) unless otherwise specified in the applicable disclosure supplement.

If that security is not listed or traded as described above, then the closing price for that security on any day will be determined by the calculation agent. In determining the closing price for that security on any day, the calculation agent may consider any relevant information, including, without limitation, information consisting of relevant market data in the relevant market supplied by one or more third parties or internal sources including, without limitation, relevant rates, prices, yields, yield curves, volatiles, spreads, correlations or other relevant market data in the relevant market.

Market Disruption Events for CDs with a Reference Asset Comprised of Shares or Other Interests in an Exchange-Traded Fund or Exchange-Traded Funds

Valuation dates may be postponed and thus the determination of the price of the shares or other interests in an exchange-traded fund may be postponed if the calculation agent determines that, on the respective date, a market disruption event has occurred or is continuing in respect of the share or other interest.

Any of the following will be a market disruption event with respect to shares or other interests in an exchange-traded fund that is a reference asset:

- a suspension, absence or limitation of trading in the exchange-traded fund on the relevant exchange (as defined below), as determined by the calculation agent;
- any event that disrupts or impairs, as determined by the calculation agent, the ability of market participants to effect transactions in, or obtain market values for, the exchange-traded fund on the relevant exchange;

- the closure on any day of the relevant exchange where the relevant exchange is scheduled to be open for trading for its regular trading session (a "scheduled trading day") prior to the scheduled weekday closing time of that market (without regard to after hours or any other trading outside of the regular trading session hours) unless the earlier closing time is announced by the relevant exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such scheduled trading day for the relevant exchange and (ii) the submission deadline for orders to be entered into the relevant exchange system for execution at the close of trading on such scheduled trading day for the relevant exchange;
- any scheduled trading day on which the relevant exchange fails to open for trading during its regular trading session; or
- any other event, if the calculation agent determines that the event interferes with our ability or the ability of any of our affiliates to unwind all or a portion of a hedge with respect to the CDs that we or our affiliates have effected or may effect as described above under "Hedging" in this disclosure statement;

and, in any of these events, the calculation agent determines that the event was material.

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 exchange, will not be deemed a market disruption event.

In contrast, a suspension or limitation of trading in the shares or other interests in the exchange-traded fund on the relevant exchange, by reason of any of:

- a price change exceeding limits set by the relevant exchange,
- an imbalance of orders, or
- a disparity in bid and ask quotes,

will constitute a suspension or material limitation of trading.

"**Relevant exchange**" means the primary exchange or market of trading for the shares or other interests in the exchange-traded fund or the shares of any successor fund.

If the calculation agent determines that a market disruption event occurs or is continuing on any valuation date, the valuation date will be the first following scheduled trading day on which the calculation agent determines that a market disruption event does not occur and is not continuing. In no event, however, will the valuation date be postponed by more than five scheduled trading days. If the calculation agent determines that a market disruption event occurs or is continuing on the fifth scheduled trading day, the calculation agent will make an estimate of the closing price for the exchange-traded fund that would have prevailed on that fifth scheduled trading day in the absence of the market disruption event.

If the exchange-traded fund is a basket component and the calculation agent determines that a market disruption event occurs or is continuing with respect to the exchange-traded fund on any basket valuation date, the respective date will be postponed as described under "Reference Assets—Baskets—Market Disruption Events for CDs with a Reference Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, any Other Assets or any Combination Thereof."

Adjustments Relating to CDs with a Reference Asset Comprised of an Exchange-Traded Fund or Exchange-Traded Funds

Discontinuance of the Exchange-Traded Fund. If the shares or other interests of the exchange-traded fund are de-listed from the relevant exchange or if the fund is liquidated or otherwise terminated, the calculation agent will substitute shares or other interests of an exchange-traded fund (such substituted exchange-traded fund being referred to herein as a "successor fund") that the calculation agent determines, in its sole discretion, is comparable to the discontinued exchange-traded fund (or discontinued successor fund). If a successor fund is selected, that successor fund will be substituted for the discontinued exchange-traded fund (or discontinued successor fund) for all purposes of the CDs. Upon any selection by the calculation agent of a successor fund, the calculation agent may adjust any variable described in the applicable disclosure supplement (including, without limitation, any variable relating to the price of the shares or other interests in the exchange-traded fund, the number of such shares or other interests outstanding, created or redeemed or any dividend or other distribution made in respect of such shares or other interests), as, in the good faith judgment of the calculation agent, may be and for such time as may be necessary to render the shares or other interests of the successor fund comparable to the shares or other interests of the discontinued exchange-traded fund (or discontinued successor fund) for purposes of the CDs.

Upon any selection by the calculation agent of a successor fund, the calculation agent will provide written notice to the Bank, and the Bank will furnish written notice thereof to DTC, as holder of the master certificates, stating the selection made.

If the shares or other interests of a successor fund are selected by the calculation agent, those shares or other interests will be used as a substitute for such reference asset for all purposes, including for purposes of determining whether a market disruption event exists with respect to those shares or other interests.

If the shares or other interests of an exchange-traded fund (or any successor fund) are de-listed or the exchange-traded fund (or any successor fund) is liquidated or otherwise terminated and the calculation agent determines that no successor fund is available, then the calculation agent may, at its sole discretion, accelerate the maturity date to the day which is four business days after the date of such de-listing, liquidation or termination, as applicable. In the event of such an acceleration, we shall pay to you the amount payable at maturity, and for the purposes of that calculation, the final price will be deemed to be the closing price on the trading day corresponding to the date of the de-listing, liquidation or termination (or, if such date is not a trading day, the immediately preceding trading day), unless the calculation agent determines in its sole discretion that another day is more appropriate to, as closely as reasonably possible, replicate the discontinued exchange-traded fund (or discontinued successor fund), in which case, the final price shall be the closing price on such other day. In the event that the calculation agent decides to accelerate the maturity date and to make use of a closing price other than the price on the trading day corresponding to the date of de-listing, liquidation or termination (or the immediately preceding trading day, as applicable), the calculation agent will, in its sole discretion, calculate the appropriate closing price of the shares or other interests in the discontinued exchange-traded fund (or discontinued successor fund) on any day that such calculation is required by a computation methodology that the calculation agent determines will as closely as reasonably possible replicate the shares or other interests of the discontinued exchange-traded fund (or discontinued successor fund).

The calculation agent will be solely responsible for the method of determining and/or calculating the closing price of the shares or other interests of an exchange-traded fund (or any successor fund) and of any related determinations and calculations, and its determinations and calculations with respect thereto will be conclusive in the absence of manifest error and binding on any investor in the CDs.

The calculation agent will provide information as to the method of calculating the closing price of the shares or other interests of an exchange-traded fund (or any successor fund) upon written request by any holder of the CDs.

Antidilution Adjustments. If an event occurs which, in the sole discretion of the calculation agent, has a diluting or concentrative effect on the theoretical value of the shares of the exchange-traded fund, the calculation agent may adjust any variable described in the applicable disclosure supplement, and will make such adjustments as it deems necessary to negate such diluting or concentrative effect. All such adjustments will occur in the manner described under "Reference Assets—Equity Securities—Share Adjustments Relating to CDs with an Equity Security as a Reference Asset—Antidilution Adjustments" in this disclosure statement.

Indices

The amounts payable on the CDs may be based on one or more indices, including movements in the levels of the indices, the prices of their components or other events relating to the indices. The index or indices that comprise a reference asset shall be specified in the applicable disclosure supplement. If a reference asset is comprised of more than one index or an index and at least one other type of asset, the index is a "basket component."

Reference Asset Sponsor and Reference Asset Information

The CDs have not been passed on by the sponsor of a reference asset as to their legality or suitability. The CDs are not issued, endorsed, sponsored or promoted by and are not financial or legal obligations of the sponsor of such reference asset. The trademarks, service marks or registered trademarks of the sponsor of such reference asset are the property of their owner. The sponsor of such reference asset makes no warranties and bears no liabilities with respect to the CDs or to the administration or operation of the CDs. This disclosure statement relates only to the CDs offered by the applicable disclosure supplement and does not relate to any index of a sponsor.

Information regarding a reference asset comprised of an index or the sponsor of a reference asset may be obtained from various public sources including, but not limited to, press releases, newspaper articles, the sponsor website and other publicly disseminated documents. We make no representation or warranty as to the accuracy or completeness of the information referred to above relating to such reference asset or any other publicly available information regarding the sponsor of such reference asset. In connection with any issuance of CDs under this disclosure statement neither we, our affiliates nor any agent or broker has participated in the preparation of the above-described documents or made any due diligence inquiry with respect to the sponsor of such reference asset. Furthermore, we cannot give any assurance that all events occurring prior to the date of the applicable disclosure supplement (including events that would affect the accuracy or completeness of the publicly available documents described herein) that would affect the levels of such reference asset (and therefore the levels of such reference asset at the time we price the CDs) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the sponsor of such reference asset could affect the amounts payable on your CDs, and therefore the market value of the CDs in the secondary market, if any.

Market Disruption Events for CDs with a Reference Asset Comprised of an Index or Indices Other than a Commodity-Based Index or Indices

Valuation dates may be postponed and thus the determination of the index levels may be postponed if the calculation agent determines that, on the respective date, a market disruption event has occurred or is continuing in respect of an index other than a commodity-based index.

Any equity security, interest rate, currency exchange rate, currency, or other asset or variable (other than commodities) that comprises an index is herein referred to as an "index component." See "Reference Assets—Indices—Market Disruption Events Relating to CDs with a Reference Asset Comprised of a Commodity-Based Index or Indices" below for a discussion of market disruption events applicable to an index or indices of commodities.

Unless otherwise specified in the applicable disclosure supplement, any of the following will be a market disruption event with respect to an index other than a commodity-based index:

- a suspension, absence or limitation of trading in index components constituting 20% or more, by weight, of that index;
- a suspension, absence or limitation of trading in futures or options contracts relating to that index on their respective markets;
- any event that disrupts or impairs, as determined by the calculation agent, the ability of market participants to (i) effect transactions in, or obtain market values for, index components

constituting 20% or more, by weight, of that index, or (ii) effect transactions in, or obtain market values for, futures or options contracts relating to that index on their respective markets;

- the closure on any day of the primary market for futures or options contracts relating to that index or index components constituting 20% or more, by weight, of that index on a scheduled trading day (as defined below) prior to the scheduled weekday closing time of that market (without regard to after hours or any other trading outside of the regular trading session hours) unless such earlier closing time is announced by the primary market at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such primary market on such scheduled trading day for such primary market and (ii) the submission deadline for orders to be entered into the relevant exchange system for execution at the close of trading on such scheduled trading day for such primary market;
- any scheduled trading day on which (i) the primary markets for index components constituting 20% or more, by weight, of that index or (ii) the exchanges or quotation systems, if any, on which futures or options contracts on that index are traded, fails to open for trading during its regular trading session; or
- any other event, if the calculation agent determines that the event interferes with our ability or the ability of any of our affiliates to unwind all or a portion of a hedge with respect to the CDs that we or our affiliates have effected or may effect as described above under "Hedging" in this disclosure statement;

and, in any of these events, the calculation agent determines that the event was material.

For this purpose and unless otherwise specified in the relevant disclosure supplement, "scheduled trading day" means any day on which (a) the value of the index or indices to which the CDs are linked is published, and (b) trading is generally conducted on the markets on which the index components are traded, in each case as determined by the calculation agent in its sole discretion.

The following events will not be market disruption events:

- a limitation on the hours or number of days of trading on which any index component is traded, 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 futures or options contracts relating to an index.

For this purpose, an "absence of trading" on an exchange or market will not include any time when the relevant exchange or market is itself closed for trading under ordinary circumstances.

In contrast, a suspension or limitation of trading in futures or options contracts related to the index, if available, in the primary market for those contracts, by reason of any of:

- a price change exceeding limits set by that market,
- an imbalance of orders relating to those contracts, or
- a disparity in bid and ask quotes relating to those contracts,

will constitute a suspension or material limitation of trading in futures or options contracts related to an index in the primary market for those contracts.

If the calculation agent determines that a market disruption event occurs or is continuing on any valuation date, the valuation date will be the first following scheduled trading day on which the calculation agent determines that a market disruption event does not occur and is not continuing. In no event, however, will the valuation date be postponed by more than five scheduled trading days. If the calculation agent determines that a market disruption event occurs or is continuing on the fifth scheduled trading day, the calculation agent will make an estimate of the closing level for the reference asset that would have prevailed on that fifth scheduled trading day in the absence of the market disruption event.

If the index is a basket component and the calculation agent determines that a market disruption event occurs or is continuing with respect to the index on any basket valuation date, the respective date will be postponed as described under "Reference Assets—Baskets—Market Disruption Events for CDs with a Reference Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, any Other Assets or any Combination Thereof."

Market Disruption Events for CDs with a Reference Asset Comprised of a Commodity-Based Index or Indices

Valuation dates may be postponed and thus the determination of the index levels may be postponed if the calculation agent determines that, on the respective date, a market disruption event has occurred or is continuing in respect of an index.

Any commodity or component that comprises an index is herein referred to as an "index component". See "Reference Assets—Indices—Market Disruption Events for CDs with a Reference Asset Comprised of an Index or Indices Other than a Commodity-Based Index or Indices" above for a discussion of market disruption events applicable to an index or indices other than commodities-based index or indices.

Unless otherwise specified in the applicable disclosure supplement, any of the following will be a market disruption event with respect to a commodity-based index:

- a material limitation, suspension or disruption in the trading of any index component which results in a failure by the trading facility on which the relevant contract is traded to report a daily contract reference price (the price of the relevant contract that is used as a reference or benchmark by market participants);
- the daily contract reference price for any index component is a "limit price," which means that the daily contract reference price for such contract has increased or decreased from the previous day's daily contract reference price by the maximum amount permitted under the applicable rules or procedures of the relevant trading facility;
- failure by the index sponsor to publish the closing value of the index or of the applicable trading facility or other price source to announce or publish the daily contract reference price for one or more index components; or
- any other event, if the calculation agent determines that the event interferes with our ability or the ability of any of our affiliates to unwind all or a portion of a hedge with respect to the CDs that we or our affiliates have effected or may effect as described above under "Hedging" in this disclosure statement;

and, in any of these events, the calculation agent determines that the event was material.

The following events will not be deemed market disruption events:

- a limitation on the hours or numbers of days of trading on a trading facility on which any index component is traded, but only if the limitation results from an announced change in the regular business hours of the relevant market; or
- a decision by a trading facility to permanently discontinue trading in any index component.

If the calculation agent determines that, on any valuation date, a market disruption event occurs or is continuing, the valuation date will be postponed. If such postponement occurs, the index components unaffected by the market disruption event shall be determined on the scheduled valuation date and the value of the affected index component shall be determined using the closing value of the affected index component on the first scheduled trading day (as defined below) after the day on which no market disruption event occurs and or is continuing. In no event, however, will the valuation date be postponed by more than five scheduled trading days. If the calculation agent determines that a market disruption event occurs or is continuing on the fifth scheduled trading day, the calculation agent will make an estimate of the closing level for the reference asset that would have prevailed on that fifth scheduled trading day in the absence of the market disruption event.

For this purpose and unless otherwise specified in the relevant disclosure supplement, "scheduled trading day" means any day on which (a) the value of the index or indices to which the securities are linked is published, and (b) trading is generally conducted on the markets on which the futures contracts underlying the index or indices are traded, in each case as determined by the calculation agent in its sole discretion.

If the index is a basket component and the calculation agent determines that a market disruption event occurs or is continuing with respect to any index component on any basket valuation date, the respective date will be postponed as described under "Reference Assets—Baskets—Market Disruption Events for CDs with a Reference Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, any Other Assets or any Combination Thereof."

Adjustments Relating to CDs with a Reference Asset Comprised of an Index or Indices

If any sponsor discontinues publication of or otherwise fails to publish any index comprising a reference asset and that sponsor or another entity publishes a successor or substitute index that the calculation agent determines to be comparable to the discontinued index (that index being referred to herein as a "**successor index**"), then the level will be determined by reference to the level of that successor index on the date as of which that level is to be determined.

Upon any selection by the calculation agent of a successor index, the calculation agent will provide written notice to the Bank, and the Bank will provide written notice to DTC, as holder of the master certificates.

If a successor index is selected by the calculation agent, the successor index will be used as a substitute for such reference asset for all purposes, including for purposes of determining whether a market disruption event exists with respect to that index.

If (i) the index is discontinued or (ii) a sponsor fails to publish the index, in either case, prior to (and that discontinuance is continuing on) a valuation date and the calculation agent determines that no successor or substitute index is available at that time, then the calculation agent will determine the value to be used for the level. The value to be used for the level will be computed by the calculation agent in the same general manner previously used by the related sponsor and will reflect the performance of that index through the business day on which that index was last in effect preceding such date of discontinuance. In that case, the calculation agent will treat any business day on which the primary exchange for futures or options contracts relating to that index is open for trading as a business day for that index for purposes of the determination of the final level. In that event, the calculation agent will provide written notice to the Bank, and the Bank will furnish written notice thereof to DTC, as holder of the master certificates.

Notwithstanding these alternative arrangements, discontinuance of the publication of any index comprising a reference asset may adversely affect the value of, and trading in, the CDs.

If at any time, there is:

- a material change in the formula for or the method of calculating the level of the reference asset, an index comprising the reference asset, or a successor index;
- a material change in the content, composition or constitution of the reference asset, an index comprising the reference asset or a successor index;
- a change or modification to the reference asset or a successor index such that the reference asset or successor index does not, in the opinion of the calculation agent, fairly represent the value of that reference asset or successor index had those changes or modifications not been made; or
- any other event, if the calculation agent determines that the event materially interferes with our ability or the ability of any of our affiliates to unwind all or a material portion of a hedge with respect to the CDs that we or our affiliates have effected or may effect as described above under "Hedging" in this disclosure statement;

then, for purposes of calculating the level of the index, any payments on the CDs or making any other determinations as of or after that time, the calculation agent will make those calculations and adjustments as the calculation agent determines may be necessary in order to arrive at a level for the index comparable to such index or such successor index, as the case may be, as if those changes or modifications had not been made, and calculate the amount of interest, payment at maturity and other amounts payable on the CD (including the individual inputs thereof) with reference to such index or such successor index, as adjusted. In that event, the calculation agent will provide written notice to the Bank, and the Bank will furnish written notice thereof to DTC, as holder of the master certificates.

The calculation agent will make all determinations with respect to adjustments, including any determination as to whether an event requiring adjustment has occurred, as to the nature of the adjustment required and how it will be made. The calculation agent will provide information about any adjustments it makes upon your written request.

Commodities

The amounts payable on the CDs may be based on a commodity, including price or level movements in or other events relating to those commodities. If a reference asset is comprised of more than one commodity or a commodity and at least one other type of asset, the commodity is a "basket component."

Commodities Futures Markets

Futures contracts on physical commodities and commodity indices are traded on regulated futures exchanges, and physical commodities and other derivatives on physical commodities and commodity indices are traded in the over-the-counter market and on various types of physical and electronic trading facilities and markets. An exchange-traded futures contract provides 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 provides for the payment and receipt of cash based on the level of the index at settlement or liquidation of the contract. A futures contract provides for a specified settlement month in which the cash settlement is made or in which the commodity or financial instrument is to be delivered by the seller (whose position is therefore described as "short") and acquired by the purchaser (whose position is therefore described as "long").

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. This margin deposit provides collateral for the obligations of the parties to the futures contract.

By depositing margin, which may vary in form depending on the exchange, with the clearing house or broker involved, a market participant may be able to earn interest on its margin funds, thereby increasing the total return that it may realize from an investment in futures contracts. The market participant normally makes to, and receives from, the broker subsequent daily payments as the price of the futures contract fluctuates. These payments are called "variation margin" and are made as the existing positions in the futures contract become more or less valuable, a process known as "marking to the market."

Futures contracts are traded on organized exchanges, known as "contract markets" in the United States. 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 trader obtained the position. This operates to terminate the position and fix the trader's profit or loss. Futures contracts are cleared through the facilities of a centralized clearing house and a brokerage firm, referred to as a "futures commission merchant," which is a member of the clearing house. The clearing house guarantees the performance of each clearing member that is a party to a futures contract by, in effect, taking the opposite side of the transaction. Clearing houses do not guarantee the performance by clearing members of their obligations to their customers.

Unlike equity securities, futures contracts, by their terms, have stated expirations and, at a specified point in time prior to expiration, trading in a futures contract for the current delivery month will cease. As a result, a market participant wishing to maintain its exposure to a futures contract on a particular commodity with the nearest expiration must close out its position in the expiring contract and establish a new position in the contract for the next delivery month, a process referred to as "rolling." For example, a market participant with a long position in November crude oil futures that wishes to maintain a position in the nearest delivery month will, as the November contract nears expiration, sell November futures, which serves to close out the existing long position, and buy December futures. This will "roll" the November position into a December position, and, when the November contract expires, the market participant will still have a long position in the nearest delivery month.

Futures exchanges and clearing houses in the United States are subject to regulation by the Commodities Futures Trading Commission. Exchanges may adopt rules and take other actions that affect trading, including imposing speculative position limits, maximum price fluctuations and trading halts and suspensions and requiring liquidation of contracts in some circumstances. Futures markets outside the United States are generally subject to regulation by comparable regulatory authorities. The structure and nature of trading on non-U.S. exchanges, however, may differ from this description.

Settlement Price

The official U.S. dollar cash buyer settlement price for each commodity will be determined as described below.

(a) where the commodity is gold, the afternoon Gold fixing price per troy ounce of unallocated Gold bullion for delivery in London through a member of the London Bullion Market Association ("**LBMA**") authorized to effect such delivery, stated in U.S. dollars, as calculated by the LBMA;

(b) where the commodity is silver, the Silver fixing price per troy ounce of unallocated Silver bullion for delivery in London through a member of the LBMA authorized to effect such delivery, stated in U.S. cents, as calculated by the LBMA;

(c) where the commodity is platinum, the afternoon Platinum fixing price per troy ounce gross of unallocated Platinum bullion for delivery in Zurich through a member of the London Platinum and Palladium Market ("**LPPM**") authorized to effect such delivery, stated in U.S. dollars, as calculated by the LPPM;

(d) where the commodity is palladium, the afternoon Palladium fixing price per troy ounce gross of unallocated Palladium bullion for delivery in Zurich through a member of the LPPM authorized to effect such delivery, stated in U.S. dollars, as calculated by the LPPM;

(e) where the commodity is aluminum, the official price per tonne of high grade Primary Aluminum on the London Metal Exchange ("**LME**") for cash delivery, as stated in U.S. dollars, as determined by the LME;

(f) where the commodity is copper, the official price per tonne of Copper-Grade A on the LME for cash delivery, stated in U.S. dollars, as determined by the LME;

(g) where the commodity is lead, the official price per tonne of Standard Lead on the LME for cash delivery, stated in U.S. dollars, as determined on the LME;

(h) where the commodity is nickel, the official price per tonne of Primary Nickel on the LME for cash delivery, stated in U.S. dollars, as determined by the LME;

(i) where the commodity is tin, the official price per tonne of Tin on the LME for cash delivery, stated in U.S. dollars, as determined by the LME;

(j) where the commodity is zinc, the official price per tonne of Special High Grade Zinc on the LME for cash delivery, as stated in U.S. dollars, as determined by the LME;

(k) where the commodity is WTI Crude, the official settlement price per barrel of West Texas Intermediate Light Sweet Crude Oil on the New York Mercantile Exchange ("NYMEX") of the futures contract in respect of the first nearby month, stated in U.S. dollars, as made public by the NYMEX;

(l) where the commodity is brent crude, the official settlement price per barrel of Brent Blend Crude Oil on the International Petroleum Exchange ("**IPE**") of the futures contract in respect of the first nearby month, stated in U.S. Dollars, as made public by the IPE;

(m) where the commodity is heating oil, the official settlement price per gallon of New York Harbor No. 2 Heating Oil on the NYMEX of the futures contract in respect of the first nearby month, stated in U.S. dollars, as made public by the NYMEX;

(n) where the commodity is gas oil, the official settlement price per metric ton of gas oil on the IPE of the futures contract in respect of the first nearby month, stated in U.S. dollars, as made public by the IPE;

(o) where the commodity is jet fuel, the average of high and low of the official published price per metric tonne of jet fuel, stated in U.S. dollars, as published under the heading "FOB Med (Italy): Jet.Av.Fuel" in Platts European;

(p) where the commodity is Gasoline RBOB, the official settlement price per gallon of New York Harbor Gasoline Blendstock for Oxygen Blending on the NYMEX of the futures contract in respect of the first nearby month, stated in U.S. Dollars, as made public by the NYMEX;

(q) where the commodity is natural gas, the closing settlement price per million British thermal units of natural gas on the NYMEX of the Henry Hub Natural Gas futures contract in respect of the first nearby month, stated in U.S. Dollars, as made public by NYMEX;

(r) where the commodity is coal, the official published price per ton of steam coal 6,000 kcal/kg, up to 1% sulphur NAR basis, cif ARA, stated in U.S. Dollars, published under the heading "International Coal Indexes incorporating the TFS API(TM) Indices: Monthly Coal Price Indexes: TFS API 2 (cif ARA)" in the issue of Argus/McCloskey's Coal Price Index Report which reports prices effective on that pricing date;

(s) where the commodity is German Electricity, the official settlement price per MWh of electricity on the European Energy Exchange ("**EEX**") of the Phelix Baseload Year futures contract, stated in Euros, published at http://www.eex.de/ under the heading "Market Data: Trading Data: Power: Phelix Futures|Derivatives: Phelix Year Baseload Futures" or any successor heading, that report prices effective on the pricing date;

(t) where the commodity is corn, the official settlement price per bushel of deliverable grade corn on the Chicago Board of Trade ("**CBOT**") of the futures contract in respect of either (i) the first nearby month or (ii) if the pricing date falls on or after the earlier of the first notice day or the last trading day of the relevant futures contract, the second nearby month, stated in U.S. cents, as made public by CBOT;

(u) where the commodity is wheat, the official settlement price per bushel of deliverable grade wheat on the CBOT of the futures contract in respect of either (i) the first nearby month or (ii) if the pricing date falls on or after the earlier of the first notice day or the last trading day of the relevant futures contract, the second nearby month, stated in U.S. cents, as made public by CBOT;

(v) where the commodity is soybeans, the official settlement price per bushel of deliverable grade soybeans on the CBOT of the futures contract in respect of either (i) the first nearby month or (ii) if the pricing date falls on or after the earlier of the first notice day or the last trading day of the relevant futures contract, the second nearby month, stated in U.S. cents, as made public by CBOT;

(w) where the commodity is soybean meal, the official settlement price per bushel of deliverable grade soybean meal on the CBOT of the futures contract in respect of either (i) the first nearby month or (ii) if the pricing date falls on or after the earlier of the first notice day or the last trading day of the relevant futures contract, the second nearby month, stated in U.S. dollars, as made public by CBOT;

(x) where the commodity is sugar, the official settlement price per pound of deliverable grade cane sugar on the New York Board of Trade ("**NYBOT**") of the futures contract in respect of either (i) the first nearby month or (ii) if the pricing date falls on or after the earlier of the first notice day or the last trading day of the relevant futures contract, the second nearby month, stated in U.S. cents, as made public by NYBOT;

(y) where the commodity is coffee, the official settlement price per pound of deliverable grade washed arabica coffee on the NYBOT of the futures contract in respect of either (i) the first nearby month or (ii) if the pricing date falls on or after the earlier of the first notice day or the last trading day of the relevant futures contract, the second nearby month, stated in U.S. cents, as made public by NYBOT;

(z) where the commodity is cotton, the official settlement price per pound of deliverable grade cotton No.2 on the NYBOT of the futures contract in respect of either (i) the first nearby month or (ii) if the pricing date falls on or after the earlier of the first notice day or the last trading day of the relevant futures contract, the second nearby month, stated in U.S. cents, as made public by NYBOT;

(aa) where the commodity is cocoa, the official settlement price per metric ton of deliverable grade cocoa beans on the NYBOT of the futures contract in respect of either (i) the first nearby month or (ii) if the pricing date falls on or after the earlier of the first notice day or the last trading day of the relevant futures contract, the second nearby month, stated in U.S. dollars, as made public by NYBOT; and

(bb) where the commodity is red winter wheat, the official settlement price per bushel of deliverable grade hard red winter wheat on the Kansas City Board of Trade ("**KCBOT**") of the futures contract in respect of either (i) the first nearby month or (ii) if the pricing date falls on or after the earlier of the first notice day or the last trading day of the relevant futures contract, the second nearby month, stated in U.S. cents, as made public by KCBOT.

Market Disruption Events Relating to CDs with a Commodity as a Reference Asset

Any of the following will be a market disruption event with respect to a commodity:

- a suspension, absence or limitation of trading in (i) that commodity in its primary market, as determined by the calculation agent, or (ii) futures or options contracts relating to that commodity in the primary market for those contracts, as determined by the calculation agent;
- any event that disrupts or impairs, as determined by the calculation agent, the ability of market participants to (i) effect transactions in, or obtain market values for, the commodity in its primary market, or (ii) effect transactions in, or obtain market values for, futures or options contracts relating the commodity in its primary market;
- the closure on any day of the primary market for that commodity on a scheduled trading day (as defined below) prior to the scheduled weekday closing time of that market (without regard to after hours or any other trading outside of the regular trading session hours) unless such earlier closing time is announced by the primary market at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such primary market on such scheduled trading day for such primary market and (ii) the submission deadline for orders to be entered into the relevant exchange system for execution at the close of trading on such scheduled trading day for such primary market;
- any scheduled trading day on which (i) the primary market for that commodity or (ii) the exchanges or quotation systems, if any, on which futures or options contracts on that commodity are traded, fails to open for trading during its regular trading session; or
- any other event, if the calculation agent determines that the event interferes with our ability or the ability of any of our affiliates to unwind all or a portion of a hedge with respect to the CDs that we

or our affiliates have effected or may effect as described above under "Hedging" in this disclosure statement;

and, in any of these events, the calculation agent determines that the event was material.

For this purpose and unless otherwise specified in the relevant disclosure supplement, "scheduled trading day" means any day on which the relevant primary market is open for trading for its regular trading session, as determined by the calculation agent in its sole discretion.

The following events will not be deemed market disruption events:

- 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 futures or options contracts relating to the commodity.

For this purpose, an "absence of trading" in the primary market on which futures or options contracts related to the commodity are traded will not include any time when that market is itself closed for trading under ordinary circumstances.

In contrast, a suspension or limitation of trading in a commodity, or futures or options contracts related to the commodity, if available, in their primary markets, by reason of any of:

- a price change exceeding limits set by that market,
- an imbalance of orders, or
- a disparity in bid and ask quotes,

will constitute a suspension or material limitation of trading.

If the calculation agent determines that a market disruption event occurs or is continuing on any valuation date, the valuation date will be the first following scheduled trading day on which the calculation agent determines that a market disruption event does not occur and is not continuing. In no event, however, will the valuation date be postponed by more than five scheduled trading days. If the calculation agent determines that a market disruption event occurs or is continuing on the fifth scheduled trading day, the calculation agent will make an estimate of the settlement price for the commodity that would have prevailed on that fifth scheduled trading day in the absence of the market disruption event.

If the commodity is a basket component and the calculation agent determines that a market disruption event occurs or is continuing with respect to a commodity on any basket valuation date, the respective date will be postponed as described under "Reference Assets—Baskets—Market Disruption Events for CDs with a Reference Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, and any Other Assets or any Combination Thereof."

Discontinuation of Trading; Alteration of Method of Calculation

If the relevant exchange discontinues trading in any commodity, the calculation agent may replace the commodity with another commodity, whose settlement price is quoted on that exchange or any other exchange, that the calculation agent determines to be comparable to the discontinued commodity (a "**successor commodity**").

If the relevant exchange discontinues trading in the commodity comprising a reference asset prior to, and the discontinuance is continuing on, any valuation date and the calculation agent determines that no successor commodity is available at that time, then the calculation agent will determine the settlement price for that date.

Notwithstanding these alternative arrangements, discontinuance of trading on the applicable exchange in any commodity may adversely affect the market value of the CDs and the amounts payable at maturity.

If at any time (i) the method of calculating the official U.S. dollar cash buyer settlement price of a commodity is changed in a material respect by the applicable exchange or any other relevant exchange, (ii) there is a material change in the composition or constitution of a commodity or (iii) if the reporting thereof is in any other way modified so that the settlement price does not, in the opinion of the calculation agent, fairly represent the settlement price of the commodity, the calculation agent shall, at the close of business in New York City on each scheduled trading day (as defined above) on which the settlement price is to be determined, make those calculations and adjustments as, in the judgment of the calculation agent, may be necessary in order to arrive at a settlement price for the commodity comparable to such commodity or such successor commodity, as the case may be, as if those changes or modifications had not been made, and calculate the amount of interest, payment at maturity and other amounts payable on the CDs (including the individual inputs thereof) with reference to such commodity or such successor commodity, as adjusted. In that event, the calculation agent will provide written notice to the Bank of these calculations and adjustments, and the Bank will furnish written notice thereof to DTC, as holder of the master certificates.

Currency Exchange Rates

The amounts payable on the CDs may be based on a currency exchange rate, including level movements in or other events relating to the currency exchange rates. If a reference asset is comprised of more than one currency exchange rate or a currency exchange rate and at least one other type of asset, the currency exchange rate is a "basket component."

To the extent that amounts payable on the CDs are based on a reference asset comprised of one or more of the currency exchange rates below, the level with respect to that exchange rate on any day will equal the currency exchange rate as determined by the calculation agent by reference to the mechanics specified below:

(a) where the currency exchange rate is "USDALL," the Albanian lek per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "ALL" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(b) where the currency exchange rate is "USDDZD," the Algerian dinar per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "DZD" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(c) where the currency exchange rate is "USDARS," the Argentine peso per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "ARS" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(d) where the currency exchange rate is "USDAUD," the Australian dollar per U.S. Dollar exchange rate, which is 1 divided by AUDUSD, the U.S. Dollar per Australian dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "AUD" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(e) where the currency exchange rate is "USDBHD," the Bahraini dinar per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "BHD" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(f) where the currency exchange rate is "USDBOB," the Bolivian boliviano per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "BOB" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(g) where the currency exchange rate is "USDBRL," the Brazilian real per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "BRL" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(h) where the currency exchange rate is "USDGBP," the British pound sterling per U.S. Dollar exchange rate, which is one divided by GBPUSD, the U.S. Dollar per British pound sterling exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "GBP" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(i) where the currency exchange rate is "USDCAD," the Canadian dollar per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "CAD" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(j) where the currency exchange rate is "USDCLP," the Chilean peso per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "CLP" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(k) where the currency exchange rate is "USDCNY," the Chinese yuan per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "CNY" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;
(l) where the currency exchange rate is "USDCOP," the Colombian peso per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "COP" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(m) where the currency exchange rate is "USDCRC," the Costa Rican colon per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "CRC" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(n) where the currency exchange rate is "USDHRK," the Croatian kuna per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "HRK" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(o) where the currency exchange rate is "USDCZK," the Czech Republic koruna per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "CZK" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(p) where the currency exchange rate is "USDDKK," the Danish krone per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "DKK" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(q) where the currency exchange rate is "USDEGP," the Egyptian pound per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "EGP" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(r) where the currency exchange rate is "USDEUR," the Euro per U.S. Dollar exchange rate, which is one divided by EURUSD, the U.S. Dollar per Euro exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "EUR" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(s) where the currency exchange rate is "USDHNL," the Honduran lempira per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "HNL" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(t) where the currency exchange rate is "USDHKD," the Hong Kong dollar per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "HKD" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(u) where the currency exchange rate is "USDHUF," the Hungarian forint per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "HUF" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(v) where the currency exchange rate is "USDISK," the Icelandic krona per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "ISK" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(w) where the currency exchange rate is "USDINR," the Indian rupee per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "INR" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(x) where the currency exchange rate is "USDIDR," the Indonesian rupiah per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "IDR" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(y) where the currency exchange rate is "USDIRR," the Iranian rial per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "IRR" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(z) where the currency exchange rate is "USDILS," the Israeli new shekel per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "ILS" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(aa) where the currency exchange rate is "USDJMD," the Jamaican dollar per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "JMD" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(bb) where the currency exchange rate is "USDJPY," the Japanese yen per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "JPY" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(cc) where the currency exchange rate is "USDJOD," the Jordanian dinar per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "JOD" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(dd) where the currency exchange rate is "USDKZT," the Kazakhstani tenge per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "KZT" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(ee) where the currency exchange rate is "USDKES," the Kenyan shilling per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "KES" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(ff) where the currency exchange rate is "USDKWD," the Kuwaiti dinar per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "KWD" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(gg) where the currency exchange rate is "USDLBP," the Lebanese pound per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "LBP" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(hh) where the currency exchange rate is "USDMKD," the Macedonian denar per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "MKD" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(ii) where the currency exchange rate is "USDMYR," the Malaysian ringgit per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "MYR" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(jj) where the currency exchange rate is "USDMXN," the Mexican peso per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "MXN" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(kk) where the currency exchange rate is "USDNZD," the New Zealand dollar per U.S. Dollar exchange rate, which is one divided by NZDUSD, the U.S. Dollar per New Zealand dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "NZD" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(ll) where the currency exchange rate is "USDNGN," the Nigerian naira per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "NGN" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(mm) where the currency exchange rate is "USDNOK," the Norwegian krone per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "NOK" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(nn) where the currency exchange rate is "USDPKR," the Pakistani rupee per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "PKR" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(oo) where the currency exchange rate is "USDPEN," the Peruvian nuevo sol per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "PEN" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(pp) where the currency exchange rate is "USDPHP," the Philippine peso per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "PHP" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(qq) where the currency exchange rate is "USDPLN," the Polish zloty per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "PLN" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(rr) where the currency exchange rate is "USDQAR," the Qatari riyal per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "QAR" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(ss) where the currency exchange rate is "USDRON," the Romanian leu per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "RON" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(tt) where the currency exchange rate is "USDRUB," the Russian ruble per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "RUB" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(uu) where the currency exchange rate is "USDSAR," the Saudi riyal per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "SAR" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(vv) where the currency exchange rate is "USDRSD," the Serbian dinar per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "RSD" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(ww) where the currency exchange rate is "USDSGD," the Singaporean dollar per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "SGD" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(xx) where the currency exchange rate is "USDSKK," the Slovak koruna per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "SKK" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(yy) where the currency exchange rate is "USDZAR," the South African rand per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "ZAR" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(zz) where the currency exchange rate is "USDKRW," the South Korean won per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "KRW" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(aaa) where the currency exchange rate is "USDSEK," the Swedish krona per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "SEK" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(bbb) where the currency exchange rate is "USDCHF," the Swiss franc per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "CHF" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(ccc) where the currency exchange rate is "USDTWD," the Taiwanese dollar per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "TWD" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(ddd) where the currency exchange rate is "USDTHB," the Thai baht per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "THB" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(eee) where the currency exchange rate is "USDTND," the Tunisian dinar per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "TND" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(fff) where the currency exchange rate is "USDTRY," the Turkish lira per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "TRY" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(ggg) where the currency exchange rate is "USDUYU," the Uruguayan peso per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "UYU" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(hhh) where the currency exchange rate is "USDUAH," the Ukrainian hryvna per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "UAH" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(iii) where the currency exchange rate is "USDAED," the United Arab Emirates dirham per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "AED" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(jjj) where the currency exchange rate is "USDVEF," the Venezuelan bolivar fuerte per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "VEF" under the caption "MID" at approximately 4 p.m., London time, on the relevant date;

(kkk) where the currency exchange rate is "USDVND," the Vietnamese dong per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "VND" under the caption "MID" at approximately 4 p.m., London time, on the relevant date; and

(lll) where the currency exchange rate is "USDZWD," the Zimbabwean dollar per U.S. dollar exchange rate which appears on the Bloomberg screen "WMCO1" page to the right of the caption "ZWD" under the caption "MID" at approximately 4 p.m., London time, on the relevant date.

The screen or time of observation indicated in relation to any currency exchange rate above shall be deemed to refer to that screen or time of observation as modified or amended from time to time, or to any substitute screen thereto.

To the extent that amounts payable on the CDs are based on a reference asset comprised of one or more currency exchange rates not described above, the closing level of that currency exchange rate on any day will equal the currency exchange rate as determined by the calculation agent by reference to the mechanics, the Bloomberg screen, the Reuters screen or other pricing source and the time specified in the applicable disclosure supplement.

Market Disruption Events Relating to CDs with a Reference Asset Comprised of a Currency Exchange Rate or Currency Exchange Rates

Any of the following will be a market disruption event where a reference asset is comprised of a currency exchange rate or exchanges rates:

- any event or any condition (including without limitation any event or condition that occurs as a result of the enactment, promulgation, execution, ratification, interpretation or application of, or any change in or amendment to, any law, rule or regulation by any applicable governmental authority) that results in an illiquid market for currency transactions or that generally makes it impossible, illegal or impracticable for market participants, or hinders their abilities, (a) to convert from one foreign currency to another through customary commercial channels, (b) to effect currency transactions or (c) to obtain the currency exchange rate by reference to the applicable price source;
- (i) the declaration of a banking moratorium or (ii) the suspension of payments by banks, in either case, in the country of any currency used to determine the applicable currency exchange rate or (iii) the declaration of capital and/or currency controls (including without limitation any restriction placed on assets in or transactions through any account through which a non-resident of the country of any currency used to determine the applicable currency exchange rate may hold assets or transfer monies outside the country of that currency, and any restriction on the transfer of funds, securities or other assets of market participants from or within or outside of the country of any currency used to determine the applicable currency exchange rate); or
- any other event, if the calculation agent determines that the event interferes with our ability or the ability of any of our affiliates to unwind all or a portion of a hedge with respect to the CDs that we or our affiliates have effected or may effect as described above under “Hedging” in this disclosure statement;
- and, in any of these events, the calculation agent determines that the event was material.

If the calculation agent determines that a market disruption event occurs or is continuing on any valuation date, the valuation date will be the first following scheduled trading day (as defined below) on which the calculation agent determines that a market disruption event does not occur and is not continuing. In no event, however, will the valuation date be postponed by more than five scheduled trading days. If the calculation agent determines that a market disruption event occurs or is continuing on the fifth scheduled trading day, the calculation agent will make an estimate of the currency exchange rate for the currency that would have prevailed on that fifth scheduled trading day in the absence of the market disruption event.

For this purpose and unless otherwise specified in the relevant disclosure supplement, “**scheduled trading day**” means any day on which (a) the applicable currency exchange rate is reported on the relevant Bloomberg screen, and (b) trading is trading is generally conducted in the interbank market, in each case as determined by the calculation agent in its sole discretion.

If the currency exchange rate is a basket component and the calculation agent determines that a market disruption event occurs or is continuing with respect to a currency exchange rate on any basket valuation date, the respective date will be postponed as described under “Reference Assets—Baskets—Market Disruption Events for CDs with a Reference Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, any Other Assets or any Combination Thereof.”

Adjustments Relating to CDs with a Reference Asset Comprised of a Currency Exchange Rate or Currency Exchange Rates

If the calculation agent determines that (i) any currency exchange rate has been removed from circulation or otherwise discontinued and (ii) banks dealing in foreign exchange and foreign currency deposits in the underlying currency commence trading a successor or substitute currency substantially similar to the foreign currency that the calculation agent determines is comparable to the discontinued currency (that currency being referred to herein as a "successor currency"), then the level for the currency will be determined by reference to the value of the successor currency at the time determined by the calculation agent on the markets for the successor currency on the relevant valuation date.

If the calculation agent determines that any successor currency shall be utilized for purposes of calculating the level of the currency comprising the currency exchange rate, or making any other determinations as of or after that time, the calculation agent will make those calculations and adjustments as, in judgment of the calculation agent, may be necessary in order to arrive at a value of a currency exchange rate for a currency comparable to the underlying currency, as if those changes or modifications had not been made, and shall calculate the payment at maturity (including the individual inputs thereof), and the final level with reference to that currency or the successor currency, as adjusted. In that event, the calculation agent will provide written notice to the Bank and the Bank will furnish written notice thereof to each DTC, as holder of the master certificates.

Notwithstanding these alternative arrangements, discontinuance of the publication of the level of any currency comprising the currency exchange rate may adversely affect the value of, and trading in, the CDs.

If at any time the method of calculating the level of a currency or a successor currency, or the value thereof, is changed in a material respect, or is in any other way modified so that the conventional market quotation does not, in the opinion of the calculation agent, fairly represent the value of that currency or successor currency had those changes or modifications not been made, then, for purposes of calculating any level or the payment at maturity, the calculation agent will make those calculations and adjustments as the calculation agent determines may be necessary in order to arrive at a value for that currency comparable to the underlying currency comprising the currency exchange rate or that successor currency, as the case may be, as if those changes or modifications have not been made, and calculate the amount of interest, payment at maturity and other amounts payable on the CD (including the individual inputs thereof) with reference to the currency or the successor currency, as adjusted. In that event, the calculation agent will provide written notice to the Bank, and the Bank will furnish written notice thereof to DTC, as holder of the master certificates.

Baskets

The principal, interest or any other amounts payable on the CDs may be based on a basket of multiple instruments or measures, including, but not limited to, equity securities, commodities, indices, foreign currencies, interest rates or any combination thereof.

To the extent that a component of a basket is comprised of an asset type herein described, see the applicable section under the heading "Reference Assets" for further information that may affect that component of the basket and, therefore, a reference asset of your CDs.

Market Disruption Events for CDs with a Reference Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, any Other Assets or any Combination Thereof

With respect to each basket component, a market disruption event will be described in the section of this disclosure statement applicable to that basket component. For example, the "Reference Assets—Equity Securities" section describes the circumstances under which the calculation agent may determine that there is a market disruption event with respect to a basket component that consists of an equity security.

The basket valuation date will be the date stated in the applicable disclosure supplement, unless the calculation agent determines that a market disruption event occurs or is continuing on that respective day.

If no market disruption event exists with respect to a basket component on a basket valuation date, such basket component's level, value or price shall be determined on the scheduled basket valuation date. To the extent that a market disruption event exists with respect to a component on the basket valuation date, the level, value or price of that disrupted basket component shall be determined in accordance with the procedures set forth above for the specific reference asset type of the basket component.

Adjustments Relating to CDs with a Reference Asset Comprised of a Basket

If the calculation agent substitutes a successor index, successor currency or successor commodity, as the case may be, or otherwise affects or modifies a reference asset, the calculation agent will make those calculations and adjustments as, in judgment of the calculation agent, may be necessary in order to arrive at a basket comparable to the original basket (including without limitation changing the percentage weights of the basket components), as if those changes or modifications had not been made, and shall calculate the amount of interest, payment at maturity and other amounts payable on the CDs (including the individual inputs thereof), as adjusted. In that event, the calculation agent will provide written notice to the Bank, and the Bank will furnish written notice thereof to DTC, as holder of the master certificates.

In the event of the adjustment described above, the newly composed basket is referred to herein as the "**successor basket**" and will be used as a substitute for the original basket for all purposes.

If the calculation agent determines that the available successors as described above do not fairly represent the value of the original basket component or basket, as the case may be, then the calculation agent will determine the level, value or price of the basket component or the basket level for any basket valuation date as described under "Reference Assets—Equity Securities—Share Adjustments Relating to CDs with an Equity Security as a Reference Asset" with respect to equity securities comprising the basket component, "Reference Assets—Exchange-Traded Funds—Adjustments Related to CDs with a Reference Asset comprised of an Exchange-Traded Fund or Exchange-Traded Funds" with respect to exchange-traded funds comprising the basket component, "Reference Assets—Indices—Adjustments Relating to CDs with a Reference Asset Comprised of an Index or Indices Other than a Commodity Based Index or Indices" with respect to non-commodity-based indices comprising the basket component, "Reference Assets—Indices—Adjustments Relating to CDs with a Reference Asset Comprised of Commodity-Based Index or Indices" with respect to commodity-based indices comprising the basket component, "Reference Assets—Commodities—Discontinuation of Trading; Alteration of Method of Calculation" with respect to commodities comprising a basket component and "Reference Assets—Currency Exchange Rates—Adjustments Relating to CDs with a Reference Asset Comprised of a Currency Exchange Rate or Currency Exchange Rates" with respect to currency exchange rates comprising the basket component.

Notwithstanding these alternative arrangements, discontinuance of trading on the applicable exchanges or markets in any basket component may adversely affect the market value of the CDs.

Reference Asset Information Provider

The CDs have not been passed on by the information provider of the reference asset(s) as to their legality or suitability. The CDs are not issued, endorsed, sponsored or promoted by and are not financial or legal obligations of the information provider of the reference asset(s). The trademarks, service marks or registered trademarks of the information provider of the reference asset(s) are the property of their respective owners. The information provider of the reference asset(s) makes no warranties and bears no liabilities with respect to the CDs or to the administration or operation of the CDs.

Applicable historical data on the reference asset(s) will be provided in the applicable disclosure supplement.

The possible "information providers" of the reference asset(s) are the Bloomberg screen, the Reuters screen or any other information provider as specified in the applicable disclosure supplement.

Bloomberg screen

The "**Bloomberg screen**" means, when used in connection with any designated pages, the display page so designated on the Bloomberg service (or any other page as may replace that page on that service, or any other service as may be nominated as the information vendor).

Reuters screen

The "**Reuters screen**" means, when used in connection with any designated page, the display page so designated on the Reuters service (or any other page as may replace that page on that service, or any other service as may be nominated as the information vendor).

ERISA Matters

Each fiduciary of a pension, profit-sharing or other employee benefit plan (a "**plan**") subject to ERISA should consider the fiduciary standards of ERISA before authorizing an investment in the CDs. Section 406 of ERISA and Section 4975 of the Code, prohibit plans, as well as individual retirement accounts and Keogh plans subject only to Section 4975 of the Code (also "plans") from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code (collectively, "**parties in interest**") with respect to the plan or account. A violation of these rules may result in civil penalties or other liabilities under ERISA and/or an excise tax under the Code, unless an exemption from such prohibited transaction is available. Some employee benefit plans and arrangements, including those that are "governmental plans," certain "church plans" and "foreign plans" (each as defined or described in ERISA, a "**non-ERISA arrangement**") are not subject to the requirements of ERISA or Section 4975 of the Code, but may be subject to similar provisions under applicable federal, state, local, foreign or other regulations, rules or laws.

The acquisition of the CDs by a plan with respect to which the Bank or any of its affiliates is or becomes a party in interest may constitute or result in a prohibited transaction under ERISA or Section 4975 of the Code, unless acquired pursuant to, and in accordance with, an applicable statutory or administrative exemption. The following exemptions may provide exemptive relief, if required, for direct or indirect prohibited transactions that might arise from the purchase or holding of the CDs:

(1) Section 408(b)(17) of ERISA exempts certain transactions involving certain parties in interest or disqualified persons who are such merely because they are a service provider to a plan subject to ERISA and/or Section 4975 of the Code, or because they are related to a service provider; and

(2) PTCE 84-14, an exemption for certain transactions determined or effected by independent qualified
professional asset managers.

The CDs may not be purchased or held by (1) any plan, (2) any entity whose underlying assets include "plan assets" by reason of any plan's investment in the entity (a "**plan asset entity**") pursuant to Department of Labor Regulation 29 CFR 2510.3-101, as modified by Section 3(42) of ERISA, or otherwise or (3) any person investing "plan assets" of any plan, unless in each case the purchaser or holder is eligible for the exemptive relief available under one or more of the exemptions listed above or another applicable exemption.

Any purchaser or holder of the CDs, and any fiduciary investing on behalf of such purchaser or holder (in its representative and its corporate capacity), will be deemed to have represented by its purchase and holding of the CDs on each day from and including the date of its purchase or other acquisition of the CDs through and including the date of disposition of such CDs:

(1) either (A) it is not a plan or a plan asset entity and is not purchasing those CDs on behalf of or with "plan assets" of any plan or plan asset entity or (B) the purchase, holding and other transactions contemplated by the CDs will not constitute a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, or similar law;

(2) if it is relying on Section 408(b)(17) of ERISA, in connection with the purchase of the CDs it will pay no more than "adequate consideration" (within the meaning of Section 408(b)(17) of ERISA) and in connection with any redemption of the CDs pursuant to its terms will receive at least adequate consideration, and, in making the foregoing representations and warranties, the fiduciary has (x) applied sound business principles in determining whether fair market value will be paid, and (y) made such determination acting in good faith;

(3) if it is or is using the assets of, directly or indirectly, an employee benefit plan not subject to ERISA or Section 4975 of the Code, such as a government plan or a foreign plan, the purchase, holding and other transactions contemplated by the CDs do not constitute non-exempt violations of any applicable federal, state, local or foreign laws, rules, regulations or other restrictions, regardless of whether those restrictions are materially similar to Section 406 of ERISA and/or Section 4975 of the Code; and

(4) neither the Bank nor any of its affiliates has provided or will provide any advice to it that has formed or may form a primary basis for its decision to purchase or hold the CDs, and if and to the extent the purchaser or holder's assets are subject to Title I of ERISA or Section 4975 of the Code, neither the Bank nor its affiliates otherwise are "fiduciaries" with respect to the assets used in purchasing the CDs within the meaning of Section 3(21) of ERISA (including, without limitation, by virtue of the Bank's or its affiliate's reservation or exercise of any rights the Bank or its affiliate may have in connection with the CDs or any transactions contemplated thereby).

Due to the complexity of these rules and the penalties that may be imposed in the event of a non-exempt prohibited transaction, it is important that fiduciaries or other persons considering purchasing the CDs on behalf of or with "plan assets" of any plan, plan asset entity or non-ERISA arrangement consult with their counsel.

The sale of a CD to a plan or a non-ERISA arrangement is in no respect a representation by the Bank or any of its affiliates that the investment meets all relevant legal requirements with respect to investments by plans or non-ERISA arrangements generally or any particular plan or non-ERISA arrangement, or that the investment is appropriate for such entity.