



DISCLOSURE STATEMENT April 2, 2009

M&I MARSHALL & ILSLEY BANK
770 North Water Street
Milwaukee, Wisconsin 53202

MiSelect CDSM Equity Index or Basket-Linked Certificates of Deposit

M&I Marshall & Ilesley Bank (the “Bank”) offers its MiSelect CDSM certificates of deposit (“CDs”) from time to time. The CDs are time deposits that pay interest based on the increase, if any, in the level or levels of one or more of the following indices whose components are equity securities: the S&P 500® Index, the Nikkei 225 Index, or the Dow Jones EURO STOXX 50® Index. Whether or not a CD accrues any interest, principal will be returned at maturity. The CDs are principal protected if held to maturity. For purposes of this disclosure statement, the terms “we,” “us,” “our” and “ours” refer to the Bank and the terms “you,” “your” and “yours” refer to the depositor.

This disclosure statement describes certain terms, conditions and investment consideration that will generally apply to the CDs that we may offer in connection with this disclosure statement. Additional terms, conditions and investment considerations of any particular CDs we may offer will be described in a separate term sheet or disclosure supplement related to those CDs only. Each separate term sheet or disclosure supplement is generally referred to in this disclosure statement as a “term sheet.” In the event of any inconsistency between this disclosure statement and the term sheet applicable to a specific offering of CDs, the terms and conditions described in the term sheet will control.

Investing in the CDs involves risks, including risks not associated with conventional certificates of deposit such as the risk that the depositor will receive no more than the full principal amount of the CDs at maturity. See the section entitled “Risk Factors” beginning on page 6. The CDs described in this disclosure statement and accompanying term sheet are not appropriate for all depositors, and involve important legal and tax consequences and investment risks, which should be discussed with the depositor’s professional advisers.

The CDs will be obligations of the Bank only, and not obligations of any broker or any affiliate of the Bank, including, without limitation, M&I Brokerage Services, Inc.

The CDs will be eligible for federal deposit insurance up to \$100,000 (including principal and accrued interest) in most insurable capacities (for example, individual or joint). CDs of one bank held through an IRA, Section 457 Plan, self-directed Keogh Plan and certain self-directed defined contribution plans will be eligible to be insured up to \$250,000 (including principal and accrued interest) in the aggregate. The insurance limit applicable to each insurable capacity will be referred to as the “Maximum Applicable Deposit Insurance Amount.” For purposes of the Maximum Applicable Deposit Insurance Amount, you must aggregate all deposits that you maintain with the Bank in the same insurable capacity, including deposits you hold directly with the Bank and deposits of the Bank you hold through intermediaries such as a securities broker. **The interest on the CDs, if any, will not be eligible for federal deposit insurance prior to the final Observation Date (as defined below). The extent of, and limitations on, federal deposit insurance are discussed below in the sections headed “Deposit Insurance: General” and “Deposit Insurance: Retirement Plans and Accounts”.**

On October 3, 2008, the deposit insurance limit for all insurable capacities was increased to \$250,000 through December 31, 2009. Therefore, the Maximum Applicable Deposit Insurance Amount referred to in this document is \$250,000 through December 31, 2009 and, unless extended, will revert to \$100,000 on January 1, 2010 for all insurable capacities except for IRAs and the other self-directed retirement plans and accounts identified above. The new Maximum Applicable Deposit Insurance

Amount applies to CDs purchased in the primary and secondary markets. Unless the increased coverage is extended, deposit insurance coverage for CDs with a maturity date after December 31, 2009 will revert to the prior FDIC coverage on January 1, 2010, regardless of when you purchased the CD. You should not rely on a possible extension of this increased coverage in purchasing CDs.

Our affiliate, M&I Brokerage Services, Inc. and other broker dealers may use this disclosure statement and an accompanying term sheet in connection with the offers and sales of the CDs after the date of this disclosure statement. In this disclosure statement, M&I Brokerage Services, Inc. and other broker dealers through whom the CDs are made available are referred to as the “**Agents.**”

In the case of CDs with a maturity of more than one year, most United States holders of the CDs, other than those purchasing the CDs through a tax advantaged retirement account (such as an IRA), are subject to tax rules requiring them to include in their taxable income during each tax year in which the CDs are outstanding imputed interest income on the interest on the CDs even though they will not receive any payments of interest on the CDs, if any, until maturity. Accordingly, you should be prepared to pay taxes on the imputed interest income during each tax year. See the section headed “Certain U.S. Federal Income Tax Consequences” below.

Placing an order for a CD with an Agent does not obligate the Bank to sell the CD to you until such time as the CD is actually issued by the Bank.

M&I MARSHALL & ILSLEY BANK

April 23, 2008

In making an investment decision, you should rely only on the information contained or incorporated by reference in this disclosure statement and the accompanying term sheet. We have not authorized anyone to give to you any additional or different information. The information in this disclosure statement and the accompanying term sheet may only be accurate as of the date of the term sheet and we have no obligation to update the information after the date of the term sheet. The CDs have not been recommended by any federal or state securities commission or regulatory authority and no governmental or regulatory authority has confirmed the accuracy or determined the adequacy of the information contained in this document. Any representation to the contrary is a criminal offense. The information contained in this disclosure statement may not be modified by any oral representation made prior or subsequent to the purchase of the CDs.

TABLE OF CONTENTS

<u>Disclosure Statement</u>	<u>Page</u>
Description of the CDs	1
Risk Factors	6
Evidence of the CDs	10
Deposit Insurance: General.....	11
Deposit Insurance: Retirement Plans and Accounts	13
Secondary Markets	16
Fees.....	17
Hedging	17
The Bank	17
Benefit Plan Investor Considerations	17
Certain U.S. Federal Income Tax Consequences.....	18
The Indexes	22

DESCRIPTION OF THE CDS

General

The interest on the CDs (“Index Interest”), if any, will be based on the performance during the term of the CDs of either (i) a single stock market index (each such index is referred to as an “**Index**” and in the plural as “**Indices**”) or (ii) a weighted basket of two or more of the following Indices (each basket of indices is referred to as a “**Basket**,” and each Index that is included in a Basket is referred to as a “**Basket Index**” and in the plural as “**Basket Indices**”): the S&P 500® Index, the Nikkei 225 Index, or the Dow Jones EURO STOXX 50® Index. Interest may be based on the difference in the level of one or more Indices or Basket Indices between one or more specified dates, each of which is referred to as an “**Observation Date**” and in the plural as “**Observation Dates**.” We will specify the Observation Dates in the relevant term sheet. For a brief description of the S&P 500® Index, the Nikkei 225 Index, or the Dow Jones EURO STOXX 50® Index, see the section entitled “The Indexes” below.

CDs may pay minimum interest at a fixed rate specified in the term sheet over the term of the CD (“**Minimum Amount**”). If applicable, the CD will pay the greater of the Minimum Amount or Index Interest.

Each CD will be denominated in U.S. dollars in the deposit amount of \$1,000. A depositor must purchase CDs in an aggregate principal amount equal to at least the minimum deposit amount specified in the relevant term sheet or in integral multiples of \$1,000 in excess thereof. CDs are only insured within the limits and to the extent described in this disclosure statement under the section entitled “Deposit Insurance: General” and “Deposit Insurance: Retirement Plans and Accounts” below.

The “**maturity date**” for the CDs will be as set forth in the relevant term sheet and is subject to adjustment if the maturity date specified in the term sheet is not a trading day (as defined below) or is postponed as described in this disclosure statement under “Description of the CDs – Market Disruption Event.”

We will make payments on CDs held to maturity on the maturity date. The amount we will pay on CDs held to maturity will equal the principal amount of the CDs plus Index Interest, if any. Index Interest, which may be zero, will be related to the change over the term of the CDs in the value of the Index or Basket, as the case may be. We will be obligated to repay the principal amount plus the Minimum Amount, if applicable, on the CDs at maturity regardless of any changes in the Index or the Basket, as applicable. Other terms relating to particular CDs we may offer, including any special tax considerations, are described in the relevant term sheet.

The CDs do not pay interest at regular periods. We will not make any payments on the CDs prior to the maturity date, except as described in “Additions and Withdrawals” below.

Some of the CDs may pay interest at a certain rate provided that one or more Indices perform within a specific range limited by an upper barrier level and lower barrier level (“Barrier CDs”). Depending on their terms, Barrier CDs do not pay Index Interest for each day that the level of the applicable Index or Indices is outside the specified range or, for some CDs, may not pay any Index Interest if the level of the applicable Index or Indices is outside of the specified range on any day, or in some cases at any time during the day, during the term of the CD. The specific terms for each Barrier CD will be set forth in the applicable terms sheet.

A “**business day**” is any day other than a Saturday or Sunday which is neither a legal holiday nor a day on which banking institutions are required or authorized by law or regulation to close in New York, New York or Milwaukee, Wisconsin, or a day on which transactions in dollars are not conducted.

A “**trading day**” is any day on which all of the relevant exchanges for any Index or Basket Indices to which CDs are linked are scheduled to be open for trading, as reasonably determined by the Calculation Agent (as defined below).

A “**relevant exchange**” means, with respect to any Index or Basket Index, the primary exchange for each security that is a component of the Index.

A “**related exchange**” means, with respect to any Index or Basket Index, each exchange or quotation system, if any, on which options or futures contracts on the Index are traded or quoted or any substitute exchange or quotation system to which trading in the futures or options contracts relating to the Index has temporarily relocated (provided that the Calculation Agent (as defined below) has determined that there is comparable liquidity relative to the futures or options contracts on the temporary substitute exchange or quotation system as on the original related exchange).

Calculation of Index Interest

We, or a third party retained for this purpose, will act as the “**Calculation Agent**” for the CDs. The Calculation Agent will determine the Index Interest based on the terms set forth in the term sheet, in its sole discretion. How Index Interest will be determined for your CD will be set forth in the term sheet.

For CDs held to maturity, the Index Interest will not be less than zero or, if applicable, the Minimum Amount. If a Minimum Amount is applicable, interest on the CD will be the greater of Index Interest or the Minimum Amount.

All calculations with respect to the Ending Index Level, the Index Return, the Basket Closing Level and the Basket Return (each as defined below) will be rounded to the nearest one hundred-thousandth, with five one-millionths rounded upward (for example, .876545 would be rounded to .87655). All dollar amounts related to determination of the Index Interest, if any, per CD will be rounded to the nearest ten-thousandth, with five one hundred-thousandths rounded upward (for example, .76545 would be rounded up to .7655). Dollar amounts paid to you on the aggregate number of CDs owned by you and paying on the same day will be rounded to the nearest cent, with one-half cent rounded upward.

The “**Index Interest**” payable at maturity per CD will equal:

$$\$1,000 \times [\text{Index Return or Basket Return}] \times \text{Participation Rate}$$

The “**Participation Rate**” is expressed as a percentage and determines how much of the increase (if any) of an Index or Basket will be included in the calculation of the Index Interest. If the Participation Rate is less than 100%, then less than the full amount of the Index Return or Basket Return, as applicable, will be included in the calculation of the Index Interest. If the Participation Rate is greater than 100%, then more than the full amount of the Index Return or Basket Return, as applicable, will be included in the calculation of the Index Interest. We will specify the Participation Rate in the relevant term sheet.

The “**Trading Level**” of an Index on any trading day will equal the level of such Index at any time during the trading day and the “**Closing Level**” of an Index on any trading day will equal the official closing level of such Index on the trading day, or in either case the alternative calculation of the relevant Index described under “Discontinuation or Modification of an Index.” The Closing Level of the applicable Index or Basket Index on each Observation Date will be used to determine the Index Return or Basket Return, as applicable.

The “**Index Return**” for a particular Index, unless otherwise set forth in the relevant term sheet, is calculated as follows:

$$\frac{\text{Ending Index Level} - \text{Starting Index Level}}{\text{Starting Index Level}}$$

The “**Starting Index Level**” will be set to equal the closing level of the Index on the issue date of the CDs.

The “**Ending Index Level**” will be the closing level of the Index on the Observation Date or the arithmetic average of the closing levels of the Index on each of the Observation Dates, if more than one Observation Date is specified in the applicable term sheet.

For CDs linked to the value of a Basket composed of more than one Index, the amount payable at maturity will be as set forth above except that:

The “**Basket Return**” for a particular Basket, unless otherwise set forth in the relevant term sheet, is calculated as follows:

$$\frac{\text{Ending Basket Level} - \text{Starting Basket Level}}{\text{Starting Basket Level}}$$

The “**Starting Basket Level**” will be set to equal 100 on the issue date of the CDs or such other value as specified in the relevant term sheet.

The “**Ending Basket Level**” will be the Basket Closing Level on the Observation Date or the arithmetic average of the Basket Closing Levels on each of the Observation Dates, if more than one Observation Date is specified in the applicable term sheet.

The “Basket Closing Level” on an Observation Date will be the combined return for each of the Basket Indices on that Observation Date, weighted according to their respective weight in the Basket, as set forth in the relevant term sheet.

Automatic Renewals

The CDs will not be subject to automatic renewal upon maturity.

Calculation Agent

The Calculation Agent will be solely responsible for all determinations and calculations with respect to the CDs, including:

- the calculation of the closing levels of the Index or Basket Indices, as applicable, on the issue date of the CDs and the relevant Observation Dates;
- the Index Interest, if any, payable at maturity of the CDs;
- whether a market disruption event (as defined below) has occurred;
- whether any of the Indices have been discontinued; and
- whether there has been a material change in the method of calculating an Index.

All determinations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding on the depositor and on us. We may appoint a different Calculation Agent from time to time after the date of the relevant term sheet without notifying or obtaining the consent of the depositor.

Additions and Withdrawals

No additions are permitted to be made to any CD. By purchasing a CD, you will agree with the Bank to keep your funds on deposit for the term of the CD. Accordingly, except as set forth below, no early withdrawals of CDs will be available. The early withdrawal provisions, if any, applicable to your CD may be more or less advantageous than the provisions applicable to other deposits available from the Bank.

In the event of death or the adjudication of incompetence of the owner of a CD, early withdrawal of the entire CD will generally be permitted without penalty. No Index Interest will be paid. Partial withdrawal of a CD will not be permitted. Written verification acceptable to the Bank will generally be required to permit early withdrawal under these circumstances.

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

In the event that a customer wishes to make an early withdrawal, and such withdrawal is permitted, the Agents will endeavor to obtain funds for the customer as soon as possible. However, the Agents will not advance funds in connection with early withdrawals and can give no assurances that payment pursuant to early withdrawals will be made by a specified date. Therefore, you should not rely on this possibility for gaining access to your funds prior to the stated maturity date.

The Calculation Agent will determine the Early Redemption Amount, which equals the amount available to us after liquidating or terminating any investments or contractual arrangements entered into by us in order to pay the Index Interest and to provide principal protection for CDs held to maturity. These investments or contractual arrangements may include, among others, positions in the Index or Basket Indices, in futures or in options or other derivative instruments (which may or may not be traded on an exchange) related to the Index or Basket Indices or in securities on account. These investments or contractual arrangements are entered into by us with the expectation that we will maintain them until maturity of the CDs. The value of these investments upon early redemption or termination, which are a component of (and possibly a significant component of) the Early Redemption Amount, may depend upon a number of factors which are unrelated to the principal amount or Index Interest (if any) of the CDs.

Market Disruption Event

If a market disruption event (as defined below) occurs on any Observation Date, the Calculation Agent will determine the Ending Index Level or Ending Basket Level, as applicable, on the first succeeding trading day on which there is no market disruption event. In no event, however, will an Observation Date be postponed more than eight trading days. If an Observation Date has been postponed eight trading days and the eighth trading day (the eighth trading day is referred to as the "**cut-off day**") is not a trading day, or if there is a market disruption event on the cut-off day, then the Calculation Agent will determine the Ending Index Level or Ending Basket Level, as applicable, on the cut-off day using the formula for and method of calculating the Ending Index Level or Ending Basket Level, as applicable, which was last in effect before the market disruption event started. In determining the Ending Index Level or Ending Basket Level, as applicable, the Calculation Agent will use the closing level on the cut-off day of each security most recently constituting the Index or the Basket, as applicable. If trading in the relevant securities has been materially suspended or materially limited on the cut-off day, the Calculation Agent will use its good faith estimate of the closing level that would have prevailed in the absence of the trading suspension or limitation.

With respect to an Index, a "**market disruption event**" means the occurrence or existence of any of the following conditions which the Calculation Agent in its sole judgment determines is material: (i) any suspension of or limitation imposed on trading by the relevant exchange or any related exchange or

otherwise, and whether by reason of movements in price exceeding limits permitted by the relevant exchange or any related exchanges or otherwise (A) relating to the constituents of the Index or any successor index or (B) in any futures or options contracts relating to an Index or any successor index on any relevant related exchange; (ii) any event (other than an event described in (iii) below) that disrupts or impairs (as determined by the Calculation Agent in its sole judgment) the ability of market participants in general (A) to effect transactions in, or obtain market values for, the constituents of the Index or any successor index or (B) to effect transactions in, or obtain market values for, any futures or options contracts relating to the Index or any successor index, as the case may be, on any relevant related exchange; (iii) the closure on any scheduled trading day of the relevant exchange relating to the constituents of the Index or any successor index or any related exchange prior to its scheduled closing time unless the earlier closing time is announced by the relevant exchange or such related exchange at least one hour before the actual closing time for the regular trading session on the relevant exchange or such related exchange on that scheduled trading day; or (iv) the relevant exchange or related exchange for the Index or any successor index fails to open for trading during its regular trading session.

Discontinuation or Modification of an Index

If publication of a relevant Index is discontinued and the Calculation Agent determines, in its sole discretion, that a successor or substitute Index (such index being referred to as a “**successor index**”) is comparable to the discontinued Index, then the successor index will be deemed to be the Index for all purposes relating to the CDs. The successor index will be used as a substitute for the Index for all purposes, including for purposes of determining whether a market disruption event exists.

If at any time (i) publication of a relevant Index is discontinued and the Calculation Agent determines that no successor index is available, (ii) a relevant Index is not published on any day on which the Index is scheduled to be published, or (iii) the method of calculating the level of any relevant Index is changed in a material respect or any relevant Index is modified in any other way, then the Calculation Agent will determine whether these circumstances have a material effect on any calculations with respect to the CDs. If so, then for so long as those circumstances continue to exist and have a material effect on calculations with respect to the CDs, the Calculation Agent will make calculations and adjustments necessary to determine a level of the Index comparable to the level of the Index calculated under the original method for calculating the Index (but using only those securities that comprised the Index immediately prior to the existence of those circumstances).

You should be aware that even with these alternative arrangements, discontinuance of the publication of any Index or modification of any Index may adversely affect the value of your CDs.

Hypothetical Interest on the CDs

The relevant term sheet may include a table, chart or graph showing various hypothetical interest on the CDs based on a range of hypothetical closing levels of the Index or Basket Indices, as applicable, assuming the CD is held until the maturity date.

Tables, charts or graphs showing hypothetical interest will be provided for purposes of illustration only and you should not view them as an indication or prediction of the performance of your CDs. Rather, they are intended merely to illustrate the impact that hypothetical market values of the Index or Basket would have on the performance of the CDs, if held to the maturity date. Any amounts payable at maturity specified in the relevant term sheet are entirely hypothetical. These amounts will be based on closing levels of the Index or Basket Indices on any day during the term of the CD that may vary from actual values and on assumptions that may prove to be erroneous.

The interest on the CDs will not reflect the interest you would realize if you actually owned the common stocks of the companies or other securities included in the Index or the Basket Indices and received the dividends paid on those securities. Among other things, an investment in the stocks is likely to have tax consequences that are different from a deposit in the CDs.

Various risk factors that may affect the market value of the CDs, and the unpredictable nature of that market value, are described below under “Risk Factors”.

Governing Law

The CDs will be governed by and interpreted in accordance with the laws of the State of Wisconsin.

RISK FACTORS

The CDs differ from conventional bank deposits.

The terms of the CDs differ from those of conventional bank deposits in that the interest on the CDs is determined by reference to the performance of an Index or Basket of Indices over the term of the CD. A payment at maturity of the principal amount plus Index Interest or Minimum Amount, if any, may not compensate you for any loss in the value of your deposit due to inflation or other factors relating to the value of money over time.

The CDs may not pay more than the full principal amount plus the Minimum Amount, if any.

While you are entitled to repayment of at least the principal amount of your CD plus the Minimum Amount, if applicable, if you hold your CD to maturity, there can be no assurances that the Index Interest will be greater than the Minimum Amount or, if a Minimum Amount is not applicable, greater than zero. For CDs for which the payment of Index Interest is linked to the performance of a single Index, if the Ending Index Level is less than or equal to the Starting Index Level, you will receive only the principal amount plus the Minimum Amount, if applicable, at maturity. This will be true even if the value of the Index increased during the term of the CDs but later falls below the Starting Index Level. For CDs for which the Index Interest is calculated based on a Basket of two or more Indices, if the Ending Basket Level is less than or equal to the Starting Basket Level, you will receive only the principal amount plus the Minimum Amount, if applicable, at maturity. This will be true even if the value of the Basket increased during the term of the CDs but later falls below the Starting Basket Level.

The Ending Index Level or Ending Basket Level may be less than the closing levels of the Index or the Basket as applicable, at various other times during the term of the CDs.

Because the Index Interest payment with respect to a CD will be based on either (i) the closing level of the Index or the Basket Closing Level on a single Observation Date, which is a single trading day at the end of the term of the CDs, or (ii) the arithmetic average of the closing levels of the Index or the Basket Closing Levels on a specified number of Observation Dates throughout the term of the CDs, the closing level of the Index or the Basket Closing Level, as applicable, could be higher at some point during the term of the CDs than the Ending Index Level or Ending Basket Level, as applicable.

For example, if the CDs have periodic Observation Dates during the term of the CDs and the closing level of the Index or the Basket Closing Level, as applicable, initially declines or remains relatively constant and then significantly increases above the Starting Index Level or Starting Basket Level, as applicable, in the year prior to maturity, the Ending Index Level or Ending Basket Level, as applicable, will be significantly lower than the actual closing level of the Index or the Basket Closing Level at maturity. This is because the Ending Index Level or Ending Basket Level, as applicable, will be based on the average of the closing levels of the Index or the Basket Closing Levels on each of the periodic Observation Dates and such averaging will provide a different result than determining the Ending Index Level or Ending Basket Level based on the percentage change in the closing level of the Index between the Initial Observation Date and the Final Observation Date. Similarly, if the Index or Basket Closing Level steadily increases during the term of the CDs and then steadily decreases back to its starting level by maturity, the Ending Index Level or Ending Basket Level, as applicable, will be significantly less than the Index or Basket Closing Level at its peak. A high closing level on one or more Observation Dates, including the

final Observation Date, may be substantially or entirely offset by a low closing level on one or more other Observation Dates.

Similarly, if the CDs have only one Observation Date at the end of the term and the closing level of the Index or the Basket Closing Level increases during the first part of the term and then decreases back to the Starting Index Level or Starting Basket Level, as applicable, by maturity, the Ending Index Level or Ending Basket Level, as applicable, will be significantly less than the closing level of the Index or the Basket Closing Level, as applicable, at its peak.

Under either of these circumstances, you may receive a lower payment on the maturity date than you would have received if an investment had been made in the Index or the Basket, as applicable, component stocks of the Index or the Basket, or contracts related to the Index or Basket for which there is an active secondary market.

The Basket Indices may not be equally weighted.

Your CDs may be linked to a Basket composed of two or more Indices, each of which may have a different weight in determining the Ending Basket Level, depending on the Index weightings specified in the relevant term sheet. For a Basket composed of three Basket Indices, a dramatic increase in the level of one Basket Index may not be fully reflected in the Ending Basket Level if the relative weighting of such Basket Index were significantly lower than the relative weightings of the other two Basket Indices. Similarly, if two Basket Indices were to experience the same percentage increase, they would not have the same effect on the Ending Basket Level if they were not weighted equally in the Basket.

Changes in the value of the Basket Indices may offset each other.

For CDs for which the Index Interest is based on a Basket, price movements in the Basket Indices may not correlate with each other. At a time when the value of one or more of the Basket Indices increases, the value of other Basket Indices may not increase as much or may decline. Therefore, in calculating the Ending Basket Level, increases in the value of one or more of the Basket Indices may be moderated, or more than offset, by smaller increases or declines in the level of the other Basket Indices. For example, for an equally weighted Basket comprised of the Dow Jones EURO STOXX 50® Index and the S&P 500® Index, a 10% appreciation in the Dow Jones EURO STOXX 50® Index on any Observation Date would be completely offset by a 10% decline in the S&P 500® Index on such Observation Date. Similarly, for a Basket comprised of three unequally weighted Indices, 10% depreciation in an Index that comprises ½ of the Basket outweighs an 8% appreciation in each of the remaining Basket Indices comprising ¼ of the Basket each.

If the Participation Rate is less than 100%, the Index Interest will be limited by the Participation Rate.

If the Participation Rate for any CD is less than 100% and the Ending Index Level, or Ending Basket Level, as applicable, exceeds the Starting Index Level or Starting Basket Level, as applicable, the Index Interest will equal only a percentage, as specified in the relevant term sheet, of the performance of the Index or the Basket, as applicable. Under these circumstances, the Index Interest will not fully reflect the performance of the Index or the Basket, as applicable.

Ownership of the CDs is not the same as ownership of the common stocks of the companies in the Indices.

Purchasing the CDs will not make you the holder of the common stocks of the companies in the Index or Basket Indices, as applicable. You will not have any voting rights, any rights to receive dividends or other distributions or any other rights with respect to any property or securities of the companies in the Index or the Basket Indices, as applicable.

The companies in the Indices have no obligations relating to the CDs.

The companies whose common stocks are included in the Indices have no affiliation with us and no obligations relating to the CDs or amounts to be paid to you or any obligation to take your needs into consideration for any reason.

Index Interest will not reflect dividends on the common stocks of the companies in the Indices.

Index Interest on the CDs will not reflect the return you would realize if you actually owned the common stocks of the companies included in the Index or the Basket Indices and received the dividends paid on the common stocks. This is because the Calculation Agent will calculate the amount payable to you upon maturity of the CD by reference to the Ending Index Level or Ending Basket Level, as applicable, each of which reflect the prices of the common stocks in the Index or the Basket Indices without taking into consideration the value of dividends paid on those stocks. Therefore, the yield derived from the CDs will not be the same as if you had purchased the common stock of the companies included in the Index or the Basket Indices, as applicable, and held them for a similar term.

The CDs permit early withdrawal only in limited circumstances, and there may be a limited secondary market, if any, for the CDs.

The CDs are best held to maturity. CDs may be redeemed early only in the event of death or an adjudication of incompetence of the beneficial owner of a CD. If you redeem the CDs early, you will not receive any interest on the CDs.

The CDs will not be listed on an organized securities exchange. Agents may, but are not obligated to, maintain a secondary market in the CDs. Such a secondary market if it develops, may not provide enough liquidity to allow you to trade or sell your CDs easily. As a result, the price at which you may be able to sell your CDs prior to maturity may be at a substantial discount from the principal amount of the CDs, even in cases where the Index or the Basket has appreciated since the date of the issuance of the CDs. Therefore, you should not rely on any such ability to sell your CDs for any benefits, including achieving trading profits, limiting trading or other losses, realizing income prior to maturity, or having access to proceeds prior to maturity. You therefore should only invest in the CDs if you are willing and able to hold the CDs until maturity.

The value of the CDs in the secondary market, if any, will be influenced by many unpredictable factors.

Even if you were able to sell the CDs in the secondary market, many economic and market factors will influence the value of your CDs. You should not expect the value of your CDs in any secondary market, if such market even exists, to vary in proportion to changes in the level of the Index or the Basket. Some of these factors are interrelated in complex ways and the effect of any one factor may be offset or magnified by the effect of another factor. Some of these factors include:

- the expected volatility in the Index or each of the Basket Indices;
- the performance of the companies whose securities comprise the Index or Basket Indices, as applicable;
- the time to maturity of the CDs;
- the dividend rate on the common stocks underlying the Index or each of the Basket Indices;
- interest and yield rates in the market generally as well as in each of the markets of the securities comprising the Index or each of the Basket Indices;

- economic, financial, political, regulatory or judicial events that affect the stocks represented in the Index or Basket Indices or stock markets generally and which may affect the Ending Index Level or the Ending Basket Level, as applicable;
- the exchange rate and the volatility of the exchange rate between the U.S. dollar and the various currencies relevant to the Index or the Basket Indices; and
- the Bank's creditworthiness, including actual or anticipated downgrades in our credit ratings.

The Index Return or Basket Return, as applicable, for the CDs will not be adjusted for changes in exchange rates that might affect the Index or the Basket Indices.

Although some of the stocks comprising the Nikkei 225 Index and the EURO STOXX 50® Index are traded in currencies other than U.S. dollars and the CDs, which are linked to one or more of those Indices, are denominated in U.S. dollars, the amount payable on the CDs at maturity will not be adjusted for changes in the exchange rate between the U.S. dollar and each of the currencies upon which the stocks comprising certain of the Indices are denominated. Changes in exchange rates, however, may reflect changes in various non-U.S. economies or the U.S. economy that in turn may affect the Index Return or the Basket Return, as applicable, for the CDs.

Market disruptions may adversely affect the interest on the CDs.

The Calculation Agent may, in its sole discretion, decide that the markets have been affected in a manner that prevents it from properly valuing the Ending Basket Level, Basket Closing Level, Basket Return, Ending Index Level, or the Index Return, as applicable, and calculating the Index Interest. These events may include disruptions or suspensions of trading in the markets as a whole. See "Description of the CDs—Market Disruption Events."

The CDs will be treated as contingent payment debt instruments for United States federal income tax purposes.

Unlike a traditional certificate of deposit that provides for periodic payments of interest at a single fixed rate with respect to which a cash-method holder generally recognizes income only upon payment of stated interest, the CDs will, unless otherwise noted in the applicable term sheet, be treated as "contingent payment debt instruments" for U.S. federal income tax purposes and will therefore be subject to special tax rules. Under these rules, if you are a U.S. taxable investor, regardless of your method of accounting, you will be required to accrue original issue discount ("OID") as interest income on the CDs on a constant yield basis in each year that you hold the CDs, despite the fact that no stated interest will actually be paid on the CDs. As a result, you will be required to pay taxes annually on the amount of accrued OID, even though no cash will be paid on the CDs from which to pay the taxes. In addition, any gain you recognize on the sale or exchange, or at maturity, of the CDs will generally be treated as ordinary income. See "Certain U.S. Federal Income Tax Consequences." The depositor should consult his or her tax adviser regarding the tax treatment of the CDs in light of its particular situation.

Index Interest (if any) may not be protected by federal deposit insurance.

Because the Index Interest is calculated in part using the Ending Index Level or the Ending Basket Level, as applicable, Index Interest will not accrue until the final Observation Date and will be considered to be contingent by the FDIC. Contingent interest is not insured by the FDIC. Accordingly, any potential Index Interest will not be eligible for federal deposit insurance prior to the final Observation Date. Minimum Interest, if applicable, to the date of failure by the Bank will be eligible for federal deposit insurance.

In the event the Bank approaches insolvency or becomes insolvent and it becomes necessary for federal deposit insurance payments to be made on the CDs, you should be prepared for the possibility of an indeterminate delay in obtaining insurance payments.

In the event the Bank approaches insolvency or becomes insolvent, it may be placed in regulatory conservatorship or receivership with the FDIC typically appointed the conservator or receiver. The FDIC may thereafter pay off the CDs prior to maturity or transfer the CDs to another depository institution. If the CDs are transferred to another depository institution, you may be offered a choice of retaining the CDs at a lower interest rate or having the CDs paid off. As with all deposits, there is no specific time period during which the FDIC must make insurance payments available. Accordingly, you should be prepared for the possibility of an indeterminate delay in obtaining insurance payments.

The Calculation Agent may have economic interests that are adverse to depositors.

We may serve as the Calculation Agent and, if so, will be solely responsible for the determination and calculation of the payments to be made on the CDs at maturity, including the Index Interest, if any, and any other determinations and calculations in connection with the CDs. If we were to serve as Calculation Agent, we may have economic interests adverse to those of the depositors, including with respect to certain determinations and judgments that the Calculation Agent must make in determining, for example, the Index Interest or if a market disruption event has occurred.

EVIDENCE OF THE CDS

You will not receive a passbook, certificate or other evidence of ownership of the CD from the us. 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 The Depository Trust Company (“DTC”), a sub-custodian which is in the business of performing such custodial services. No evidence of ownership, such as a passbook or a certificate, will be provided to you. Your broker, as custodian, keeps records of the ownership of each CD and will provide a written confirmation (the “Confirmation”) of your purchase. You will also be provided with a periodic account statement from the Agent that will reflect your CD ownership. You should retain the Confirmation and the account statement(s) for your records. Other information concerning the CDs, including the proposed stated maturity date, the Index or the Basket of Indices, as applicable, the Participation Rate, if any, upon which the Index Interest on your CD may be calculated and the terms of any redemption feature, is set forth on the relevant term sheet. Because you will not be provided with a certificate evidencing your CD, the purchase of a CD through your brokerage account is not recommended for persons who wish to take physical possession of a certificate.

Your account statement from the Agent may provide an estimate of the price you might receive on some or all of your CDs if you were able to sell them prior to maturity. Any prices on your statement are estimates and are not based on actual market prices. You should ask the Agent to explain its statement pricing policies. Your deposit insurance coverage will be determined based on the outstanding principal amount of your CD, not the estimated price. See the sections headed “Deposit Insurance: General” and “Secondary Market.”

We will remit payments on the CDs to DTC when due. Such payments will be credited through DTC’s procedures to participant firms and thereafter will be remitted to your Agent, so long as such Agent acts as your nominee, authorized representative, agent or custodian and credited to your account with such Agent. Once DTC has received payment in full on the CDs from us, we will be discharged from any further obligation regarding such payments. We will have no responsibility for payment or timeliness of payment by DTC to any participant firms, by any participant firm to your Agent or by your Agent to you.

Each CD constitutes a direct obligation of ours and is not, either directly or indirectly, an obligation of any 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 the CDs, you may (i) transfer your CD to another agent; *provided* that the agent is a direct participant in DTC (most major brokerage firms are members; many FDIC insured depositories are not) or an indirect participant in DTC, or (ii) request that your ownership of the CDs be evidenced directly on our books, subject to applicable law and our terms and conditions, including those related to the manner of evidencing CD ownership. If you choose to remove the Agent as your agent, the Agent will have no further responsibility for payments made with respect to your CD. If you establish your CD directly on the books of the Bank, you will have the ability to enforce your rights in the CD directly against the Bank.

DEPOSIT INSURANCE: GENERAL

Your CDs are insured by the FDIC, an independent agency of the United States Government, up to the Maximum Applicable Deposit Insurance Amount (including principal and accrued interest) for all deposits held in the same insurable capacity at any one bank. Generally, any accounts or deposits that you may maintain directly with a particular bank, or through any other intermediary in the same insurable capacity in which the CDs are maintained, would be aggregated with the CDs for purposes of the Maximum Applicable Deposit Insurance Amount. In the event a bank fails, interest-bearing CDs are insured, up to the Maximum Applicable Deposit Insurance Amount, for principal and interest accrued to the date the bank is closed. Interest is determined for insurance purposes in accordance with federal law and regulations.

Under certain circumstances, if you become the owner of CDs or other deposits at a bank because another depositor dies, beginning six months after the death of the depositor the FDIC will aggregate those deposits for purposes of the Maximum Applicable Deposit Insurance Amount with any other CDs or deposits that you own in the same insurable capacity at the bank. Examples of accounts that may be subject to this FDIC policy include joint accounts, “payable on death” accounts and certain trust accounts. The FDIC provides a six month “grace period” to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

The FDIC has taken the position that contingent interest does not accrue, and is not insured by the FDIC, until the contingency has been removed. Because the interest on the CDs cannot be determined until the final Observation Date, the interest does not accrue until the final Observation Date and is considered contingent interest until that date. If the Bank fails before the final Observation Date, the interest will not be insured by the FDIC.

You are responsible for monitoring the total amount of deposits that you hold with any one bank, directly or through an intermediary, in order for you to determine the extent of deposit insurance coverage available to you on your deposits, including the CDs. The Agents are not responsible for any insured or uninsured portion of the CDs or any other deposits.

BY YOUR PURCHASE OF A CD YOU ARE DEEMED TO REPRESENT TO THE BANK AND YOUR AGENT THAT YOUR DEPOSITS WITH THE BANK (OR IF YOU ARE ACTING AS A CUSTODIAN, THE DEPOSITS OF THE BENEFICIARIES), INCLUDING THE CD, WHEN AGGREGATED IN ACCORDANCE WITH FDIC REGULATIONS, ARE WITHIN THE MAXIMUM APPLICABLE DEPOSIT INSURANCE AMOUNT.

If your CDs or other deposits 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 you might have established with the acquirer until (i) the maturity date of the CDs or other time deposits that were assumed, or (ii) with respect to deposits that are not time deposits, the expiration of a six month period from the date of the acquisition. Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquirer held in the same insurable capacity for purposes of federal deposit insurance. Any deposit opened at the Bank after the acquisition will be aggregated with deposits established with the acquirer for purposes of federal deposit insurance.

In the event that you purchase a CD in the secondary market at a premium over the par amount, that premium is not insured. Similarly, you are not insured for any premium reflected in the estimated market value of your CD on your account statement. If deposit insurance payments become necessary for the Bank, you can lose the premium paid for your CD and will not receive any premium shown on your account statement. See the section headed “Secondary Market” below.

The Maximum Applicable Deposit Insurance Amount has been increased to \$250,000 through December 31, 2009. Insurance coverage will revert to \$100,000 on January 1, 2010. The application of the Maximum Applicable Deposit Insurance Amount is illustrated by several common factual situations discussed below. **Through December 31, 2009, references in the examples below to “\$100,000” should be read as “\$250,000,” and references to multiples of “\$100,000” should be read as being multiples of “\$250,000.”**

Individual Customer Accounts. Deposits of any one bank held by an individual in an account in the name of an agent or nominee of such individual (such as the CDs held in an Agent account) or held by a custodian (for example, under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act) are not treated as owned by the agent, nominee or custodian, but are added to other deposits of such individual held in the same insurable capacity (including funds held in a sole proprietorship) and insured up to \$100,000 in the aggregate. Deposits held through a **qualified tuition savings program (529 Plan)** will be insured as deposits of the participant and aggregated with other deposits of the participant if the arrangement and the name of the participant are identified on the Agent’s account records.

Corporate, Partnership and Unincorporated Association Accounts. Deposits of any one bank owned by corporations (including Subchapter S corporations), partnerships and unincorporated associations, operated for a purpose other than to increase deposit insurance, are added together with other deposits owned by such corporation, partnership and unincorporated association, respectively, and are insured up to \$100,000 in the aggregate.

Joint Accounts. An individual’s interest in deposits of any one bank 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 accounts (hereinafter referred to as a “Joint Account”). For example, a Joint Account owned by two persons would be eligible for insurance coverage of up to \$200,000 (\$100,000 for each person), subject to aggregation with each owner’s interests in other Joint Accounts at the same depository institution. Joint Accounts will be insured separately from individually owned accounts only if each of the co-owners is an individual person and has a right of withdrawal on the same basis as the other co-owners.

Revocable Trust Accounts. Deposits of any one bank held in a “revocable trust” are generally insured up to \$100,000 per beneficiary if the beneficiary is a natural person, charity or other non-profit organization. There are two types of revocable trusts recognized by the FDIC. Informal revocable trusts include accounts in which the owner evidences an intent that at his or her death the funds shall belong to one or more specified beneficiaries. These trusts may be referred to as a “Totten trust” account, “payable upon death” account or “transfer on death” account. Each beneficiary must be included in the Firm’s account records.

Formal revocable trusts are written trust arrangements in which the owner retains ownership and control of the assets and designation of beneficiaries during his or her lifetime. The trusts may be referred to as “living” or “family” trusts. The beneficiaries of a formal revocable trust do not need to be included in the Firm’s account records.

Under FDIC rules, FDIC coverage will be \$100,000 per beneficiary, multiplied by the number of beneficiaries, regardless of the proportional interest of each beneficiary in the revocable trust, if the trust has \$500,000 or less in deposits at the Issuer. If the trust has more than \$500,000 in deposits at the Issuer and more than five beneficiaries, the funds will be insured for the greater of \$500,000 or the aggregate amount of all beneficiaries’ proportional interest, limited to \$100,000 per beneficiary.

Deposits in all revocable trusts of the same owner – informal and formal – at the same Issuer will be aggregated for insurance purposes. A revocable trust established by two owners where the owners are the sole beneficiaries will be treated as a Joint Account under applicable rules and will be aggregated with other Joint Accounts.

Irrevocable Trust Accounts. Deposits of any one bank held pursuant to one or more irrevocable trust agreements created by the same grantor (as determined under applicable state law) will be insured for up to \$100,000 for the interest of each beneficiary provided that the beneficiary's interest in the account is non-contingent (i.e., capable of determination without evaluation of contingencies). According to the FDIC, **Coverdell Education Savings Accounts** will be treated as irrevocable trust accounts for deposit insurance purposes. The deposit insurance of each beneficiary's interest is separate from the coverage provided for other accounts maintained by the beneficiary, the grantor, the trustee or other beneficiaries. The interest of a beneficiary in irrevocable trust accounts at a bank created by the same grantor will be aggregated and insured up to \$100,000.

Medical Savings Accounts. Deposits of any one bank held in a Medical Savings Account, sometimes referred to as an Archer Medical Savings Account, will be eligible for deposit insurance as either an individual account, a revocable trust account or an employee benefit plan. You may wish to consult with your attorney or the FDIC to determine the available deposit insurance coverage.

DEPOSIT INSURANCE: RETIREMENT PLANS AND ACCOUNTS

The Maximum Applicable Deposit Insurance Amount has been increased to \$250,000 through December 31, 2009. Insurance coverage will revert to \$100,000 on January 1, 2010, except for IRAs and other self-directed retirement accounts described below, which will continue to be covered up to \$250,000.

Introduction. If you have CDs of any one bank that are held through one or more retirement plans and accounts, the Maximum Applicable Deposit Insurance Amount available for your CDs will vary depending on the type of plan or account and, in some cases, the features of the plan or account.

The following sections discuss in general terms the rules that apply to CDs and other deposits held through retirement plans and accounts. Because these rules determine the Maximum Applicable Deposit Insurance Amount available to you and whether your deposits at any one bank held through different retirement plans and accounts will be aggregated for purposes of the Maximum Applicable Deposit Insurance Amount, you should consult with your tax or legal adviser before investing in the CDs.

Pass-Through Deposit Insurance for Employee Benefit Plan Deposits. Subject to the limitations discussed below, under FDIC regulations an individual's non-contingent interests in the deposits of any one bank held by many types of plans are eligible for insurance up to the Maximum Applicable Deposit Insurance Amount on a "pass-through" basis. This means that instead of an employee benefit plan's deposits at one bank being entitled to only the Maximum Applicable Deposit Insurance Amount in total per bank, each participant in the employee benefit plan is entitled to insurance of his or her non-contingent interest in the employee benefit plan's deposits of up to the Maximum Applicable Deposit Insurance Amount per bank (subject to the aggregation of the participant's interests in different plans, as discussed below). The pass-through insurance provided to an individual as an employee benefit plan participant is separate from the Maximum Applicable Deposit Insurance Amount allowed on other deposits held by an individual in different insurable capacities with the bank.

The types of plans for which deposits may receive pass-through treatment are employee benefit plans, as defined in Section 3(3) of the Employee Retirement Income Security Act (ERISA) (including Keogh plans, whether or not they are technically "employee benefit plans" under ERISA) and eligible deferred compensation plans described in Section 457 of the Internal Revenue Code of 1986. For purposes of

Section 3(3) of ERISA, employee benefit plans are broadly defined to include most employee benefit plans, including most defined benefit plans and most defined contribution plans.

A deposit held by an employee benefit plan that is eligible for pass-through insurance is not insured for an amount equal to the number of plan participants multiplied by the Maximum Applicable Deposit Insurance Amount. For example, an employee benefit plan owns \$200,000 in CDs at one bank and the participants are eligible for up to \$100,000 per plan beneficiary. The employee benefit plan has two participants, one with a non-contingent interest of \$170,000 and one with a non-contingent interest of \$30,000. In this case, the employee benefit plan's deposit would be insured up to only \$130,000; the individual with the \$170,000 interest would be insured up to the \$100,000 limit and the individual with the \$30,000 interest would be insured up to the full value of such interest.

The contingent interests of employees in an employee benefit plan and overfunded amounts attributed to any employee benefit plan are not insured on a pass-through basis. Contingent interests of employees in an employee benefit plan deposit are interests that are not capable of evaluation in accordance with FDIC rules, and are aggregated and insured up to the Maximum Applicable Deposit Insurance Amount per bank. Similarly, overfunded amounts are insured, in the aggregate for all participants, up to the Maximum Applicable Deposit Insurance Amount separately from the insurance provided for any other funds owned by or attributable to the employer or an employee benefit plan participant.

Retirement Plans and Accounts Eligible For a Maximum Applicable Deposit Insurance Amount of \$250,000

The retirement plans and accounts described below are eligible for a Maximum Applicable Deposit Insurance Amount of \$250,000 and all deposits held through such plans and accounts will be aggregated for purposes of the Maximum Applicable Deposit Insurance Amount. This means that all deposits of any one bank you hold through the plans and accounts described below will be eligible for insurance up to a total of \$250,000.

Individual Retirement Accounts (“IRAs”). All deposits of the same bank held in traditional, Roth, SEP and SIMPLE IRAs will be aggregated for purposes of the Maximum Applicable Deposit Insurance Amount and will be further aggregated with deposits held through other plans described in this section.

Section 457 Plans. These plans include any eligible deferred compensation plan described in Section 457 of the Internal Revenue Code of 1986.

Self-Directed Keogh and 401(k) Plans. These types of plans include deposits held in any plan described in Section 401(d) of the Internal Revenue Code of 1986, generally referred to as Keogh plans, and in any plan described in Section 3(34) of ERISA including, but not limited to, plans generally referred to as Section 401(k) plans. The plan must be “self-directed” to qualify for the \$250,000 deposit insurance limit. The FDIC defines self-directed to mean the ability of the plan participants to direct funds into a specific depository institution.

Retirement Plans and Accounts Eligible for a Maximum Applicable Deposit Insurance Amount of \$100,000

All retirement plans and accounts not listed above, including defined contribution plans and plans that do not meet the FDIC's “self-directed” criteria, will be eligible for federal deposit insurance up to \$100,000 per participant, subject to the aggregation rules described below.

Additional Aggregation for Purposes of the Maximum Applicable Deposit Insurance Amount

In addition to the aggregation rules discussed above for retirement plans and accounts eligible for a Maximum Applicable Deposit Insurance Amount of \$250,000, under FDIC regulations an individual's interests in plans maintained by the same employer or employee organization (e.g., a union) that are

holding deposits of the same bank will be aggregated for purposes of the Maximum Applicable Deposit Insurance Amount. It is therefore important to understand the type of plan or account holding your deposits.

Questions About FDIC Deposit Insurance Coverage

If you have questions about basic FDIC insurance coverage, please contact your Agent. You may wish to seek advice from your own attorney concerning FDIC insurance coverage of deposits held in more than one insurable capacity. You may also obtain information by contacting the FDIC, Deposit Insurance Outreach, Division of Supervision and Consumer Affairs, by letter (550 17th Street, N.W., Washington, D.C. 20429), by phone (877-275-3342 or 800-925-4618 (TDD)) or by visiting the FDIC website at www.fdic.gov/deposit/index.html, or by e-mail using the FDIC's On-line Customer Assistance Form available on its website.

Payments Under Adverse Circumstances

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

As explained above, the Maximum Applicable Deposit Insurance Amount applies to the principal and accrued interest on all CDs and other deposit accounts maintained by you at the Bank in the same insurable capacity. The records maintained by the Bank and your Agent regarding ownership of CDs would be used to establish your eligibility for federal deposit insurance payments. In addition, you may be required to provide certain documentation to the FDIC and to the Agent before insurance payments are released to you. For example, if you hold CDs as trustee for the benefit of trust participants, you may also be required to furnish an affidavit to that effect; you may be required to furnish other affidavits and provide indemnities regarding an insurance payment.

In the event that deposit insurance payments become necessary for your CDs, the FDIC is required to pay the original par amount plus accrued interest to the date of the closing of the relevant bank, as prescribed by law, and subject to the Maximum Applicable Deposit Insurance Amount. No interest is earned on deposits from the time a bank is closed until insurance payments are received.

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

The Agent will not be obligated to you for amounts not covered by deposit insurance nor will the Agent be obligated to make any payments to you in satisfaction of a loss you might incur as a result of (i) a delay in insurance payouts applicable to your CD, (ii) your receipt of a decreased interest rate on an investment replacing your CD as a result of the payment of the principal and accrued interest of a CD prior to its scheduled maturity or (iii) payment in cash of the principal and accrued interest of your CDs prior to maturity in connection with the liquidation of a bank or the assumption of all or a portion of its deposit liabilities. In connection with the latter, the amount of a payment on a CD that had been purchased at a premium in the secondary market is based on the original par amount and not on any premium amount. Therefore, you can lose up to the full amount of the premium as a result of such a payment. Also, the Agent will not be obligated to credit your account with funds in advance of payments received from the FDIC.

SECONDARY MARKETS

The CDs will not be listed on an organized securities exchange. There will be little or no secondary market for the CDs.

The Agents, though not obligated to do so, may maintain a secondary market in the CDs. Secondary market transactions, if any, may be expected to be effected at prices which reflect factors such as then-current interest rates; the expected volatility in the Index or each of the Basket Indices; the performance of the companies whose securities comprise the Index or Basket Indices, as applicable; the time to maturity of the CDs; the dividend rate on the common stocks underlying the Index or each of the Basket Indices; interest and yield rates in the market generally as well as in each of the markets of the securities comprising the Index or each of the Basket Indices; economic, financial, political, regulatory or judicial events that affect the stocks represented in the Index or Basket Indices or stock markets generally and which may affect the Ending Index Level or the Ending Basket Level, as applicable; the exchange rate and the volatility of the exchange rate between the U.S. dollar and the various currencies relevant to the Index or the Basket Indices; and the Bank's creditworthiness, including actual or anticipated downgrades in our credit ratings and which are net of broker fees and commissions. However, it is unlikely that any secondary market value of the CDs relative to the principal amount of the CDs will correlate closely with fluctuations in the value of the applicable Index or Basket Indices, particularly during the early years of the CDs. In addition, the contingent nature of the interest will affect the selling price. Thus, any secondary market sales of the CDs may be at prices greater or less than the \$1,000 principal amount of the CDs and the interest on a CD purchased in the secondary market relative to the secondary market price may differ from the interest based on the original deposit amount. The prices at which the CDs may be purchased and sold in secondary markets, if at all, may fluctuate more than ordinary interest-bearing CDs.

Each Agent may purchase and sell CDs for its own account, as well as for the accounts of customers. Accordingly, an Agent 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 your yield on the CDs. You should obtain information about the effect of such markups and commissions on your yield on the CDs from the Agent from whom you may purchase CDs in brokered secondary market transactions.

If you wish to sell your CD prior to maturity and the Agent does not maintain a secondary market, the Agent may attempt to sell your CD in a secondary market maintained by another broker-dealer. The Agent cannot provide assurance that you will be able to sell your CDs prior to their maturity. Each Agent may at any time, without notice, discontinue participation in secondary market transactions in CDs. Accordingly, you 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. You should therefore be willing and able to hold the CDs until maturity.

In the event that a CD is purchased in the secondary market at a premium over the par amount, the premium is not insured. Therefore, if deposit insurance payments become necessary for the Bank, the owner of a CD purchased in the secondary market can incur a loss of up to the amount of the premium paid for the CD. (Also see the section headed "Deposit Insurance: General".)

The uninsured premium being paid for an interest bearing CD can be determined from the price set forth in your trade confirmation. Price on CDs is expressed in relation to par (100.00). Any amount over 100.00 represents the premium. For example, if your trade confirmation states that the price for a CD purchased in the secondary market is 100.25, there is a premium that will not be insured by the FDIC. A price of 99.75 would not include a premium. The trade confirmation will also inform you if the CD has accrued interest, which will be insured as long as the par amount of CDs held by you in one insurable capacity at the Bank plus the accrued interest does not exceed the Maximum Applicable Deposit Insurance Amount.

FEES

Each Agent will receive a placement fee, which is expected to range from 1% to 5% of the principal amount of the CDs, from us in connection with your purchase of a CD. You may be charged fees or commissions on brokered secondary market transactions as noted above.

HEDGING

On or prior to the date we sell the CDs, we, through our affiliates or others, may hedge some or all of our anticipated exposure in connection with the CDs by taking positions in the applicable Index or Basket Indices, the stocks underlying the applicable Index or Basket Indices, or instruments whose value is derived from the applicable Index or Basket Indices or their underlying stocks. In addition, we may enter into arrangements to hedge our exposure with respect to principal protection of the CDs. While we cannot predict an outcome, this hedging activity, coupled with our other hedging activity, could potentially be adverse to holders of the CDs. Although we have no reason to believe that any of these activities will have a material impact on the level of the applicable Index or Basket Indices or the value of the CDs, we cannot assure you that these activities will not have such an adverse effect.

We have no obligation to engage in any manner of hedging activity and will do so solely at our discretion and for our own account. No holder of CDs will have any rights or interest in our hedging activity or any positions we may take in connection with our hedging activity.

THE BANK

The CDs will be issued by us. We are a Wisconsin state-chartered bank. The CDs are solely our obligations and are neither obligations of, nor guaranteed by, M&I Brokerage Services, Inc.

Our main office is located at 770 North Water Street, Milwaukee, Wisconsin, 53202 and our telephone number is (414) 765-7834. We maintain a Web site at <http://www.mibank.com>. The information contained in such Web site is not part of this disclosure statement.

We are subject to regulation and examination by, and are registered with, the Wisconsin Department of Financial Institutions and the Board of Governors of the Federal Reserve System. We are insured by the Bank Insurance Fund of the Federal Deposit Insurance Corporation to the extent allowed by law. Our FDIC Certificate Number is 1020.

We provide a comprehensive range of banking and related financial services. The services are offered under our name and, in certain circumstances, we do business under the names "M&I Bank," and "M&I Wealth Management."

As of December 31, 2007, we had 193 offices throughout Wisconsin, 50 offices throughout Arizona, 32 offices in central Indiana, 24 offices throughout Minnesota, 31 offices throughout Florida, 14 offices in Kansas City and nearby communities, one office in Las Vegas, Nevada and our Southwest Bank subsidiary has 17 offices in the greater St. Louis area. As of December 31, 2007, we had total consolidated assets of approximately \$53.7 billion, total consolidated liabilities of approximately \$48.7 billion and total consolidated shareholder's equity of approximately \$5.0 billion.

BENEFIT PLAN INVESTOR CONSIDERATIONS

A fiduciary of a pension, profit-sharing or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), including entities such as collective investment funds, partnerships and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") should consider the fiduciary standards of ERISA in the context of the ERISA Plan's particular circumstances before authorizing an investment in the CDs. Among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification

requirements of ERISA and would be consistent with the documents and instruments governing the ERISA Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans, as well as individual retirement accounts and Keogh plans subject to Section 4975 of the Code (together with ERISA Plans, “**Plans**”), from engaging in certain transactions involving the “plan assets” with persons who are “parties in interest” under ERISA or “disqualified persons” under the Code (“**Parties in Interest**”) with respect to such Plans. As a result of our business, we are a Party in Interest with respect to many Plans. Where we or our affiliate is a Party in Interest with respect to a Plan (either directly or by reason of ownership of our subsidiaries), the purchase and holding of the CDs by or on behalf of the Plan would be a prohibited transaction under Section 406 of ERISA and Section 4975 of the Code, unless exemptive relief were available under an applicable exemption (as described below).

Accordingly, the CDs may not be purchased or held by any Plan, any entity whose underlying assets include “plan assets” by reason of any Plan’s investment in the entity (a “**Plan Asset Entity**”) or any person investing “plan assets” of any Plan, unless such purchaser or holder is eligible for the exemptive relief available under Prohibited Transaction Class Exemption (“**PTCE**”) 96-23, 95-60, 91-38, 90-1, 81-8 or 84-14 issued by the U.S. Department of Labor or the statutory exemptions under Section 408(b)(17) of ERISA and Section 4975(d)(20) are available or there was some other basis on which the purchase and holding of the CDs is not prohibited. Each purchaser or holder of the CDs or any interest in the CDs will be deemed to have represented by its purchase or holding of the CDs that (a) its purchase or holding of the CDs is not made on behalf of or with “plan assets” of any Plan or (b) its purchase or holding of the CDs will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to these “prohibited transaction” rules of ERISA or Section 4975 of the Code, but may be subject to similar rules under other applicable laws or documents (“**Similar Laws**”). Accordingly, each purchaser or holder of the CDs shall be required to represent (and such purchase or holding is deemed to constitute a representation) that such purchase or holding is not prohibited under applicable Similar Laws.

Due to the complexity of the applicable rules, it is particularly important that fiduciaries or other persons considering purchasing the CDs on behalf of or with “plan assets” of any Plan consult with their legal counsel regarding the relevant provisions of ERISA, the Code or any Similar Laws and the availability of exemptive relief.

Each purchaser and depositor of the CDs has exclusive responsibility for ensuring that its purchase and holding of the CDs does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any Similar Laws. The sale of any CDs to any Plan or plan subject to Similar Laws is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by such plans generally or any particular plan, or that such an investment is appropriate for plans generally or any particular plan.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

No Reliance

This summary is limited to the federal income tax issues addressed herein. It does not address all aspects of the U.S. federal income of the CDs that may be relevant to a depositor in light of its particular circumstances. This tax summary was written in connection with the marketing of the CDs, and, under Treasury Department Circular 230, this summary cannot be used by a depositor for the purpose of avoiding penalties that may be asserted against it under the Code. You should seek advice based on their particular circumstances from an independent tax adviser.

Introduction

The following is a general discussion of the principal U.S. federal income tax consequences of the acquisition, ownership and disposition of CDs by an initial holder of CDs who purchases the CDs at their issue price for cash and who holds the CDs as capital assets within the meaning of Section 1221 of the Code.

This summary is based on the Code, existing and proposed Treasury regulations, revenue rulings, administrative interpretations and judicial decisions, in each case as currently in effect, all of which are subject to change, possibly with retroactive effect. This summary does not address all aspects of the U.S. federal income taxation of the CDs that may be relevant to a depositor in light of its particular circumstances or if it is a holder of CDs who is subject to special treatment under the U.S. federal income tax laws, such as:

- a financial institution;
- an insurance company;
- a “regulated investment company” as defined in Code Section 851;
- a “real estate investment trust” as defined in Code Section 856;
- a tax-exempt entity, including an “individual retirement account” or “Roth IRA” as defined in Code Section 408 or 408A, respectively;
- a dealer in securities or foreign currencies;
- a person holding the CDs as part of a hedging transaction, “straddle,” synthetic security, conversion transaction, or other integrated transaction, or who has entered into a “constructive sale” with respect to the CDs;
- a U.S. Holder (as defined below) whose functional currency is not the U.S. dollar;
- a trader in securities who elects to apply a mark-to-market method of tax accounting; or
- an entity that is classified as a partnership for U.S. federal income tax purposes.

As the law applicable to the U.S. federal income taxation of instruments such as the CDs is technical and complex, the discussion below necessarily represents only a general summary. Moreover, the effects of any applicable federal non-income, state, local or foreign tax laws are not discussed. You are urged to consult your tax adviser concerning the U.S. federal income tax consequences of owning and disposing of the CDs, as well as any consequences under the laws of any state, local or foreign taxing jurisdiction.

Tax Treatment of the CDs

Although the tax treatment of the CDs depends upon the facts at the time of the relevant issuance, it is expected that the CDs will be treated as “contingent payment debt instruments” or “short-term debt instruments” for U.S. federal income tax purposes. The applicable term sheet will indicate whether this treatment applies to the CDs, or whether an alternative treatment applies.

Tax Consequences to U.S. Holders

The following discussion applies to you only if you are a “U.S. Holder” of CDs. You are deemed to be a “U.S. Holder” if you are a beneficial owner of a CD for U.S. federal income tax purposes and are:

- a citizen or resident of the United States;
- an entity taxable as a corporation that is created or organized under the laws of the United States or any political subdivision thereof;
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (ii) such trust has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds CDs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding CDs should consult with their tax advisers.

CDs that are Treated as “Contingent Payment Debt Instruments”

The following discussion assumes that the CDs are treated as “contingent payment debt instruments” for U.S. federal income tax purposes. These CDs will generally be subject to the original issue discount (“OID”) provisions of the Code and the Treasury regulations issued thereunder, and you will be required to accrue as interest income the OID on the CDs on a constant yield basis, based on a comparable yield as described below, regardless of whether you use the cash or accrual method of accounting for U.S. federal income tax purposes. As such, U.S. Holders generally will be required to report interest income each year even though no stated interest will be paid on the CDs.

The term “comparable yield” means the greater of (i) the annual yield we would pay, as of the issue date, on a fixed-rate, non-convertible debt instrument with no contingent payments, but with terms and conditions otherwise comparable to those of the CDs, and (ii) the applicable federal rate.

Solely for purposes of determining the amount of interest income that you will be required to accrue, we are required to construct a “projected payment schedule” on the CDs. This schedule must produce a yield to maturity that equals the comparable yield to maturity. **Neither the comparable yield nor the projected payment schedule constitutes a representation by us regarding the actual amount, if any, that we will pay on the CDs.**

For U.S. federal income tax purposes, you are required to use our determination of the comparable yield and projected payment schedule in determining interest accruals and adjustments in respect of a CD, unless you timely disclose to the Internal Revenue Service (the “IRS”) that you are using a different comparable yield and projected payment schedule and you explain to the IRS why you used your own yield and schedule. Regardless of your accounting method, you will be required to accrue as interest income OID on the CDs at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of the contingent payment on the CDs (as described below).

Upon a sale, exchange or retirement of a CD (including at its maturity), you generally will recognize taxable gain or loss equal to the difference between the amount received from the sale, exchange or retirement and its adjusted tax basis in the CD. Your adjusted tax basis in a CD will equal the cost thereof, increased by the amount of interest income previously accrued by you in respect of the CD. You generally must treat any gain as interest income and any loss as ordinary loss to the extent of previous interest inclusions, and the balance as capital loss. Such losses are not subject to the limitation imposed on miscellaneous itemized deductions. The deductibility of capital losses, however, is subject to limitations. Additionally, if you recognize a loss above certain thresholds, you may be required to file a disclosure

statement with the IRS. You are urged to consult your tax adviser regarding these limitations and reporting obligations.

CDs that are Treated as “Short-Term Debt Instruments”

The following discussion applies to CDs that are treated as “short-term debt instruments” for U.S. federal income tax purposes. No statutory, judicial or administrative authority directly addresses the treatment of short-term CDs or instruments similar thereto for U.S. federal income tax purposes, and no ruling will be requested from the IRS with respect to them. As a result, certain aspects of the U.S. federal income tax consequences of an investment in these CDs are uncertain.

Cash-method holders will not be required to recognize income with respect to short-term CDs prior to maturity, other than pursuant to a sale or exchange, as described below. Although accrual-method holders and certain other holders are generally required to accrue ordinary income on short-term CDs on a straight-line basis, because the amount that will be received with respect to the CDs is uncertain, it is not clear how these accruals should be determined. You should consult your tax adviser regarding the determination of the amount of any such accruals on the CDs.

On the maturity date of a short-term CD, if the amount you receive exceeds your adjusted basis in the CD, such excess should be treated as interest income. Your adjusted basis in a CD will equal the sum of the amount paid to acquire the CD and previously accrued interest income, if any. If, however, the amount you receive is less than your adjusted basis in the CD, this difference should be treated as a short-term capital loss, which may be subject to special reporting requirements if it exceeds certain thresholds. The deductibility of capital losses is subject to limitations.

Upon a sale or exchange of a short-term CD, you should recognize gain or loss in an amount equal to the difference between the amount received and your adjusted basis in the CD. Any resulting loss will be treated as a capital loss, which may be subject to special reporting requirements if it exceeds certain thresholds. It is not clear, however, whether or to what extent gain from a sale or exchange should be treated as capital gain or ordinary income. You should consult your tax adviser regarding the proper treatment of any gain recognized upon a sale or exchange of a short-term CD.

To the extent you have not previously included interest income on a short-term CD, it may be required to defer deductions for interest paid on indebtedness incurred to purchase or carry the CD until the maturity of the CD or until the CD is disposed of in a taxable transaction. You should consult your tax adviser regarding the possible deferral of interest deductions on indebtedness incurred to purchase a short-term CD.

Due to the absence of authorities that directly address the U.S. federal income tax consequences of a short-term CD with contingent payments, no assurances can be given that the IRS will accept, or that a court will uphold, the tax treatment of the CDs described above. Alternative tax characterizations of a short-term CD are possible which, if applied, could affect the character of the income or loss with respect to the CDs. You should consult your tax adviser regarding the U.S. federal income tax treatment of an investment in the short-term CDs.

Tax Consequences to Non-U.S. Holders

You are deemed to be a “Non-U.S. Holder” if you are a beneficial owner of a CD for U.S. federal income tax purposes and are:

- an individual who is classified as a nonresident alien for U.S. federal income tax purposes;
- a foreign corporation;
- a foreign estate or trust; or

- a foreign partnership (all of whose partners are Non-U.S. Holders).

You are not a Non-U.S. Holder if you are an individual present in the United States for 183 days or more in the taxable year of disposition of a CD. In this case, you should consult your own tax adviser regarding the U.S. federal income tax consequences of the disposition.

If you are a Non-U.S. Holder, interest paid to you on the CDs, and any gain you realize on a sale or exchange of the CDs, will be exempt from U.S. federal income tax (including withholding tax), provided generally that such amounts are not effectively connected with your conduct of a U.S. trade or business.

If you are engaged in a trade or business in the United States and if the income or gain on the CDs, if any, is effectively connected with your conduct of such trade or business, although exempt from the withholding tax, you will generally be subject to regular U.S. income tax on such income or gain in the same manner as if you were a U.S. Holder. If this paragraph applies to you, you should consult your tax adviser with respect to other U.S. tax consequences of the ownership and disposition of the CDs, including the possible imposition of a 30% branch profits tax.

Backup Withholding and Information Reporting

Interest payments on the CDs and the proceeds received from a sale, exchange or other disposition (including the payment at the maturity date) of the CDs will generally be subject to information reporting if you are not an “exempt recipient” (such as a domestic corporation) and may also be subject to backup withholding at the rates specified in the Code if you fail to provide certain identifying information (such as an accurate taxpayer identification number, if you are a U.S. Holder) or meet certain other conditions. However, if you are a Non-U.S. Holder, you will generally be exempt from backup withholding and information reporting requirements if you certify that you are not a U.S. person and meet certain other conditions or otherwise establish an exemption from those rules. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against your U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

THE INDEXES

The S&P 500® Index

The S&P® 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index was developed with a base level of 10 for the 1941-1943 base period.

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The Nikkei 225 Index

The Nikkei 225 Index (“**NKY**”) is a stock index calculated, published and disseminated by Nikkei Inc. (“**Nikkei**”) that measures the composite price performance of selected Japanese stocks. Nikkei first calculated and published the NKY in 1970. The NKY is currently based on 225 underlying stocks trading on the Tokyo Stock Exchange representing a broad cross-section of Japanese industries. All 225 underlying stocks are stocks listed in the First Section of the Tokyo Stock Exchange. Stocks listed in the First Section of the Tokyo Stock Exchange are among the most actively traded stocks on the Tokyo Stock Exchange. Nikkei rules require that the 75 most liquid issues (one-third of the component count of the NKY) be included in the NKY.

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The Dow Jones EURO STOXX 50® Index

The Dow Jones EURO STOXX 50® Index, which we refer to as the “**SX5E**”, was created by STOXX Limited, a joint venture between Deutsche Börse AG, Dow Jones & Company and SIX Swiss Exchange. Publication of the SX5E began on February 28, 1998, based on an initial SX5E value of 1,000 at December 31, 1991. The SX5E is a free float-adjusted market capitalization index that seeks to provide exposure to European large capitalization equity securities and is composed of 50 component stocks of super sector leaders from within the Dow Jones EURO STOXX® Index, which includes stocks selected from the Eurozone. The component stocks have a high degree of liquidity and represent the largest companies across all market sectors defined by the Industry Classification Benchmark (ICB). The composition of the SX5E is reviewed annually in September, based on the closing stock data on the last trading day in August. The component stocks are announced the first trading day in September. Changes to the component stocks are implemented on the third Friday in September and are effective the following trading day. Changes in the composition of the SX5E are made to ensure that the SX5E includes the 50 market sector leaders from within the Dow Jones EURO STOXX® Index.

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- Have any responsibility or liability for or make any decisions about the timing, amount or pricing of CDs.
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- Consider the needs of the CDs or the owners of the CDs in determining, composing or calculating the EURO STOXX 50® Index or have any obligation to do so.

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