

Union Bank, N.A.

Market-Linked Certificates of Deposit, due January 27, 2016 (MLCD No.32)

Principal Protected Capped Return Linked to the S&P 500® Index

Set forth below are the terms and conditions of the Union Bank, N.A. (the "Bank") Principal Protected Capped Return Market-Linked Certificates of Deposit (the "MLCDs"). You should carefully review this Disclosure Supplement (the "Supplement"), as well as the attached Disclosure Statement, before deciding if an investment in an MLCD is appropriate for you. In general, the MLCDs are designed for investors who seek principal protection along with participation in the potential appreciation of the Investment Benchmark, subject to a Maximum Indexed Interest Amount as described below, and who are prepared to hold the MLCD until the Maturity Date. All capitalized terms used herein but not defined have the meanings set forth in the Disclosure Statement.

MLCD Description

Each MLCD is a certificate of deposit that pays a return based primarily on the performance of the S&P 500® Index (the "Investment Benchmark"), rather than a fixed coupon. These MLCDs are structured to provide investors the opportunity to benefit from the potential appreciation of the S&P 500® Index, subject to a Maximum Indexed Interest Amount as described below. No Periodic Interest Payments will be made on the MLCDs.

- **Return Potential:** The interest payment to the depositor will equal the appreciation of the Investment Benchmark over the term of the MLCDs; provided, however, that the return will not exceed the Maximum Indexed Interest Amount (as defined below) regardless of the performance of the Investment Benchmark. Investors should be willing to forgo return potential above the Maximum Indexed Interest Amount in exchange for principal protection and FDIC insurance as described below.
- **Principal Protection:** At maturity, you will receive repayment of your Deposit Amount and an amount no less than the Minimum Indexed Interest Amount, regardless of the performance of the Investment Benchmark. Investors who redeem all or a portion of their MLCD early may lose a portion of their Deposit Amount.
- **FDIC Insurance:** The MLCDs qualify for FDIC coverage up to the FDIC limits for qualified and non-qualified accounts when aggregated with other bank deposits held in the same ownership capacity. The FDIC insurance covers only the Deposit Amount and does not include any Indexed Interest Amount, Minimum Indexed Interest Amount or secondary market premium.
- **IRA Eligible:** MLCDs are eligible investments by IRAs.

Risks and Considerations

Purchasing an MLCD involves a number of risks, including risks not typically associated with fixed-rate or floating-rate certificates of deposit or debt instruments. The Bank recommends that prospective investors carefully consider, together with their financial, legal, accounting, tax and other advisors, those risks in determining the suitability of an MLCD in light of their financial circumstances. Please refer to the accompanying Disclosure Statement for a more detailed discussion of these risks which include, but are not limited to:

- You are not guaranteed the return of the Deposit Amount if your MLCD is not held to maturity.
- Neither the Bank nor any Offering Broker is required to, and does not intend to, make a secondary market in the MLCDs. There is no assurance that a secondary market will develop. Funds needed prior to maturity should not be invested in MLCDs.
- The Payment at Maturity (as defined below) may yield a return that is less than that of a traditional certificate of deposit or debt instrument of a comparable maturity.
- Interest on the MLCDs will be subject to annual income taxes based upon a comparable yield for the issuance, even though no payments will be made on the MLCDs until the maturity date. You may incur a tax liability without any offsetting income from the MLCDs. See "United States Federal Income Tax Considerations" herein and in the Disclosure Statement.
- The Indexed Interest Amount (as defined below) may not reflect the full upside performance of the Investment Benchmark because it cannot exceed the Maximum Indexed Interest Amount. The Indexed Interest Amount is based on the closing level of the Investment Benchmark on a single day and your return could be significantly different if it were determined on a different day. We cannot predict the direction or magnitude of the changes which would result in the selection of such different date.
- Although the return on the MLCD is linked to the performance of the Investment Benchmark, you will not have any rights in the shares comprising the S&P 500® Index, including any beneficial ownership rights such as dividends or voting.
- In addition, you should be aware of the prevailing and widely reported global economic and credit market conditions (which continue at the date hereof), whereby there is a general disruption and lack of liquidity in the market for many debt and equity instruments. Although it is possible that the current financial and credit crisis may alleviate for certain sectors of the global economy, there can be no assurance that the market for debt instruments such as the MLCDs, or the equity securities comprising the Investment Benchmark, will recover at the same time or to the same degree as such other recovering global market sectors.

The MLCDs are made available through UnionBanc Investment Services, LLC ("UBIS"), a subsidiary of the Bank. The MLCDs are time deposit obligations of the Bank, a national banking association, and are not obligations of UnionBanCal Corporation, the Offering Brokers, or any other company affiliated with the Bank. None of UnionBanCal Corporation, UBIS or any other affiliate of the Bank guarantees the financial condition of the Bank.

Key Terms

Issuer.....	Union Bank, N.A.
Investment Benchmark	S&P 500 [®] Index (ticker: SPX).
Currency	USD.
Minimum Deposit Amount.....	\$1,000 principal amount (except that each Offering Broker may, in its discretion, impose a higher minimum deposit amount with respect to the MLCD sales to its customers) and multiples of \$1,000 principal amount thereafter.
Pricing Date	January 22, 2010.
Issue Date (Settlement Date)	January 27, 2010.
Maturity Date	January 27, 2016.
Payment at Maturity.....	The amount payable on each MLCD on the Maturity Date will be the Deposit Amount plus the greater of (i) the Minimum Indexed Interest Amount and (ii) the Indexed Interest Amount.
Indexed Interest Amount.....	The outstanding Deposit Amount multiplied by: $\frac{(\text{Final Closing Level} - \text{Initial Closing Level})}{\text{Initial Closing Level}}$ <i>provided; however</i> , the Indexed Interest Amount may not exceed the Maximum Indexed Interest Amount (as defined below) regardless of the performance of the Investment Benchmark. The Indexed Interest Amount is based solely on the change in the Investment Benchmark from the Initial Closing Level to the Final Closing Level. No interim changes in the Investment Benchmark, including increases, will be considered in determining the Indexed Interest Amount.
Maximum Indexed Interest Amount	The Maximum Indexed Interest Amount at maturity will be 53.50% multiplied by the outstanding Deposit Amount on the Maturity Date. This equates to a 7.40% APY.
Initial Closing Level.....	1091.76, which was the level of the Investment Benchmark as of the close of trading on the Relevant Exchange on the Pricing Date.
Final Closing Level	The level of the Investment Benchmark as of the close of trading on the Relevant Exchange on January 22, 2016. Changes in the level of the Investment Benchmark from January 22, 2016 to the Maturity Date will not affect the Indexed Interest Amount or the return on the MLCD.
Minimum Indexed Interest Amount	The Minimum Indexed Interest Amount at maturity will be 12.00% multiplied by the outstanding Deposit Amount on the Maturity Date. This equates to a 1.91% Annual Percentage Yield.
Annual Percentage Yield (APY).....	1.91% (if the Final Closing Level of the S&P 500 [®] Index does not exceed the Initial Closing Level, so that only the outstanding Deposit Amount and the Minimum Indexed Interest Amount is payable on the MLCDs). APYs assume that the MLCDs were purchased in the original offering and are calculated on the basis of a 365-day year.
Periodic Interest Payments.....	None.
Call Feature	None.
Early Redemption Dates.....	The 15th of each March, June, September, and December, beginning December 15, 2010 . The amount you receive upon an early redemption (the "Early Redemption Amount") is described in the section of the Disclosure Statement entitled "General Description of the MLCDs - Early Redemption." Upon an Early Redemption, the value of your MLCD may be less than if held to maturity and will be impacted by the factors described under "Risk Factors - Value of the MLCDs Prior to Maturity May Be Substantially Less Than Your Deposit Amount" in the Disclosure Statement.
Survivor's Option	Upon the death or adjudication of incompetence of the beneficial owner of the

MLCD, the estate will be entitled to the return of the full Deposit Amount. The estate will not be entitled to additional payments associated with the performance of the Investment Benchmark or any secondary market premiums that may have been paid.

Survivor's Option Payment Dates	The 10 th of each month, beginning March 10, 2010.
Calculation Agent	Union Bank, N.A.
CUSIP.....	90521ABH0

Illustrative Examples

The following examples are provided for illustration purposes only and are hypothetical. They are not representative of every possible scenario concerning possible Indexed Interest Amounts that could result from possible changes in the level of the Investment Benchmark over the term of the MLCD. We cannot predict the Final Closing Level. The assumptions we have made in connection with the illustrations set forth below may not reflect actual events, and the hypothetical Final Closing Level of the Investment Benchmark used in the scenarios below may not be the actual Final Closing Level of the Investment Benchmark. The Initial Closing Level has been rounded to the nearest whole number. You should not take these examples as an indication or assurance of the expected performance of the Investment Benchmark or of the return on the MLCD.

The following examples indicate how the Indexed Interest Amount would be calculated with respect to a hypothetical \$1,000 Deposit Amount in the MLCDs. These examples assume that there is no early redemption, and that the MLCDs are held to maturity.

<i>Indexed Interest Amount:</i>	The outstanding Deposit Amount multiplied by: $\frac{(\text{Final Closing Level} - \text{Initial Closing Level})}{\text{Initial Closing Level}}$ provided; however, the Indexed Interest Amount may not exceed the Maximum Indexed Interest Amount (as defined below) regardless of the performance of the Investment Benchmark.
<i>Maximum Indexed Interest Amount:</i>	53.50% multiplied by the outstanding Deposit Amount on the Maturity Date. This equates to a 7.40% APY.
<i>Minimum Indexed Interest Amount:</i>	12.00% multiplied by the outstanding Deposit Amount on the Maturity Date. This equates to a 1.91% APY.
<i>Payment at Maturity:</i>	The Deposit Amount plus the greater of (i) the Minimum Indexed Interest Amount, and (ii) the Indexed Interest Amount.

Hypothetical Scenarios

The following table shows hypothetical levels of the S&P 500® Index for several different scenarios over the term of the MLCDS. Because the level of the S&P500® Index may be subject to significant fluctuations over the term of the MLCDS, we can not show the range of all possible interest amounts that would result from given changes in the level of the S&P500® Index. These hypothetical examples are for purposes of illustration only. The actual Payment at Maturity will depend on the actual levels of the S&P 500® Index used to calculate the Indexed Interest Amount at maturity.

The following table indicates how the interest payable on the MLCD would be calculated with respect to 9 different hypothetical scenarios assuming an Initial Closing Level of 1091 and Final Closing Levels in the range of 800 to 1800, all of which are subject to the Maximum Indexed Interest Amount. The Payment at Maturity equals the outstanding Deposit Amount plus the interest payable at maturity multiplied by the outstanding Deposit Amount.

Scenarios	Initial Closing Level	Final Closing Level	$\frac{(\text{Final Closing Level} - \text{Initial Closing Level})}{(\text{Initial Closing Level})}$	Interest Payable at Maturity	APY	Payment at Maturity
A	1091	800	-26.67%	12.00%	1.91%	\$ 1,120.00
B	1091	900	-17.51%	12.00%	1.91%	\$ 1,120.00
C	1091	1000	-8.34%	12.00%	1.91%	\$ 1,120.00
D	1091	1200	9.99%	12.00%	1.91%	\$ 1,120.00
E	1091	1300	19.16%	19.16%	2.96%	\$ 1,191.60
F	1091	1500	37.49%	37.49%	5.45%	\$ 1,374.90
G	1091	1575	44.36%	44.36%	6.31%	\$ 1,443.60
H	1091	1700	55.82%	53.50%	* 7.40% *	\$ 1,535.00 *
I	1091	1800	64.99%	53.50%	* 7.40% *	\$ 1,535.00 *

*The interest payable at maturity and the Payment at Maturity for these periods have been reduced to reflect the Maximum Indexed Interest Amount since the Final Closing Level is more than 53.50% higher than the Initial Closing Level.

Hypothetical Scenario A

In this scenario, because the Final Closing Level finished below the Initial Closing Level, the investor would receive the Deposit Amount plus the Minimum Indexed Interest Amount, for a total Payment at Maturity of $\$1,000 + (\$1,000 * 12.00\%) = \$1,120$.

Hypothetical Scenario D

In this scenario, the Indexed Interest Amount is greater than zero but less than the Minimum Indexed Interest Amount, so the investor would receive the Deposit Amount plus the Minimum Indexed Interest Amount, for a total Payment at Maturity of $\$1,000 + (\$1,000 * 12.00\%) = \$1,120$.

Hypothetical Scenario F

In this scenario, the Indexed Interest Amount is greater than the Minimum Indexed Interest Amount and less than the Maximum Indexed Interest Amount, so the investor would receive the Deposit Amount plus the Indexed Interest Amount, for a total Payment at Maturity of $\$1,000 + (\$1,000 * 37.49\%) = \$1,374.90$.

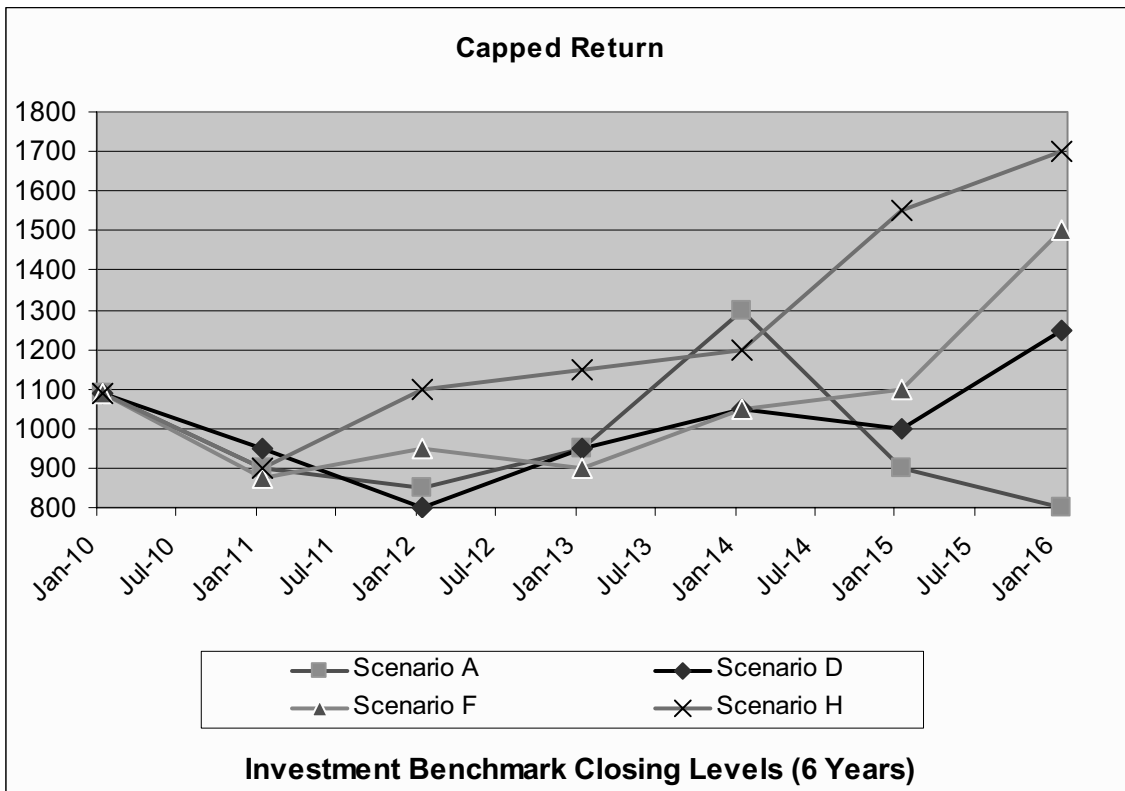
Hypothetical Scenario H

In this scenario, the investor would receive the Maximum Indexed Interest Amount at maturity since the Final Closing Level is more than 53.50% above the Initial Closing Level, for a total Payment at Maturity of $\$1,000 + (\$1,000 * 53.50\%) = \$1,535$.

As illustrated in the hypothetical scenarios above and in the Description of the MLCD, the Payment at Maturity on the MLCD is effectively bound between the Minimum Indexed Interest Amount (12.00%) and the Maximum Indexed Interest Amount (53.50%), providing a \$1,000 MLCD depositor with a Payment at Maturity between \$1,120 and \$1,535.

Hypothetical Scenarios (Continued)

The graph below of the four hypothetical scenarios described above illustrates that changes in the Investment Benchmark, including increases, between the Pricing Date and January 22, 2016 are not used in determining the Indexed Interest Amount. Only the Initial Closing Level on the Pricing Date and the Final Closing Level on January 22, 2016 are used in determining the Indexed Interest Amount. For example, in Scenario A, the Investment Benchmark increases to 1300, a 19.16% increase from the hypothetical 1091 Initial Closing Level, during the term of the MLCD; however, the Payment at Maturity is based on the Final Closing Level of 800 resulting in a Payment at Maturity of \$1,120, the outstanding Deposit Amount plus the Minimum Indexed Interest Amount.



Investment Benchmark

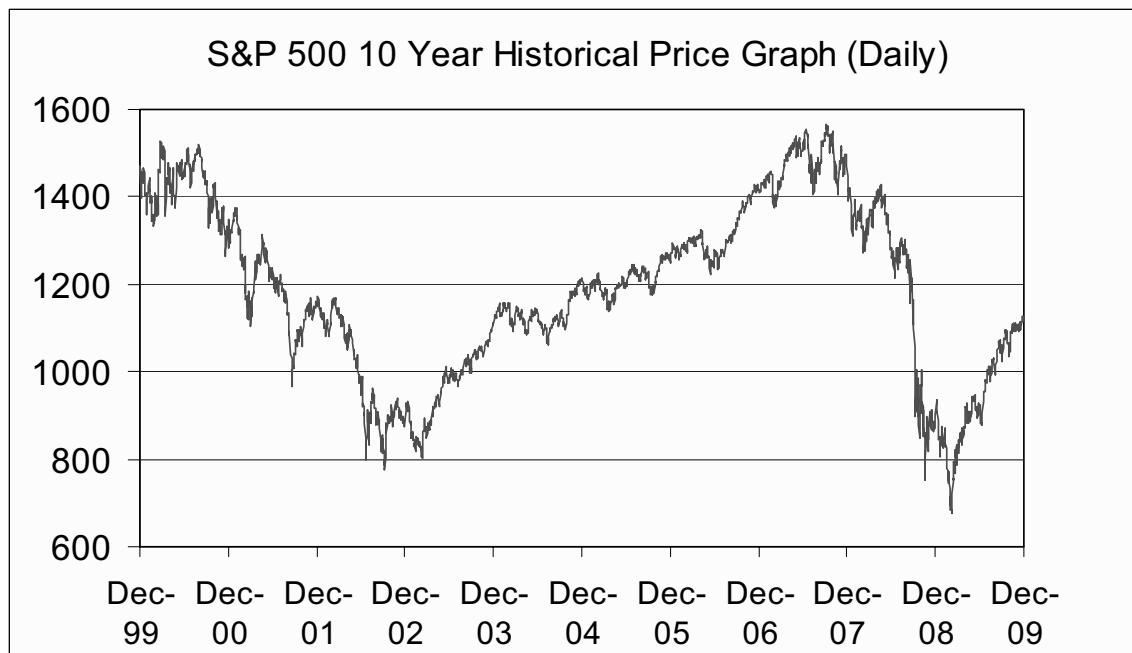
We have obtained all information regarding the Investment Benchmark contained in this Supplement from publicly-available information. That information reflects the policies of, and is subject to change by Standard & Poor's, the Investment Benchmark Sponsor. The Investment Benchmark Sponsor has no obligation to continue to publish, and may discontinue publication of, the Investment Benchmark. The consequences of the Investment Benchmark Sponsor discontinuing publication of the Investment Benchmark are described in the section entitled "General Description of the MLCs – Discontinuance or Modification of an Investment Benchmark" in the Disclosure Statement. We do not assume any responsibility for the accuracy or completeness of any information relating to the Investment Benchmark.

THE S&P 500® INDEX

The S&P 500® Index is intended to provide an indication of the pattern of the common stock price movement of companies with substantial market capitalizations. The calculation of the level of the S&P 500® Index is based on the relative value of the aggregate market value of the common stocks of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943.

Historical Closing Levels of the S&P 500® Index

Since its inception, the S&P 500® Index has experienced significant fluctuations. Any historical upward or downward trend in the level of the S&P 500® Index during any period shown below is not an indication that the level of the S&P 500® Index is more or less likely to increase or decrease at any time during the term of the MLCs. The historical S&P 500® Index levels do not give an indication of future performance of the S&P 500® Index. We cannot assure you that the future performance of the S&P 500® Index or the constituent stocks of the S&P 500® Index will result in holders of the MLCs receiving an amount greater than the outstanding face amount of the MLCs on the maturity date.



The table below sets forth the quarterly high and low closing levels, as well as end-of-quarter closing levels, of the S&P 500® Index for each of the quarters from 1998 to present. We obtained the data in the table from Bloomberg, LP. Historical price levels of the S&P 500® Index should not be used as an indication of future performance.

Quarter Ending	Quarterly High	Quarterly Low	Quarterly Close
Mar-98	1105.65	927.69	1101.75
Jun-98	1138.49	1077.01	1133.84
Sep-98	1186.75	957.28	1017.01
Dec-98	1241.81	959.44	1229.23
Mar-99	1316.55	1212.19	1286.37
Jun-99	1372.71	1281.41	1372.71
Sep-99	1418.78	1268.37	1282.71
Dec-99	1469.25	1247.41	1469.25
Mar-00	1527.46	1333.36	1498.58
Jun-00	1516.35	1356.56	1454.6
Sep-00	1520.77	1419.89	1436.51
Dec-00	1436.28	1264.74	1320.28
Mar-01	1373.73	1117.58	1160.33
Jun-01	1312.83	1103.25	1224.42
Sep-01	1236.72	965.8	1040.94
Dec-01	1170.35	1038.55	1148.08
Mar-02	1172.51	1080.17	1147.39
Jun-02	1146.54	973.53	989.82
Sep-02	989.03	797.7	815.28
Dec-02	938.87	776.76	879.82
Mar-03	931.66	800.73	848.18
Jun-03	1011.66	858.48	974.5
Sep-03	1039.58	965.46	995.97
Dec-03	1111.92	1018.22	1111.92
Mar-04	1157.76	1091.33	1126.21
Jun-04	1150.57	1084.1	1140.84
Sep-04	1129.3	1063.23	1114.58
Dec-04	1213.55	1094.81	1211.92
Mar-05	1225.31	1163.75	1180.59
Jun-05	1216.96	1137.5	1191.33
Sep-05	1245.04	1194.44	1228.81
Dec-05	1272.74	1176.84	1248.29
Mar-06	1307.25	1254.78	1294.83
Jun-06	1325.76	1223.69	1270.2
Sep-06	1339.15	1234.49	1335.85
Dec-06	1427.09	1331.32	1418.3
Mar-07	1459.68	1374.12	1420.86
Jun-07	1539.18	1424.55	1503.35
Sep-07	1553.08	1406.7	1526.75
Dec-07	1565.15	1407.22	1468.36
Mar-08	1447.16	1273.37	1322.7
Jun-08	1426.63	1278.38	1280
Sep-08	1305.32	1106.39	1166.36
Dec-08	1161.06	752.44	903.25
Mar-09	934.7	676.53	797.87
Jun-09	946.21	811.08	919.32
Sep-09	1071.66	879.13	1057.08
Dec-09	1127.78	1025.21	1115.1
Mar-98 through Dec-09	1565.15	676.53	1115.1

License Agreement

The license agreement between the Bank and S&P[®] requires that the following language be stated in this Supplement:

The MLCDs are not sponsored, endorsed, sold or promoted by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"). S&P[®] makes no representation or warranty, express or implied, to the owners of the MLCDs or any member of the public regarding the advisability of investing in any financial products generally or in the MLCDs particularly or the ability of the S&P 500[®] Index to track general stock market performance. S&P's only relationship to the Bank is the licensing of certain trademarks and trade names of S&P[®] and of the S&P 500[®] Index which is determined, composed, and calculated by S&P[®] without regard to the Bank or the MLCDs. S&P[®] has no obligation to take the needs of the Bank or the owners of the MLCDs into consideration in determining, composing or calculating the S&P 500[®] Index. S&P is not responsible for and has not participated in the determination of prices and amount of the MLCDs or the timing of the issuance or sale of the MLCDs or in the determination or calculation of the Indexed Interest Amount. S&P[®] has no obligation or liability in connection with the administration, marketing or trading of the MLCDs.

NEITHER S&P[®] NOR ITS AFFILIATES GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE S&P 500[®] INDEX OR ANY DATA INCLUDED THEREIN OR ANY COMMUNICATIONS INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATIONS (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P[®] AND ITS AFFILIATES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS OR DELAYS THEREIN. S&P[®] MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE MARKS, THE S&P 500[®] INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P[®] OR ITS AFFILIATES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE.

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UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

To ensure compliance with Treasury Department Circular 230, you are hereby notified that (a) any discussion of United States federal tax issues in this Disclosure Supplement is not intended or written to be relied upon, and cannot be relied upon by you for the purpose of avoiding penalties that may be imposed on you under the Internal Revenue Code of 1986, as amended (the "Code"), (b) this discussion is included herein by the Bank in connection with the promotion or marketing (within the meaning of Circular 230) by the Bank, UBIS and the Offering Brokers of the transactions or matters addressed in this Disclosure Supplement, and (c) you should seek advice based on your particular circumstances from an independent tax advisor.

The following discussion supplements (and, to the extent inconsistent with, supersedes) and should be read in conjunction with the discussion in the attached Disclosure Statement under "United States Federal Income Tax Considerations." For purposes of that discussion, the MLCDs are "long-term MLCDs."

The table below sets forth the following information with respect to each \$1,000 principal amount of the MLCDs for each of the indicated accrual periods through the maturity dates of the MLCDs:

- the adjusted issue price at the beginning of the accrual period;
- the amount of interest deemed to have accrued during the accrual period; and
- the total amount of interest deemed to have accrued from the original issue date through the end of the accrual period.

The table is based upon a projected payment schedule (including a comparable yield equal to 4.91% per annum (compounded annually)) that the Bank established for the MLCDs. The table reflects the expected issuance of the MLCDs on January 27, 2010 and the scheduled maturity date of January 27, 2016. The table also assumes that the MLCDs will not be withdrawn prior to maturity under the Survivor's Option or pursuant to an early redemption. The projected payment schedule consists of a single payment at maturity, which includes the principal amount and a projection for tax purposes of the Indexed Interest Amount. The Bank has determined that the projected payment schedule for each \$1,000 principal amount of the MLCDs would consist of the payment on the maturity date of the principal amount of \$1,000 and a projected Indexed Interest Amount of \$333.43, for a total of \$1,333.43. This information is provided solely for tax purposes, and the Bank makes no representations or predictions as to what the actual Indexed Interest Amount will be.

Accrual Period	Adjusted Issue Price at Beginning of Accrual Period	Interest Deemed to Accrue on the MLCDs During the Accrual Period ⁽¹⁾	Total Interest Deemed to Have Accrued from Original Issue Date as of End of Accrual Period
January 27, 2009 to December 31, 2010	1,000.00	45.55	45.55
January 1, 2011 to December 31, 2011	1,045.55	51.34	96.89
January 1, 2012 to December 31, 2012	1,096.89	53.86	150.75
January 1, 2013 to December 31, 2013	1,150.75	56.50	207.25
January 1, 2014 to December 31, 2014	1,207.25	59.28	266.53
January 1, 2015 to December 31, 2015	1,266.53	62.19	328.72
January 1, 2016 to January 27, 2016	1,328.72	4.71	333.43

(1) Represents the adjusted issue price at the beginning of the accrual period multiplied by the hypothetical comparable yield for the accrual period.

Final Adjusted Issue Price = \$1,333.43 per \$1,000 principal amount of MLCDs.

All prospective investors in the MLCDs should consult their own tax advisors concerning the taxation of the MLCDs.



UNION BANK, N.A.

Market-Linked Certificates of Deposit

Union Bank, N.A. (the "Bank") may from time to time offer market-linked certificates of deposit ("MLCDs"). The returns on the MLCDs will be linked to one or more Investment Benchmarks, as described below. This Disclosure Statement contains the general terms and conditions that will apply to the MLCDs. The specific terms and conditions applicable to a particular MLCD offering will be described in greater detail in the applicable Disclosure Supplement ("Supplement"). In the event of any inconsistency between the Disclosure Statement and the Supplement, the terms of the Supplement will control.

Payments on the MLCDs

Unless otherwise specified in the Supplement and unlike traditional certificates of deposit and other debt instruments, the Bank will make a payment on the maturity date of the MLCDs (the "Indexed Interest Amount") that is related to changes in (i) the level or levels of an index or indices based on the prices of securities, (ii) the exchange rates of specified currencies, (iii) the level or levels of an index or indices based on the prices of commodities or futures or options thereon or (iv) any other measure of economic or financial performance. With respect to each MLCD, applicable assets or market measures are referred to as the "Investment Benchmark." The Supplement for the MLCDs will specify the applicable Investment Benchmark and how the Indexed Interest Amount will be calculated. The Indexed Interest Amount may be calculated based upon levels or prices observed on one or more dates that are close to the maturity date of the MLCDs, or periodically over the term of the MLCD, and may be subject to a cap. **As a result, the payments received on the MLCD may be substantially less than any change in the price or level of the Investment Benchmark, and these features may generally negatively affect your investment return. In addition, if the Supplement does not provide for a Minimum Indexed Interest Amount, as defined below, you may receive no interest payment or return of any kind on your MLCD, other than the repayment of the Deposit Amount (as defined below).** If the MLCD is held to maturity, the Bank will pay no less than the full Deposit Amount.

Liquidity

Although the Bank or its affiliates may purchase the MLCDs from you in the secondary market, they are not obligated to do so. The Bank and its affiliates are not obligated to, and do not intend to, make a market for the MLCDs. There is no assurance that a secondary market for the MLCDs will develop or, if it develops, that it will continue. Consequently, you may not be able to sell your MLCDs readily or at prices that will enable you to realize your desired yield. Only MLCDs held to maturity or MLCDs that are subject to a permitted early withdrawal in the event of the death or adjudicated incompetence of a beneficial owner of the MLCD will be entitled to the return of the full Deposit Amount. If you sell your MLCD prior to maturity, you may not receive the full amount of your Deposit Amount. **The MLCDs are designed to be held to maturity, and funds that you need prior to maturity should not be invested in MLCDs.**

Deposit Insurance

The MLCDs are deposit obligations of the Bank, the deposits and accounts of which are insured by the Federal Deposit Insurance Corporation (the "FDIC") up to certain statutory limits and in accordance with certain limitations and restrictions. The "Deposit Insurance" section below contains a general description of the federal deposit insurance limitations and restrictions as applied to the MLCDs. The amount of deposit insurance available to you for MLCDs you purchase will depend on a number of factors, including the capacity in which you hold the MLCDs and whether you hold any other deposits at the Bank in the same capacity. A depositor purchasing a principal amount of MLCDs that is in excess of the described limits or which, together with other deposits that it maintains at the Bank in the same ownership capacity, is in excess of such limits should not rely on the availability of deposit insurance with respect to such excess. **To the extent you maintain deposits with the Bank in excess of the FDIC limits, you are relying solely on the Bank's ability to pay the principal amount of the MLCD. You are responsible for monitoring the total amount of deposits that you hold at the Bank in the same ownership capacity in order to determine the extent of FDIC insurance coverage available to you on the MLCDs. In addition, the FDIC has taken the position that any Indexed Interest Amount, Minimum Indexed Interest Amount and any secondary market premium paid by a depositor above the principal amount of the MLCDs are not insured by the FDIC. Therefore, you are relying solely on the Bank's ability to pay the Indexed Interest Amount, if any.** See "Deposit Insurance" herein.

Survivor's Option

If so specified in the Supplement, withdrawals will be permitted prior to the maturity date in the event of the death or adjudicated incompetence of the beneficial owner of the MLCD. This right is called a "Survivor's Option" and upon the valid election of this right, the Bank will repay 100% of the principal amount of the MLCD; however, the bank will not pay any Indexed Interest Amount or Minimum Indexed Interest Amount. See "Survivor's Option" herein.

Tax Treatment

Most United States holders of the MLCDs, other than those purchasing the MLCDs 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 MLCDs are outstanding imputed interest income on the MLCDs even though interest, if any, may not be paid on the MLCDs until maturity.** See "United States Federal Income Tax Considerations" herein.

Risk Factors

In making an investment decision, investors must rely on their own examination of the Bank and the terms of the offering, including the merits and risks involved. **You should reach an investment decision only after carefully considering, together with your financial, legal and tax advisors, the suitability of an investment in an MLCD in light of your financial circumstances. You will be subject to risks, including risks not associated with conventional fixed-rate or floating-rate CDs or debt instruments. See "Risk Factors" herein and in the applicable Supplement for more information on the risks associated with the MLCDs.**

MLCDs Are Obligations of the Bank

The MLCDs are obligations solely of the Bank, and are not obligations of and are not guaranteed by UnionBanCal Corporation, UnionBanc Investment Services, LLC ("UBIS") or any other affiliate or subsidiary of the bank. The MLCDs are not registered under the Securities Act of 1933, as amended, and are not required to be so registered. The MLCDs have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Disclosure Statement or any Supplement.

Offering Brokers

The MLCDs will be made available through UBIS and may be made available through certain other brokers (together, the "Offering Brokers"). UBIS is a registered broker-dealer, investment advisor, member FINRA/SIPC, and subsidiary of the Bank.

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Summary

This Disclosure Statement, along with the applicable Supplement, describes the terms of the MLCDs offered. These documents contain information you should consider when making your investment decision and you should rely solely on the information contained in this Disclosure Statement and the applicable Supplement. To the extent that any of the information in the Supplement is inconsistent with the information contained in this Disclosure Statement, the applicable Supplement will control. Neither the Bank nor UBIS has authorized anyone to provide you with any additional information. If any such information is provided to you, you should not rely on it. The information contained in this Disclosure Statement and any Supplement may not be modified by any oral representation made before or after purchase of an MLCD. **You should consider carefully the information contained in “Risk Factors” beginning on the next page.**

This Disclosure Statement and the applicable Supplement do not constitute an offer or solicitation by anyone in any state or jurisdiction in which such offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so, or to any person for whom it is unlawful to make such an offer or solicitation. The information contained in this Disclosure Statement and the applicable Supplement may only be accurate as of the dates of such documents. You should not interpret the delivery of this Disclosure Statement or the applicable Supplement or the sale of the MLCDs as an indication that there has been no change in the information set forth herein or therein since those dates.

Issuer	Union Bank, N.A. (the “Bank”)
Calculation Agent	Union Bank, N.A.
MLCDs	<p>Market-linked certificates of deposit, issued by the Bank from time to time and as described herein and in the applicable Supplement. See “<i>General Description of the MLCDs.</i>”</p> <p>The MLCDs will be in the form of a master certificate held through the Depository Trust Company (“DTC”). See “<i>Evidence of the Deposits.</i>”</p>
Payments	<p>MLCDs are deposit obligations of the Bank. Upon maturity, the bank will return to you the full deposit amount of your MLCD (the “Deposit Amount”). Unlike traditional certificates of deposit and other debt instruments, the Bank will make a payment on the maturity date of the MLCDs based on changes in an Investment Benchmark (the “Indexed Interest Amount”). If so specified in the applicable Supplement, the MLCDs may accrue interest at a specified rate (the “Periodic Interest Payments”). See “<i>General Description of the MLCDs – Payments on the MLCDs.</i>”</p>
Additions and Withdrawals; Early Redemption	<p>Generally, additions and withdrawals are not permitted. If so specified in the applicable Supplement, a series of MLCDs may have a redemption feature and/or a Survivor’s Option. See “<i>General Description of the MLCDs – Additions and Withdrawals,</i>” “<i>– Early Redemption</i>” and “<i>– Survivor’s Option.</i>”</p>
Survivor’s Option	<p>If so specified in the applicable Supplement, withdrawals will be permitted prior to the maturity date in the event of the death or adjudicated incompetence of the beneficial owner of an MLCD. See “<i>General Description of the MLCDs – Survivor’s Option.</i>”</p>
Investment Benchmark	<p>The Investment Benchmark and the method for calculating the Indexed Interest Amount will be set forth in the applicable Supplement. See “<i>General Description of the MLCDs – Information with Respect to the Investment Benchmark,</i>” “<i>– Market Disruption Events</i>” and “<i>– Discontinuance or Modification of an Investment Benchmark.</i>”</p>
Minimum Denomination	<p>Unless otherwise specified in the applicable Supplement, denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. See “<i>General Description of the MLCDs – Minimum Denominations.</i>”</p>
Transfers	<p>If you choose to terminate your Offering Broker as nominee, authorized representative, agent or custodian with regard to an MLCD, you may (i) transfer your MLCD to another broker-dealer or other institution which is a direct or indirect DTC participant (the “Transferee Broker” together with the Offering Broker is collectively referred to herein as “Broker”) or (ii) request that your ownership of the MLCD be evidenced directly on the books of the Bank, subject to applicable law and the Bank’s terms and conditions, including those related to the manner of evidencing MLCD ownership. In the event that your ownership of the MLCD is evidenced directly on the books of the Bank, the term “Broker” as used herein shall include the Bank to the extent applicable.</p>

Risk Factors

Your purchase of an MLCD involves significant risks, including risks not associated with fixed-rate or floating-rate CDs or debt instruments. You should not purchase the MLCDs unless you understand and are able to bear the risks associated with the MLCDs which are included in this Disclosure Statement and any applicable Supplement. You should compare the features of the MLCDs to other available investments before deciding to purchase an MLCD. Due to the uncertainty as to whether the MLCDs will earn an Indexed Interest Amount, the return you receive with respect to an MLCD may be higher or lower than the returns on other deposits or investments available from the Offering Brokers or the Bank or through other investments. You should reach an investment decision only after carefully considering, together with your financial, legal and tax advisors, the suitability of an investment in an MLCD in light of your financial circumstances.

Depositors May Not Be Entitled to Receive any Interest Even if the MLCD Is Held to Maturity

Unless the Supplement specifies a Minimum Indexed Interest Amount (as defined below), you will not receive an interest payment or any other return at maturity if the value of the Investment Benchmark does not change so as to produce an Indexed Interest Amount greater than zero. If the Indexed Interest Amount is not greater than zero, you will receive only the Deposit Amount of your MLCD plus any interest payments or Minimum Indexed Interest Amount specified in the related Supplement.

It is possible you will receive no Indexed Interest Amount, even though the level of the Investment Benchmark on the maturity date is greater than the level of the Investment Benchmark on the issue date of your MLCD. For example, if the Indexed Interest Amount is calculated based on an average of the prices or levels of the Investment Benchmark observed at specified intervals during the term of the MLCD, one or more low prices or levels may offset any earlier or later increases, resulting in an Indexed Interest Amount of zero. If your MLCDs are subject to any knock-out event or similar event pursuant to their terms that eliminates any Indexed Interest Amount, your Indexed Interest Amount will be zero if the Investment Benchmark trades at specified levels at any time during the term of your MLCDs, even if the level of the Investment Benchmark does not trade at those specified levels at other times or at maturity. You must carefully read the applicable Supplement to determine the circumstances under which your Indexed Interest Amount will be limited, or will be zero.

Your Return May Be Less Than the Return You Could Earn on Alternative Investments or on a Direct Investment in the Investment Benchmark or any of its Components

Your return, if any, may be lower than the return you could receive on a conventional certificate of deposit or debt instrument of comparable maturity and on other alternative investments available. Your return, if any, may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money. In part, this is because you have lost the use of the Deposit Amount for the term of the MLCDs.

Further, your return on the MLCDs may not reflect the return you would realize if you actually owned the Investment Benchmark or any of its components. For example, the payment on the maturity date of an MLCD does not include any dividends paid on any securities included in the Investment Benchmark. Further, the Indexed Interest Amount may be calculated based upon observing the levels or prices of the Investment Benchmark over the term of the MLCD, at one point in time or at intervals shortly prior to maturity, may be based on participating in the performance of the Investment Benchmark at a rate that is less than 1.00, or may be otherwise capped. If the Investment Benchmark includes any non-U.S. indices or securities, your return on the MLCDs will not be adjusted to reflect the change in value that you would have received had you made a direct investment in such Investment Benchmark, and its value increased or decreased due to changes in the applicable currency exchange rates.

Value of the MLCDs Prior to Maturity May Be Substantially Less Than Your Deposit Amount

In connection with any proposed sale of your MLCD, the market value prior to maturity will be determined in a manner that differs from the method for determining the amount payable at maturity. A variety of factors will influence the value of the MLCDs prior to maturity. A change in one factor could offset the effect of a change in one of the other factors, such that there may be no determinable net effect on the value of the MLCD. An adverse movement in one or more of the factors could result in the market value of your MLCD being substantially less than your original Deposit Amount prior to the maturity date. For example, the effect on the market value of the MLCDs from an increase in the value of the Investment Benchmark may be offset by an increase in interest rates.

Investment Benchmark. Changes in the level of the Investment Benchmark from its initial level on the issue date are anticipated to have a substantial impact on the market value of the MLCDs prior to maturity. Even if the level of the Investment Benchmark has changed from its initial level, upon early redemption or any sale, you may still receive substantially less than the amount that would be payable at maturity based upon that same level due to the expectation that the level of the Investment Benchmark will continue to fluctuate until the maturity date.

Volatility of the Investment Benchmark. Volatility is the term used to describe the size and frequency of fluctuations in the level of the Investment Benchmark. If the volatility of the Investment Benchmark increases or decreases, the market value and the Early Redemption Amount (if applicable) may be adversely affected.

Interest Rates. Changes in interest rates will affect the market value of the MLCDs. Generally, if interest rates increase, the market value of the MLCDs may decrease, and if interest rates decrease, the market value of the MLCDs may increase. Interest rates may also directly or indirectly impact the value of the Investment Benchmark, which would affect the value of the MLCDs.

Dividend Yield. If the Investment Benchmark is a securities index, the value of the MLCDs may also be affected by the dividend yields, if any, on the components of the Investment Benchmark. Because a depositor in the MLCD is not entitled to the value of dividend payments,

an increase in dividend yields is likely to reduce the market value of the MLCDs, while a decrease in dividend yields is likely to increase the market value of the MLCDs.

Time remaining to the applicable maturity date. As the time remaining to maturity of MLCDs decreases, the “time premium” associated with them will decrease. Before maturity the MLCDs may have a market value above that which would be expected based on the levels of market interest rates and the level of the applicable Investment Benchmark. This difference will reflect a “time premium” due to expectations concerning the level of the Investment Benchmark during the period before the applicable maturity date. In general, as the time remaining to maturity decreases, we expect that this “time premium” may decrease, lowering the market value of your MLCDs.

Events affecting or involving the Investment Benchmark. Economic, financial, regulatory, judicial, political and other developments that affect the level of the components of the Investment Benchmark, and real or anticipated changes in those factors, also may affect the value of the MLCDs.

Neither You nor the Bank Has Rights in the Investment Benchmarks or any of its Components

Your interest in an MLCD does not entitle you to the rights of a holder of the Investment Benchmark or any of its components. As a result:

- If your Investment Benchmark is linked to securities or a securities index, you will not have any rights in the component securities, including voting rights, the right to receive interest, dividends or other distributions or any other rights in any property or securities of the components of the Investment Benchmark.
- If your Investment Benchmark is linked to a commodity, currency or futures contract, or related index, purchasing the MLCDs will not make you a holder of any commodity, currency or futures contract relating to an Investment Benchmark. The MLCDs will be paid in U.S. dollars, and you will have no right to receive delivery of any commodity, currency or futures contract relating to an Investment Benchmark.

Limited Liquidity Prior to Maturity

When you purchase an MLCD, you agree with the Bank to keep your funds on deposit for the term of the MLCD. Unless otherwise specified in the Supplement, you will not have the right to withdraw any portion of the Deposit Amount prior to the maturity date.

Neither the Offering Brokers nor the Bank can assure you that you will be able to sell your MLCD in the secondary market prior to its maturity date. Therefore, you should not rely on any such ability to sell your MLCD prior to its maturity date for any benefits, including achieving trading profits, limiting trading or other losses, realizing income or having access to the proceeds. Even if a secondary market does develop, it may not provide significant liquidity, and it is unlikely that the secondary market value of the MLCDs will correlate closely with the level of the Investment Benchmark. If you sell your MLCD prior to maturity, you may not receive the full amount of your Deposit Amount.

The MLCDs will not be listed on any national exchange or quoted on any U.S. automated inter-dealer quotation system or traded in the over-the-counter market.

Secondary Market Prices May Be Affected by Fees and Hedging Costs

Assuming no change in market conditions or any other relevant factors, the market price, if any, at which a party will be willing to purchase MLCDs in secondary market transactions likely will be lower than the original issue price. This is because the original issue price included, and secondary market prices are likely to exclude, placement fees to the Offering Broker and the potential profit included in the cost of hedging the Bank's obligations under the MLCDs. The price of hedging the Bank's obligations will be determined by the Bank or its affiliates with the intent to realize a profit. However, because hedging the Bank's obligations entails risks and may be influenced by market forces beyond the Bank's control or its affiliates' control, these hedging activities may result in a profit that is more or less than initially expected. Therefore, assuming no change in market conditions or any other relevant factors, the price, if any, at which the Offering Broker will be willing to purchase MLCDs from you will likely be lower than the original issue price. In addition, any such prices may differ from values determined by others' pricing models as a result of such compensation or other transaction costs.

Insolvency of the Bank May Result in Early Payment of Your MLCDs

If the FDIC is appointed as conservator or receiver for the Bank, the FDIC is authorized to disaffirm or repudiate certain contracts to which the Bank is a party, the performance of which is determined to be burdensome, and the disaffirmation or repudiation of which is determined to promote the orderly administration of the Bank's affairs. It appears very likely that for this purpose deposit obligations, such as the MLCDs, are “contracts” within the meaning of the foregoing and that the MLCDs could be repudiated by the FDIC in its capacity as conservator or receiver of the Bank. As a result of any such repudiation, a holder of the MLCDs could be required to make a claim against the FDIC for the Deposit Amount of the MLCDs and follow the FDIC's claims procedures, which may result in a delay in receiving payment, or the FDIC as conservator or receiver could also transfer the MLCDs to another insured depository institution, without approval or consent of the holder of the MLCDs. A transferee depository institution would likely be permitted to offer holders of the MLCDs the choice of (i) repayment of the Deposit Amount of the MLCDs or (ii) continuation of the MLCD for the remainder of the term but on less favorable terms (including interest rate). If an MLCD is paid off prior to maturity, either by a transferee depository institution or the FDIC, you may be unable to reinvest the funds at the same anticipated rate or return on the original MLCD. In any case, no claim would likely be available for any secondary market premium paid by you above the Deposit Amount, any Indexed Interest Amount or other damages such as lost profit or opportunity cost.

Investment Benchmark Sponsors Have No Relationship with the MLCDs

The Bank will not be affiliated with any Investment Benchmark Sponsor, nor will any Investment Benchmark Sponsor be affiliated with the MLCDs (except for any licensing arrangements disclosed in the applicable Supplement). The Bank has no ability to control or influence the actions of the Investment Benchmark Sponsor, including with respect to publicly available information regarding the Investment Benchmark, any changes to the Investment Benchmark, or any decision by an Investment Benchmark Sponsor to discontinue publication of the Investment Benchmark.

Limited information may be available in the applicable Supplement with respect to the Investment Benchmark and its historical performance based on publicly available information. Neither the Bank nor the Offering Brokers will independently verify publicly available information and they will not make any representation that publicly available information about the Investment Benchmark or Investment Benchmark Sponsor is accurate or complete. Neither the Bank nor the Offering Brokers will provide to you updated information or provide information regarding material future events regarding the Investment Benchmark or Investment Benchmark Sponsor. You should undertake an independent review of the Investment Benchmark and Investment Benchmark Sponsor before making a decision to purchase an MLCD.

Changes to the Investment Benchmark May Impact Market Value and the Amount You Receive at Maturity

The Investment Benchmark Sponsor will have the ability to make changes that could adversely affect any or all of the price or level of the Investment Benchmark, the market value of your MLCD and the amount of any Indexed Interest Amount. Such changes could include:

- additions, deletions or substitutions of the instruments comprising the Investment Benchmark;
 - making methodological changes to the calculation of the level of the Investment Benchmark; or
 - suspending or discontinuing calculation or publication of the trading levels or prices of the Investment Benchmark.
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You Will be Subject to Foreign Issuer Risks if Your Investment Benchmark is Linked to Securities of Foreign Issuers

If so specified in the applicable Supplement, the Investment Benchmark or one or more of its components may trade in a foreign market, or the Investment Benchmark Sponsor may be a foreign issuer or company. Investment Benchmarks that trade in foreign markets are subject to fluctuations in price or level based on local or regional political, legal, economic, financial and social factors. The local or regional economy may differ favorably or unfavorably from that of the United States, and such differences may change over the term of your MLCD.

The hours of trading for the MLCs, if any, may not conform to the hours during which the components of the Investment Benchmark are traded. To the extent U.S. markets are closed while foreign markets remain open, significant movements may take place in the levels of the components of the Investment Benchmark that will not be immediately reflected in the price of the MLCs. In addition, there may be periods when the relevant foreign markets are closed for trading, causing the level of the Investment Benchmark to remain unchanged for multiple trading days in the U.S. Limited availability of quotations or the absence of reporting of last-sale or similar information would make it difficult for many depositors to obtain timely, accurate data about the market for the Investment Benchmark or its components, and, therefore, the value of the MLCs.

Many foreign markets are less liquid than U.S. or other longer-established securities markets and trading may be affected by different factors, such as direct or indirect government intervention to stabilize the securities markets, cross shareholdings in foreign companies, generally less publicly available information about foreign companies than about those U.S. companies that are subject to the reporting requirements of the Securities and Exchange Commission (the "SEC"), and different accounting and financial reporting standards. In addition, foreign securities markets and companies may be influenced by smaller market capitalizations, less rigorous regulation of the securities markets, governmental interference, currency fluctuations, higher inflation, and social, economic and political uncertainties. Any of these factors may adversely affect the performance of the Investment Benchmark and, as a result, the trading value of the MLCs and the amount you will receive at maturity.

You Will be Subject to Foreign Currency Risks if Your Investment Benchmark is Linked to Foreign Currency

If so specified in the applicable Supplement, the Investment Benchmark may consist of the exchange rates of one or more foreign currencies, and your Indexed Interest Amount will be impacted by changes in or the performance of those currencies. The relative value of foreign currencies can be highly volatile and may change based on a number of interrelated factors, including the supply and demand for each currency, the possibility that exchange controls could be imposed or modified, the possible imposition of other regulatory controls or taxes, the overall growth and performance of the local economies, the trade and current account balance between the relevant countries, market interventions by the central banks, inflation, interest rate levels, the performance of the global stock markets, the stability of the relevant governments and banking systems, and other local and regional political, legal, economic and social factors. In addition, the value of a currency may be affected by the operation of, and the identity of persons and entities trading on, inter-bank and inter-dealer foreign exchange markets.

In addition, the actions of sovereign governments could impact the value of foreign currencies and the amount you will receive at maturity. These may include governmental actions to influence the exchange rate, such as intervention by the relevant central bank, imposition of regulatory controls or taxes, a devaluation or revaluation of currency, or actions to limit the movement of currencies across borders. Unless otherwise set forth in the applicable Supplement, there will be no adjustment or change in the terms of such MLCs in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of the issuance of a replacement currency or in the event of any other development affecting the relevant currencies.

You May Be Subject to Market Volatility and Risks Relating to Commodities

If so specified in the applicable Supplement, the Investment Benchmark may be linked to one or more commodities. If your Investment Benchmark is so linked, your MLCD will be exposed to additional risks, including:

Volatile Prices: Commodities prices are highly volatile and can be affected by political events, weather, labor activity, direct government intervention, such as embargos, and supply disruptions in global, regional or local economic activity. Commodity prices are also subject to fluctuation based on speculation and market expectations. In addition, certain foreign futures exchanges operate in a manner more closely analogous to the over-the-counter physical commodity markets than to the regulated futures markets, and certain features of U.S. futures markets are not present. For example, there may not be any daily price limits which would otherwise restrict the extent of daily fluctuations in the prices of the respective contracts. In a declining market, therefore, it is possible that prices would continue to decline without limitation within a trading day or over a period of trading days.

Volatile Markets: The commodity markets are subject to temporary distortions or other disruptions due to various factors, including a lack of liquidity in the markets, the participation of speculators and potential government regulation and intervention. Suspensions or disruptions of market trading in the commodity markets and related futures may adversely affect the amount you will receive at maturity or the market value of the MLCDs. In addition, U.S. futures exchanges and some international futures exchanges have regulations that limit the amount of fluctuation in futures contract prices that may occur during a single business day. If minimum or maximum price limits are in place, once the limit price has been reached in a particular contract, no trades may be made at a different price. Limit prices may have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices.

Certain rapidly developing countries are growing users of commodities: The price of any instrument or instruments comprising the Investment Benchmark can fluctuate widely due to supply and demand disruptions in major producing or consuming regions. In particular, recent growth in industrial production and gross domestic product has made China, India and other rapidly developing countries substantial users of commodities and has increased the extent to which the price of commodities relates to the Chinese, Indian and certain other markets. Political, economic and other developments that affect China, India and other developing countries may affect the value of each instrument or instruments comprising the Investment Benchmark and, thus, the value of the MLCDs. When the commodities comprising the Investment Benchmark are produced in a limited number of countries and are controlled by a small number of producers, political, economic and supply related events in such countries could have a disproportionate impact on the prices of the commodities comprising the Investment Benchmark.

No rights in any commodities: Investing in the MLCDs will not make you a holder of any commodities comprising the Investment Benchmark, or any related futures contracts.

Regulation: Unlike an investment in the MLCDs, an investment in a collective investment vehicle that invests in futures contracts on behalf of its participants may be regulated as a commodity pool and its operator may be required to be registered with and regulated by the Commodity Futures Trading Commission (the "CFTC") as a "commodity pool operator" (a "CPO"). Because the MLCDs are not interests in a commodity pool, the MLCDs will not be regulated by the CFTC as a commodity pool, and will not be registered with the CFTC as a CPO. You will not benefit from the CFTC's or any non-U.S. regulatory authority's regulatory protections afforded to persons who trade in futures contracts or who invest in regulated commodity pools. The MLCDs do not constitute investments by you in futures contracts traded on regulated futures exchanges, which may be transacted only through a person registered with the CFTC as a "futures commission merchant" ("FCM"). The Bank is not registered with the CFTC as an FCM and you will not benefit from the CFTC's or any other non-U.S. regulatory authority's regulatory protections afforded to persons who trade in futures contracts on a regulated futures exchange through a registered FCM.

Limitations on Deposit Insurance

The FDIC has taken the position that the amount of a "deposit" that is insured by the FDIC includes the principal amount of the deposit plus the ascertainable, accrued interest as of the date of the institution's failure but does not include any "contingent" interest that is not ascertainable as of the date of the institution's failure. Based on this position, the Indexed Interest Amount, if any, and any secondary market premium paid by a depositor above the principal amount on the MLCDs will not be insured by the FDIC. In the event FDIC insurance payments become necessary for the MLCDs, the FDIC is required to pay the principal of the MLCDs and any accrued but unpaid Periodic Interest Payment, as prescribed by law, and subject to the standard maximum insurance deposit amounts in effect. The extent of, and limitations on, federal deposit insurance are discussed in this Disclosure Statement in the section entitled "Deposit Insurance." Except to the extent insured by the FDIC as described in this Disclosure Statement, the MLCDs are not otherwise insured by any governmental agency or instrumentality or any other person. To the extent payments under the MLCDs are not insured by the FDIC, you will be dependent on the Bank's assets and earnings to generate the funds necessary to meet our obligations with respect to the MLCDs, including the payment of principal and interest, if any. You could lose that part of your deposit, if any, that is not covered by FDIC insurance.

You Will Be Required to Accrue Income Due to Your Ownership of the MLCDs Before You Receive Payment of any Indexed Interest Amount

You will generally be required to accrue ordinary income from the MLCDs prior to the receipt of any cash payments, except for any Periodic Interest Payments that may be payable on the MLCDs. All purchasers must recognize the tax consequences of a purchase of MLCDs. See "United States Federal Income Tax Considerations" herein.

Your Return Will Be Limited if Your MLCDs Are Callable at the Option of the Bank

If your MLCDs are callable at the option of the Bank, as specified in the Supplement, and the Bank exercises its call option, you will only receive the applicable call price and you will not be entitled to receive the amount otherwise payable on the maturity date, including any Indexed Interest Amount. If the Bank is able to call an MLCD, the secondary market value of those MLCDs is likely to be affected. The secondary market value generally will not rise substantially above the applicable call price because of the early call feature. However, if the secondary market value does rise above the call price, any such premium will not be paid by the Bank if it elects to call the MLCDs. The Bank will exercise any call option, if at all, when it is most advantageous for the Bank to do so.

Hedging and Trading Activity May Create Conflicts of Interest

In connection with our normal business practices or in connection with hedging our obligations under the MLCDs, the Bank or any of its affiliates may buy or sell the components of the Investment Benchmark or similar instruments, or enter into derivative transactions relating to such components. These trading activities may occur in our proprietary accounts, in facilitating transactions for other clients and in accounts under our management. These trading activities could affect the price of the Investment Benchmark or a component thereof in a way that would decrease the market value of the MLCDs prior to maturity or reduce the Indexed Interest Amount you would receive at maturity. To the extent the Bank or any of its affiliates has a hedge position in the Investment Benchmark or a component thereof, or in a derivative or synthetic instrument related to the Investment Benchmark or a component thereof, it may liquidate a portion of such hedge position at or about the time of the maturity date or any applicable Early Redemption Date of the MLCDs. This liquidation may affect the market price of the Investment Benchmark, which could adversely affect the amount payable at either an Early Redemption Date or the maturity date. In addition, the Bank or any of its affiliates may purchase or otherwise acquire a long or short position in the MLCDs, and it may hold or resell any such position in the MLCDs.

Conflicts of Interest Could Arise from Research Reports and Other Transactions, Such as Trading by Us or Our Affiliates

The Bank or any of its affiliates may, at present or in the future, publish research reports on the Investment Benchmark or on any component of the Investment Benchmark. This research may be modified from time to time without notice and may, at any time, express opinions or provide recommendations that are inconsistent with purchasing or holding the MLCDs. Any of these activities may affect the market price of the Investment Benchmark or of any component of the Investment Benchmark and, therefore, the market value of the MLCDs.

Further, the Bank or any of its affiliates may, at present or in the future, engage in business activities with the Investment Benchmark or with the issuers of any of the securities represented by the Investment Benchmark, including making loans, making equity investments or providing investment banking, asset management or other advisory services to those companies, their affiliates or their competitors. These activities and the resulting exercise of any rights, remedies or fiduciary obligations under related agreements may present a conflict of interest between the Bank and its affiliates and you. In the course of these business activities, the Bank or any of its affiliates may acquire non-public information about the Investment Benchmark or any component of the Investment Benchmark and the Bank and its affiliates are not obligated to disclose such information to you.

Payments on the MLCDs are subject to the Bank's creditworthiness, and changes in the Bank's credit ratings are expected to affect the value of the MLCDs

The MLCDs are the Bank's certificates of deposit. As a result, except as described under the caption "Deposit Insurance" herein your receipt of the principal amount of your MLCD and the Indexed Interest Amount are dependent upon the Bank's ability to repay its obligations on the maturity date. This will be the case even if the Investment Benchmark increases after the issue date. No assurance can be given as to what the Bank's financial condition will be on the maturity date.

In addition, the Bank's credit ratings are an assessment by ratings agencies of its ability to pay its obligations. Consequently, actual or anticipated changes in the Bank's credit ratings prior to the maturity date of the MLCDs may affect the MLCDs' market value. However, because your return on the MLCDs depends upon factors in addition to the Bank's ability to pay its obligations, such as changes in the Investment Benchmark, an improvement in the Bank's credit ratings will not reduce the other investment risks related to the MLCDs.

General Description of the MLCs

Union Bank, N.A.

The Bank is a national banking association organized under the laws of the United States. The Bank's principal executive offices are located in San Francisco, California. The Bank is a wholly-owned subsidiary of UnionBanCal Corporation and is a commercial bank providing a wide range of financial services to consumers, small businesses, middle-market companies and major corporations.

In deciding whether to purchase any MLCs, you must rely on your own examination of the Bank and the terms of the MLCs, including the merits and risks involved. The Bank files Consolidated Reports of Condition and Income (the "Call Reports") on Federal Financial Institutions Examination Council ("FFIEC") Form 031 with its primary federal regulator. The Bank's Call Reports are available at the FDIC's website at <http://www.fdic.gov> or, upon written request to the FDIC, Public Information Center, 3501 North Fairfax Drive, Arlington, VA 22226 or by calling the FDIC at (877) 275-3342.

Payments on the MLCs

On the applicable maturity date of your MLCs, the full deposit amount of an MLC that you own (the "Deposit Amount") will be returned to you, together with the applicable Indexed Interest Amount, if any. The Indexed Interest Amount will be determined based on changes in the value of the Investment Benchmark over the term of the MLC.

The Indexed Interest Amount may be calculated in a variety of different ways which could materially impact the return you receive at maturity. The Investment Benchmark and the specific method of calculating the Indexed Interest Amount will be set forth in the applicable Supplement. If so specified in the applicable Supplement, an MLC may pay a minimum interest rate that is equal to a specified percentage of the Deposit Amount over the term of the MLC (the "Minimum Indexed Interest Amount").

The MLCs may make periodic payments of interest (such interest, "Periodic Interest Payments"), or may be non-interest bearing, as specified in the applicable Supplement. Any payments of interest may be based on changes in the level of the applicable Investment Benchmark. If the MLCs do bear interest, then on the maturity date, you will receive the final interest payment plus any Indexed Interest Amount.

The MLCs are not automatically renewable and no interest will be earned prior to the original issue date (the date on which the MLCs are sold to the public for cash consideration) or after the maturity date.

Additions and Withdrawals

No additions are permitted to any MLC. If so provided in the applicable Supplement, in the event of the death or adjudicated incompetence of the beneficial owner of an MLC, early withdrawal of the full Deposit Amount of the MLC will be permitted. No partial withdrawals will be permitted. In such event, written notice of such proposed withdrawal, together with appropriate documentation evidencing the death or adjudicated incompetence of the beneficial owner of the MLC, must be provided to the broker from whom the MLC was purchased and the Bank. See "Survivor's Option" below. Unless provided for in the applicable Supplement, upon such withdrawal, only the Deposit Amount will be payable (together with any accrued and unpaid Periodic Interest Payments, if applicable, through the date of withdrawal) and no Indexed Interest Amount will be due.

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 on the April 1st following his or her attainment of age 70-1/2. MLCs held in an IRA are not eligible for early withdrawal simply because the beneficiary must begin making mandatory withdrawals from the IRA. IRA beneficiaries should purchase the MLCs with stated maturities that correspond to the mandatory withdrawal requirements or ensure that they have sufficient assets to meet the withdrawal requirements without an early redemption of the MLC.

Early Redemption

If so specified in the applicable Supplement, you will have a limited right to elect early redemption of your MLCs. Prior to each date specified as an early redemption date in the applicable Supplement (an "Early Redemption Date"), you may request that an MLC be redeemed in a principal amount that is at least \$1,000 and integral multiples of \$1,000, provided that the remaining principal amount of such MLC is at least equal to the applicable minimum denomination. The Calculation Agent will calculate the "Early Redemption Amount" that will be paid on the Early Redemption Date once it has been informed of the aggregate amount that all beneficial owners intend to redeem on the applicable Early Redemption Date.

Ten Business Days (as defined below) prior to each Early Redemption Date, the Calculation Agent will calculate and deliver an indicative Early Redemption Amount, illustrating what the Early Redemption Amount would have been had such Early Redemption Date occurred on the date of such calculation, and will provide an explanation of the procedures for early redemption. The indicative Early Redemption Amount will not be binding on the Bank and will differ, perhaps significantly, from that calculated with respect to the Early Redemption Date.

You must exercise the option to redeem your MLCs through DTC. To make your election effective, you must make certain that your notice of election to redeem is delivered to the Bank through DTC prior to 12:00 noon in The City of New York at least two Business Days prior to the applicable Early Redemption Date. You must instruct your Broker according to its applicable deadline for ensuring that timely notice will be delivered to the Bank through DTC, as deadlines vary by participant. All early redemption requests (whether oral or written) by depositors are irrevocable.

The Bank will make final payment of the Early Redemption Amount on the third Business Day after the applicable Early Redemption Date, without accrual of any additional interest on the Early Redemption Amount.

As used in this Disclosure Statement, and unless provided therein any Supplement, a “Business Day” is any day other than a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized by law or regulation to close in New York, New York or in Los Angeles, California.

The Early Redemption Amount could be less than your Deposit Amount, resulting in a negative return on your investment, even if the level of the Investment Benchmark over the term of the MLCD has increased. The Early Redemption Amount may also reflect any applicable penalty upon early redemption. The Early Redemption Amount shall be determined at the sole discretion of the Calculation Agent and shall be computed differently than the amount payable on the MLCD on the maturity date. The Early Redemption Amount will be based, to the extent deemed appropriate by the Calculation Agent, upon the value of the MLCD on the Early Redemption Date. As outlined in the section “Risk Factors – Value of the MLCDs Prior to Maturity May Be Substantially Less Than Your Deposit Amount,” the value of such MLCDs may result in a loss on your investment.

Survivor’s Option

If so specified in the Supplement, withdrawals will be permitted prior to the maturity date only in the event of the death of the beneficial owner of an MLCD or upon the adjudication of incompetence of the beneficial owner of an MLCD. In such event, provided that prior written notice of such proposed withdrawal has been given to your Broker as provided below, together with appropriate documentation to support that request, the Bank will permit withdrawal of all MLCDs held by the Affected Person (as defined below)(partial withdrawals will be permitted only as described below). This right is called the “Survivor’s Option.” An “Affected Person” is a person who has the right, immediately prior to his or her death or adjudication of incompetence, to receive the proceeds from the disposition of that MLCD, as well as the right to receive payment of the principal of the MLCD.

Upon the valid election of the Survivor’s Option and the proper tender of the MLCD for repayment, the Bank will repay 100% of the principal amount of the Affected Person’s beneficial interest in the MLCD (or the portion of the MLCD to be withdrawn), plus, if Periodic Interest Payments are payable on the MLCDs as set forth in the applicable Supplement, any accrued and unpaid amount of the Periodic Interest Payment to, but excluding, the date of repayment. However, the Bank will not pay any Indexed Interest Amount or Minimum Indexed Interest Amount if the Survivor’s Option is elected.

Election of Survivor’s Option; Determination of Affected Person

To be valid, the Survivor’s Option must be elected by or on behalf of the person who has authority to act on behalf of the Affected Person under the laws of the applicable jurisdiction (including, without limitation, the personal representative of or the executor of the estate of the Affected Person, or the surviving joint owner with the Affected Person). An otherwise valid election of the Survivor’s Option may not be withdrawn.

The death or adjudication of incompetence of an Affected Person holding a beneficial ownership interest in an MLCD as a joint tenant or tenant by the entirety with another person, or as a tenant in common with that Affected Person’s spouse, will be deemed the death of a beneficial owner of that MLCD, and the entire principal amount of the MLCD held in this manner will be subject to repayment upon election of the Survivor’s Option. However, the death or adjudication of incompetence of an Affected Person holding a beneficial ownership interest in an MLCD as tenant in common with a person other than that Affected Person’s spouse will be deemed the death of a beneficial owner only with respect to that Affected Person’s interest in the MLCD, and only the Affected Person’s percentage interest in the principal amount of the MLCD will be subject to repayment.

The death of a person who was, during his or her lifetime, or the adjudication of incompetence of a person who is, entitled to substantially all of the beneficial ownership interests in an MLCD will be deemed the death or adjudication of incompetence of the beneficial owner of that MLCD for purposes of the Survivor’s Option, regardless of whether that beneficial owner was the registered holder of the MLCD, if the beneficial ownership interest can be established to the satisfaction of the Bank. A beneficial ownership interest will be deemed to exist in typical cases of nominee ownership, ownership under the Uniform Transfers to Minors Act or Uniform Gifts to Minors Act, or community property or another joint ownership arrangement between a husband and wife. In addition, the beneficial ownership interest in an MLCD will be deemed to exist in custodial and trust arrangements where one person has all of the beneficial ownership interest in that MLCD during his or her lifetime.

Survivor’s Option Payment Dates

MLCDs accepted for repayment through the election of the Survivor’s Option normally will be repaid on the first Survivor’s Option Payment Date that occurs 20 or more calendar days after the date of the acceptance. Survivor’s Option Payment Dates occur beginning on the date set forth in the applicable Supplement, and each one month anniversary thereof, until the maturity date of the MLCDs.

Required Documentation; Determination Final; Disbursements

To elect the Survivor’s Option, the Affected Person’s authorized representative must provide the following items, as applicable, to the Broker:

- appropriate evidence satisfactory to the Bank that:
 - the Affected Person was the beneficial owner of the MLCD at the time of death or adjudication of incompetence; and
 - the representative has authority to act on behalf of the Affected Person;
- a certified copy of the death certificate, or such other evidence satisfactory to the Bank that the death of the Affected Person has occurred and the date of such determination;
- if the beneficial interest in the MLCD is held by a nominee of the Affected Person, a certificate satisfactory to the Bank from the nominee attesting to the Affected Person’s ownership of that MLCD;

- a written request for repayment signed by the authorized representative of the Affected Person with the signature guaranteed by a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority, Inc. or a commercial bank or trust company having an office or correspondent in the United States;
- if applicable, a properly executed assignment or endorsement;
- any other instruments or documents that the Bank reasonably requires in order to establish the validity of the beneficial ownership of the MLCD and the claimant's entitlement to payment; and
- any additional information the Bank requires to evidence satisfaction of any conditions to the election of the Survivor's Option or to document beneficial ownership or authority to make the election and to cause the repayment of the MLCD.

The Bank will enable DTC, as depository of the master certificate representing the MLCDs, to withdraw your MLCDs under the Survivor's Option. Forms for the election of the Survivor's Option may be obtained upon request from the Broker. All questions regarding the eligibility or validity of any election of the Survivor's Option will be determined by the Bank, in its sole discretion, which determination will be final and binding on all parties.

The applicable Broker will be responsible for disbursing payments received from the Bank to the authorized representative.

Information with Respect to the Investment Benchmark

The Supplement will provide limited information regarding the applicable Investment Benchmark and Investment Benchmark Sponsor or Investment Benchmark Sponsors derived from publicly available information. Before purchasing an MLCD, you should independently review the reports and other information which have been filed with the SEC, posted on a website or otherwise made available by the sponsors of the Investment Benchmark (the "Investment Benchmark Sponsors"). Not all Investment Benchmarks, or their components, will have reports or information filed with the SEC. You should consider carefully the availability of information regarding the Investment Benchmark and Investment Benchmark Sponsor or Investment Benchmark Sponsors before purchasing an MLCD. Depositors are hereby informed that any such reports and other information publicly available to which depositors are referred or to which depositors may refer are not and will not be "incorporated by reference" herein or in any Supplement. None of the Bank, any Offering Broker, or any of the Bank's affiliates makes any representations as to the information provided by any Investment Benchmark Sponsor. In addition, none of the Bank, any Offering Broker or any of the Bank's affiliates will take any action as to any Investment Benchmark for the benefit of holders of the MLCDs, such as reviewing the financial condition or affairs of the Investment Benchmark Sponsors during the term of the MLCDs, or reviewing the calculation methodology, publication procedures or any other aspect of the Investment Benchmark Sponsors' actions with respect to any Investment Benchmarks. None of the Bank, the Offering Brokers or any of the Bank's affiliates will advise any depositor or potential depositor in the MLCDs of any information coming to their attention as to any Investment Benchmark.

Market Disruption Events

Unless otherwise provided in the applicable Supplement, if a Market Disruption Event (as defined below) occurs with respect to an Investment Benchmark on a date on which the price or level thereof would otherwise be scheduled to be determined for purposes of calculating the Indexed Interest Amount or any other purpose (any such date an "Observation Date"), then the Observation Date for such Investment Benchmark shall be the first succeeding Scheduled Trading Day (as defined below) on which there is no Market Disruption Event. If the Observation Date has not occurred as of the fifth Scheduled Trading Day immediately following the original date that, but for the occurrence of the Market Disruption Event, would have been the Observation Date, then that fifth Scheduled Trading Day shall be the Observation Date. The Calculation Agent shall determine a related Investment Benchmark level in accordance with the formula for and method of calculating the relevant Investment Benchmark, or component thereof, last in effect prior to the commencement of the Market Disruption Event using the exchange traded price that it determines would have prevailed but for that suspension or limitation on that fifth Scheduled Trading Day of each security, futures contract or other financial instrument or measure comprised in the Investment Benchmark (or if trading in a relevant security, futures contract or other financial instrument or measure has been materially suspended or materially limited, the Calculation Agent's good faith estimate of the exchange-traded price of such security, futures contract or other financial instrument or measure) on that Scheduled Trading Day. If (i) the applicable MLCDs have only a single Observation Date or Observation Dates occurring at the end of the term of the MLCDs, or (ii) a Market Disruption Event occurs on the final Observation Date or Observation Dates for a series of MLCDs that have multiple Observation Dates and such Observation Date or Observation Dates are postponed due to a Market Disruption Event, the maturity date for the MLCDs will be postponed by the same number of days. No interest or other sum shall accrue to the depositors in the event that a payment is postponed due to a Market Disruption Event.

"Market Disruption Event" means, with respect to an Investment Benchmark or any component thereof, the occurrence or existence of any of the following conditions which the Calculation Agent determines is material: (i) any suspension of or limitation imposed on trading by the Relevant 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 components of such Investment Benchmark or (b) in any futures or options contracts relating to the Investment Benchmark, as the case may be, on any relevant Related Exchange; (ii) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to (A) effect transactions in, or obtain market values for, the components of such Investment Benchmark or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to such Investment Benchmark on any relevant exchange which the Calculation Agent determines is material, at any time during the one-hour period immediately preceding the close of trading on any exchange on which the components of the Investment Benchmark are traded or in the over the counter market where the components of the Investment Benchmark are traded, or (iii) an Early Closure. For the purposes of determining whether a Market Disruption Event in respect of an Investment Benchmark exists at any time, if a Market Disruption Event occurs in respect of a component security included in an Investment Benchmark at any time, then the relevant percentage contribution of that component security to the level of an Investment Benchmark shall be based on a comparison of (x) the portion of the level of an Investment Benchmark attributable to that component security and (y) the overall level of the Investment Benchmark, in each case immediately before the occurrence of such Market Disruption Event.

"Early Closure" means the closure on any Scheduled Trading Day of any Relevant Exchange relating to component securities of the

Investment Benchmark or prior to its scheduled closing time, unless such earlier closing time is announced by such exchange at least one hour prior to the actual closing time for the regular trading session on such exchange on such Scheduled Trading Day.

“**Relevant Exchange**” means with respect to any Investment Benchmark, the primary exchanges for each security, futures contract, or other financial instrument or measure which is a component of such Investment Benchmark.

“**Related Exchange**” means with respect to any Investment Benchmark, the exchanges or quotation systems, if any, on which options or futures contracts on the relevant Investment Benchmark, as the case may be, are traded or quoted, and as may be selected from time to time by the Calculation Agent.

“**Scheduled Closing Time**” means, with respect to any Relevant Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Relevant Exchange or Related Exchange, as the case may be, on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

“**Scheduled Trading Day**” means any day on which all of the Relevant Exchanges and Related Exchanges are scheduled to be open for trading for each security then included in the applicable Investment Benchmark.

Discontinuance or Modification of an Investment Benchmark

If at any time any Investment Benchmark is (i) no longer calculated and announced by the Investment Benchmark Sponsor, but is calculated and announced by a successor sponsor acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Investment Benchmark, then in each case that index (the “Successor Investment Benchmark”) will be deemed to be the Investment Benchmark.

If (i) on or prior to the maturity date, the Investment Benchmark Sponsor announces that it will make a material change in the formula for or the method of calculating the Investment Benchmark or in any other way materially modifies the Investment Benchmark (other than a modification prescribed in that formula or method to maintain the Investment Benchmark in the event of changes in constituent securities and capitalization and other routine events) (an “Investment Benchmark Modification”) or permanently cancels the Investment Benchmark and no Successor Investment Benchmark exists (an “Investment Benchmark Cancellation”) or (ii) on any day which is an Observation Date or any early redemption date, the Investment Benchmark Sponsor fails to calculate and announce the Investment Benchmark (an “Investment Benchmark Disruption” and together with an Investment Benchmark Modification and an Investment Benchmark Cancellation, each an “Investment Benchmark Adjustment Event”), then the Calculation Agent shall determine if such Investment Benchmark Adjustment Event has a material effect on the MLCDs and, if so, shall calculate the Indexed Interest Amount or Early Redemption Amount for such date using, in lieu of a published level for the Investment Benchmark, the formula for and method of calculating the Investment Benchmark last in effect prior to the change, failure or cancellation, but using only those component securities, futures contracts or other instruments or financial measures that comprised the Investment Benchmark immediately prior to that Investment Benchmark Adjustment Event.

If at any time any Investment Benchmark is replaced by a Successor Investment Benchmark or the Calculation Agent must calculate the level of the Investment Benchmark upon the occurrence of an Investment Benchmark Adjustment Event as described in the preceding paragraph, the Calculation Agent will notify the Bank, and the Bank will provide notice to the holders of the MLCDs. Such notification will be provided in accordance with the standard procedures of DTC.

Notwithstanding these alternative arrangements, discontinuance of the publication or modification of any Investment Benchmark to which the Indexed Interest Amount of a series of MLCDs is linked may adversely affect the value of, and trading in, such MLCDs.

Minimum Denominations

Unless otherwise specified in the applicable Supplement, the MLCDs will be available in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. In addition, each Offering Broker may independently require that a minimum principal amount that is greater than \$1,000 be purchased in a single transaction.

The Calculation Agent

The Calculation Agent will be the Bank. All determinations made by the Calculation Agent will be in its sole discretion and will, in the absence of manifest error, be conclusive for all purposes and be binding on the Bank and the depositors. The Calculation Agent will carry out its duties and functions in good faith and using its reasonable judgment. The Calculation Agent will not be liable for any loss, liability, cost, claim, action, demand or expense (including, without limitation, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) arising out of or in relation to or in connection with its appointment or the exercise of its functions, except such as may result from its own willful default or gross negligence or that of its officers or agents. Nothing shall prevent the Calculation Agent or its affiliates from dealing in the MLCDs or from entering into any related transactions, including any swap or hedging transactions, with the Bank or any depositors in respect of MLCDs. The Bank may resign as calculation agent at any time upon written notice, and the Bank may engage a successor Calculation Agent at any time. Neither the resignation nor removal of the Calculation Agent will take effect until a successor Calculation Agent has been appointed.

Fees

UBIS, a subsidiary of the Bank, and any other Offering Broker will receive a placement fee from the Bank in connection with your purchase of an MLCD. Unless otherwise specified in the applicable Supplement, the fee will be between 1.25% and 3.5% of the principal amount of each MLCD that you purchase based upon the term of the MLCD. The amount of any placement fee will affect the calculation of any Early Redemption Amount. All other terms being equal, a larger placement fee will generally result in a smaller Early Redemption Amount. Also, an MLCD sold in the secondary market may have been purchased from the Bank by a broker upon issuance and held by the broker until the secondary market sale.

Purchasing an MLCD

MLCDs may only be purchased through an Offering Broker, and a depositor must deliver to that Offering Broker an amount equal to at least the minimum denomination required by the relevant Supplement.

No MLCD account will be established by the Bank or the Offering Broker until the later of (i) the Bank's receipt of the proceeds thereof from an Offering Broker or investor and (ii) the settlement of an MLCD through the facilities of DTC (the "Closing Time") on the issue date. Furthermore, the Bank has the right, exercisable in its own discretion at or prior to the Closing Time, to reject any such proceeds, without regard to its earlier receipt thereof. Any such rejection of funds after receipt thereof on the issue date may result from a determination made solely by the Bank in good faith that market conditions as of the issue date would render issuance of the relevant MLCD uneconomic to the Bank on the terms set forth in the relevant Supplement. Any such funds returned by the Bank upon rejection will be returned without the accrual of any interest.

Evidence of the Deposits

The MLCDs will be evidenced by one or more master certificates issued by the Bank, each representing a number of individual MLCDs. These master certificates will be held by or on behalf of DTC, which is engaged in the business of performing such custodial services. The Offering Broker through which you purchased your MLCD, acting as your nominee, authorized representative, agent or custodian, will maintain records evidencing your ownership of the MLCD that you purchased, and will provide you with a confirmation (a "Confirmation") and periodic account statements (each an "Account Statement") reflecting such purchase, which should be retained for your records. No evidence of ownership, such as a passbook or a certificate, will be provided to you. The Confirmation will state the original principal amount of your MLCD, from which you can determine how much premium, if any, you paid for the MLCD. The value of your MLCD may be difficult to accurately determine at any time during the term of the MLCD. Such value indicated on your Account Statement may be less than the original principal amount of your MLCD and less than the Early Redemption Amount, if applicable, available to you upon an early redemption.

Because you will not be provided with a certificate evidencing your MLCD, the purchase of an MLCD is not recommended for persons who wish to take physical possession of a certificate. Each MLCD constitutes a direct deposit obligation of the Bank and is not, either directly or indirectly, an obligation of any Broker or other person or entity.

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

Deposit Insurance

Generally, the principal amount of your MLCDs and any accrued and unpaid Periodic Interest Payments are protected by federal deposit insurance issued by the FDIC up to the standard maximum deposit insurance amount (the "FDIC Limit") in effect. The FDIC Limit in effect as of October 3, 2008 and, based on the Helping Families Save Their Homes Act of 2009, enacted May 20, 2009, scheduled to continue until December 31, 2013 is \$250,000 (including principal and interest) for all deposits held by you at the Bank in the same ownership capacity and up to \$250,000 in aggregate for certain retirement plans and accounts, including IRAs. After December 31, 2013, all deposit accounts except for certain retirement accounts, including IRAs, are scheduled to return to the \$100,000 limit. In addition, beginning April 1, 2010 and every succeeding five years, the FDIC Limits may be adjusted by the FDIC for inflation. Any accounts or deposits you maintain directly with the Bank or through any other intermediary in the same ownership capacity as you maintain your MLCDs would be aggregated with the MLCDs for purposes of the FDIC Limit. Accordingly, the Bank suggests that depositors keep records of their accounts and deposits in the event the FDIC needs to look beyond a custodian's or the Bank's records to establish ownership. In the event the Bank fails, the principal amount of your MLCDs and any accrued and unpaid Periodic Interest Payments are insured by the FDIC, up to the FDIC Limit, if you have no other deposits with the Bank in the same capacity. The FDIC takes the position that payments such as the Indexed Interest Amount, if any, and any secondary market premium paid by a depositor above the principal amount on the MLCDs are not eligible for deposit insurance from the FDIC. In the event that FDIC insurance payments become necessary for insured deposits at the Bank, including the MLCDs, the FDIC will pay depositors only the amount the depositor is entitled to withdraw at the date deposit insurance is required (that is, as of the date the institution is placed into receivership by the FDIC), which, until maturity of the MLCDs, is only the principal amount of the MLCDs and, if applicable, any accrued and unpaid Periodic Interest Payments, subject to the FDIC Limit, and you may incur a loss of (a) the Indexed Interest Amount, if any, (b) any premium paid in the secondary market, as described below, and (c) any amount by which your aggregate deposits with the Bank in the same ownership capacity, including the MLCDs, exceed the FDIC Limit.

You are responsible for monitoring the total amount of all your deposits (including MLCDs, certificates of deposit, savings accounts, money market deposit accounts, etc.) that you hold in the Bank in order for you to determine the extent of insurance coverage available to you on your deposits, including the MLCDs. The Brokers are not responsible for any insured or uninsured portion of the MLCDs or any other deposits.

If your MLCDs or other deposits at the Bank are assumed by another depository institution pursuant to a merger or consolidation, such MLCDs or other deposits will continue to be separately insured from the deposits that you might have established with the acquirer until (i) the Maturity Date after the expiration of a six-month period from the date of the acquisition or (ii) the expiration of a six-month period from the date of the acquisition if the maturity date is prior to the expiration of such six-month time period. Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquirer held in the same ownership capacity for purposes of federal deposit insurance. Any deposit opened at the acquired institution after the acquisition will be aggregated with deposits held in the same ownership capacity established with the acquirer for purposes of federal deposit insurance coverage.

In the event that an MLCD is purchased in the secondary market at a premium over the principal amount, that premium would not be insured. Therefore, if insurance payments become necessary for the Bank, the beneficial owner of the MLCD would incur an additional loss of up to the amount of the premium paid for the MLCD.

Emergency Economic Stabilization Act of 2008

Effective October 3, 2008, the President signed the Emergency Economic Stabilization Act of 2008. The Act temporarily raised the Deposit Insurance Limitation from \$100,000 to \$250,000 for accounts other than the accounts described below in "—General—Individual Retirement Accounts." The temporary increase became effective immediately as of October 3, 2008. Effective May 20, 2009, the President signed the Helping Families Save Their Homes Act of 2009 and extended the temporary increase through December 31, 2013. Accordingly, as to the affected accounts, the FDIC Limit will be \$250,000 as to CDs issued on or prior to December 31, 2013; however, if the Bank fails after December 31, 2013, the Deposit Insurance Limitation as to these accounts will be \$100,000 for those CDs.

General

The following is a description of the application of the FDIC Limit per depository institution in certain common factual situations. Deposit insurance coverage is a very complicated issue and is affected by a number of factors that depend upon your specific factual situation. If you have questions about the deposit insurance coverage in your specific factual situation, you should consult with your legal advisor or a representative of the FDIC. The following description is provided for general reference purposes only and may not apply to your specific factual situation.

Individual Customer Accounts: Funds owned by an individual and held in an account in the name of an agent or nominee of such individual (such as the MLCDs held in an account at a broker) are not treated as owned by the agent or nominee, but are added to other deposits of such individual held in the same ownership capacity and are insured up to the FDIC Limit, currently \$250,000, in the aggregate.

Custodial Accounts: Funds in accounts held by a custodian (for example, under the Uniform Gifts to Minors Act) are not treated as owned by the custodian, but are added to other deposits of the minor or other beneficiary held in the same ownership capacity and are insured up to the FDIC Limit, currently \$250,000, in the aggregate.

Joint Accounts: The interests of co-owners in funds in an account held under any form of joint ownership valid under applicable state law may be insured up to the FDIC Limit, currently \$250,000, in the aggregate, separately and in addition to the FDIC Limit, currently \$250,000, allowed on other deposits individually owned by any of the co-owners of such account (hereinafter referred to as a "Joint Account"). Joint Accounts will be insured separately from such individually owned accounts, only if each of the co-owners is an individual person, signs a signature card and has a right of withdrawal on the same basis as the other co-owners. An individual's interests in all Joint Accounts are added together and insured up to the FDIC Limit, currently \$250,000. In the event of death of one of two co-owners of a Joint Account, all the funds would be treated as individually held by the surviving co-owner simultaneously with the first co-owner's death and would, therefore, be aggregated with all other individually owned deposits of such survivor for insurance purposes.

Corporate, Partnership and Unincorporated Association Accounts: Funds in accounts 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 the FDIC Limit, currently \$250,000, in the aggregate.

Revocable Trust Accounts:

General Rule: Funds in an account for a revocable trust (as determined under applicable state law) will be aggregated with other funds of the grantor of the trust held in an individual capacity at the Bank and will be insured up to the FDIC Limit, currently \$250,000.

Special Rule: Revocable trusts will be insured up to the FDIC Limit, currently \$250,000, as to each named beneficiary, separately from any other accounts of the grantor or the beneficiary, provided that the beneficiary's interest in the account is non-contingent (i.e., capable of determination without evaluation of contingencies) and provided that: (i) the trust document and the deposit account records evidence an intention that, upon the death of the grantor, the funds will belong to the named beneficiaries; (ii) each named beneficiary is the grantor's spouse or one or more of the grantor's children, grandchildren parents, brothers, or sisters; and (iii) the beneficiaries are specifically named in the Broker's account records. A revocable trust account established by a husband and wife that names the husband and wife as sole beneficiaries will be treated as a joint account and insured as described above under "Joint Accounts." On September 26, 2008, the FDIC adopted an interim rule to eliminate the concept of "qualifying beneficiaries" and simplify the calculation of coverage for revocable trust accounts. Beneficiaries are no longer limited to the grantor's spouse or one or more of the grantor's children, grandchildren, parents, brothers, or sisters; instead, coverage is based on the existence of any beneficiary named in the revocable trust so long as the beneficiary is an individual, a charity, or other non-profit organization recognized as such under the Code. Under the interim rule, the maximum revocable trust account coverage for a trust account owner with combined revocable trust account balances of up to five times the applicable FDIC Limit and naming five or fewer different beneficiaries is an amount equal to the total number of different beneficiaries named in the account(s) multiplied by the applicable FDIC Limit.

The interim rule provides different treatment for depositors with revocable trust accounts with aggregate balances exceeding those referenced above and naming more than five different beneficiaries. The maximum revocable trust account coverage in these cases will be the greater of either (i) five times the FDIC Limit or (ii) the aggregate amount of the ownership interests of each different beneficiary named in the trust(s), up to a limit of the applicable FDIC Limit per beneficiary.

In adopting a final permanent rule, the FDIC may revise this interim rule. If the final rule results in changes that reinstate the concept of qualifying beneficiaries and/or revises the calculation of coverage, the FDIC advises that it will provide revocable trust depositors with time to restructure their accounts.

Irrevocable Trust Accounts: Funds in an account for an irrevocable trust (as determined under applicable state law) will be insured for up to the FDIC Limit, currently \$250,000, 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). 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 the Bank created by the same grantor will be aggregated and insured up to the FDIC Limit, currently \$250,000. Irrevocable trusts that spring from a revocable trust upon the death of the revocable trust owner are insured subject to the limits set forth under the revocable trust rules.

Retirement Plans and Accounts—Generally: A depositor may have interests in various retirement plans and accounts that are holding the MLCDs of the Bank. The amount of deposit insurance you will be entitled to will vary depending on the type of plan or account and on whether MLCDs held by the plan or account will be treated separately or aggregated with the MLCDs of the Bank held by other plans or accounts. It is therefore important to understand the type of plan or account holding the MLCDs.

The Federal Deposit Insurance Reform Act of 2005 and regulations adopted by the FDIC to implement this law have made changes to the deposit insurance coverage of deposits held in retirement plans and accounts. The following sections entitled "Individual Retirement Accounts", "Pass-Through Deposit Insurance for Employee Benefit Plan Deposits" and "Aggregation of Retirement Plan and Account Deposits" generally discuss the rules that apply to deposits of retirement plans and accounts.

Individual Retirement Accounts: MLCDs held in an individual retirement account (IRA) at the Bank are insured up to \$250,000 subject to inflation adjustments. However, MLCDs of the Bank held in an IRA are aggregated with MLCDs of the Bank held by certain employee benefit plans in which the owner of the IRA has an interest (See "Aggregation of Retirement Plan and Account Deposits.") Thus, the owner of an IRA will only be entitled to insurance of \$250,000 for MLCDs of the Bank held in plans and accounts that are subject to aggregation.

Pass-Through Deposit Insurance for Employee Benefit Plan Deposits: Subject to the limitations discussed below, under FDIC regulations, an individual's non-contingent interest of up to \$250,000 in the deposits of the Bank held by various types of plans are eligible for insurance on a "pass-through" basis. This means that, instead of an employee benefit plan's deposits at the Bank being entitled to only \$250,000 of insurance in total per institution, each participant in the employee benefit plan is entitled to insurance of his or her interest in the employee benefit plan's deposits of up to \$250,000 (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 in addition to the FDIC Limit (currently \$250,000) per depository institution allowed on other deposits held by the individual in the Bank.

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 \$250,000. For example, an employee benefit plan owns \$300,000 in MLCDs at the Bank. The employee benefit plan has two participants, one with a vested non-contingent interest of \$270,000 and one with a vested non-contingent interest of \$30,000. In this case, the employee benefit plan's deposit would be insured up to only \$280,000; the individual with the \$270,000 interest would be insured up to the \$250,000 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 defined benefit plan are not insured on a pass-through basis. Contingent interests of an employee in an employee benefit plan deposit which are not capable of evaluation in accordance with FDIC rules will be aggregated with the contingent interests of other participants and insured up to the FDIC Limit, currently \$250,000. Similarly, overfunded amounts are insured, in the aggregate for all participants, up to the FDIC Limit, currently \$250,000, separately from the insurance provided for any other funds owned by or attributable to the employer or an employee benefit plan participant.

Under federal law, whether an employee benefit plan deposit is entitled to pass-through deposit insurance coverage is based, in part, on (i) the type of employee benefit plan involved and (ii) the capital status of the insured institution at the time each deposit is made. These factors are discussed in detail below.

Types of Employee Benefits Plans: 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 of 1974, as amended (“ERISA”), including “Keogh Plans” of owner-employees described in Section 401(d) of the Internal Revenue Code of 1986, as amended, whether or not they are technically “employee benefit plans” under ERISA (“ERISA Plans”) and deferred compensation plans for certain employees of state or local governments or tax-exempt organizations (“Section 457 plans.”) (Collectively, ERISA Plans and Section 457 Plans are referred to herein as “Plans.”) Plans eligible for pass-through treatment includes a tax-qualified pension, profit-sharing or stock bonus plan, a governmental plan or a church plan.

Aggregation of Retirement Plan and Account Deposits: Under FDIC regulations, an individual’s interests in Plans maintained by the same employer or employee organization (e.g., a union) which are holding deposits at the Bank will be insured for \$250,000 in the aggregate. In addition, under FDIC regulations, an individual’s interest in the deposits of the Bank held by (i) IRAs, (ii) Section 457 Plans, (iii) self-directed Keogh Plans and (iv) self-directed defined contribution plans, that are acquired by these plans and accounts on or after December 19, 1993, will be insured for \$250,000 in the aggregate, whether or not maintained by the same employer or employee organization. Deposits acquired by these plans and accounts before December 19, 1993 will not be subject to aggregation.

FDIC regulations governing the availability of federal deposit insurance and interpretations thereof are subject to change from time to time.

If you have questions about the extent to which your MLCDs will be insured, please contact your financial and legal advisors. You may also contact the FDIC directly at the following address: FDIC, Office of Consumer Affairs, 550 17th Street, N.W., Washington, D.C. 20489. Certain information regarding federal deposit insurance can also be obtained from the FDIC’s web site at <http://www.fdic.gov>.

Payments Under Adverse Circumstances

As with all deposits, if it becomes necessary for federal deposit insurance payments to be made on the MLCDs, there is no specific time period during which the FDIC must make available such insurance payments. Accordingly, you should be prepared for the possibility of an indeterminate delay in obtaining insurance payments. In addition, you may be required to provide certain documentation to the FDIC before insurance payouts are released to you. For example, if you hold MLCDs as trustee for the benefit of trust participants, you may be required to furnish an affidavit to that effect; you may be required to furnish other affidavits and indemnities regarding the payout. Further, if an issuing depository institution such as the Bank fails, its insured deposits may be transferred, subject to applicable insurance verification and limitations on federal deposit insurance, to another depository institution or redeemed without penalty prior to maturity.

The records regarding ownership of the MLCDs that are maintained by the issuing depository institutions and by any broker holding MLCDs on your behalf would be used to establish your eligibility for federal deposit insurance payments.

In the event that deposit insurance payments become necessary for your MLCDs, the FDIC is required to pay the original principal amount and any accrued but unpaid Periodic Interest Payments subject to the FDIC Limit. No interest is earned on deposits from the time a depository institution is closed until insurance payments are received.

The Broker will not be obligated to you for amounts not covered by deposit insurance nor will such Broker be obligated to make any payments to you in satisfaction of a loss you might incur as a result of (i) a delay in insurance payouts applicable to your MLCDs, or (ii) payment in cash of the principal of your MLCDs prior to the Maturity Date in connection with the liquidation of the Bank or the assumption of all or a portion of its deposit liabilities. In connection with the latter, please note that the amount of a payment on an MLCD which had been purchased at a premium in the secondary market is based on the original principal amount and not on any premium amount. Your Confirmation will state the original principal amount of your MLCDs. In the event of a liquidation, the payment received will not include the value of any premium paid. Therefore, you can lose up to the full amount of the premium as a result of such a payment. You should factor these possible delays and types of resolutions into your financial planning.

United States Federal Income Tax Considerations

To ensure compliance with Treasury Department Circular 230, you are hereby notified that (a) any discussion of United States federal tax issues in this disclosure supplement is not intended or written to be relied upon, and cannot be relied upon by you for the purpose of avoiding penalties that may be imposed on you under the Internal Revenue Code of 1986, as amended (the "Code"), (b) this discussion is included herein by the Bank in connection with the promotion or marketing (within the meaning of Circular 230) by the Bank, UBIS and the Broker of the transactions or matters addressed in this Disclosure Statement, and (c) you should seek advice based on your particular circumstances from an independent tax advisor.

* * *

The following is a summary of the material United States federal income tax consequences of the purchase, ownership and disposition of the MLCDs. The following summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly with retroactive effect) or possible differing interpretations. The discussion below deals only with MLCDs held as capital assets by a holder who purchases the MLCDs on the Issue Date for an amount equal to the original principal amount.

This summary does not address persons in special tax situations or persons subject to special tax rules, such as partnerships, subchapter S corporations, or other pass-through entities, financial institutions, insurance companies, regulated investment companies, dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, tax-exempt entities, persons holding MLCDs in a tax-exempt, tax-deferred or tax-advantaged account, or persons holding MLCDs as part of a hedging, integrated, constructive sale or conversion transaction or a straddle. This summary does not address U.S. Holders (as defined below) of MLCDs whose "functional currency" is not the U.S. dollar or holders who hold the MLCDs as part of a retirement plan which is generally subject to special income tax deferral or exemption rules. Further it does not address alternative minimum tax consequences, if any, or any state, local or foreign tax consequences.

Prospective purchasers of the MLCDs are urged to consult their own tax advisors concerning the application of the United States federal income tax laws to their particular situations as well as the consequences, if any, of the purchase, ownership and disposition of the MLCDs arising under the laws of any other taxing jurisdiction.

General

In the absence of any change or clarification in the law, by regulation or otherwise, requiring a different characterization of the MLCDs, the Bank currently intends to treat each MLCD as a debt instrument of the Bank for United States federal income tax purposes and the following discussion assumes that this characterization will be respected. Where required, the Bank intends to file information returns with the Internal Revenue Service ("IRS") in accordance with such treatment. The IRS or the courts are not bound by the Bank's characterization of the MLCDs as indebtedness. If the MLCDs are not in fact properly treated as debt instruments of the Bank for United States federal income tax purposes, the timing and character of income, gain or loss recognized in respect of an MLCD could materially adversely differ from the treatment described below. The Bank will not seek a ruling from the IRS with respect to any matters addressed in this summary.

As used herein, the term "U.S. Holder" means a beneficial owner of an MLCD that is for United States federal income tax purposes (a) a citizen or resident of the United States, (b) a corporation (including an entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate the income of which is subject to United States federal income taxation regardless of its source, (d) any trust if 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. A "Non-U.S. Holder" is a holder that is not a U.S. Holder.

If an entity or arrangement treated as a partnership for United States federal income tax purposes beneficially owns an MLCD, the United States federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership and accordingly, this summary does not address or apply to partnerships. A partner of a partnership beneficially owning an MLCD should consult its own tax advisor regarding the United States federal income tax consequences to the partner of the acquisition, ownership and disposition by the partnership of the MLCD.

If the Investment Benchmark consists of, or includes, a currency, the amount payable on the MLCDs at maturity will depend on the performance of such currency. The proper United States federal income tax treatment of such MLCDs will depend on whether the "denomination currency" (as defined in applicable Treasury regulations) of the MLCD is the U.S. dollar. Unless otherwise provided in the applicable Supplement, we intend to take the position that the denomination currency of such MLCDs is the U.S. dollar. Under that treatment, such MLCDs should not be subject to the special rules described in the Treasury regulations governing nonfunctional currency debt instruments. Rather, the MLCDs should be treated as a "contingent payment debt instrument" subject to the "non-contingent bond method," as described below.

U.S. Holders

MLCDs With Stated Maturities of One Year or Less (“short-term MLCDs”):

Cash Method U.S. Holders: U.S. Holders that are cash method taxpayers will be required to include the Periodic Interest Payments (other than the Indexed Interest Amount) on an MLCD with a maturity date of one year or less in income at the time they are paid, unless such U.S. Holder elects to accrue such income as original issue discount (“OID”). A U.S. Holder that is a cash method taxpayer and that does not elect to accrue such income as OID, will be required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry the MLCDs, in an amount equal to the deferred interest income, until the deferred interest is included in income. The Indexed Interest Amount payable at maturity on a short-term MLCD, if any, generally should be includible in income by a U.S. Holder who uses the cash method of accounting as ordinary interest on the date the Indexed Interest Amount is received. Upon the sale, exchange, or redemption of a short-term MLCD prior to maturity, a U.S. Holder who uses the cash method of accounting generally should recognize taxable gain or loss in an amount equal to the difference between the amount realized on the sale, exchange, or redemption and such U.S. Holder’s tax basis in the short-term MLCD. The tax basis in a short-term MLCD of a U.S. Holder that elects to accrue income as OID generally should equal such U.S. Holder’s initial investment in the short-term MLCD, increased by any OID included in income by the U.S. Holder and reduced by any payments on the MLCD. Such gain or loss generally would be short-term capital gain or loss. However, all or a portion of any such gain should be treated as ordinary income to the extent of the amount of any OID that has accrued on a straight-line basis, or upon election under a constant yield method (based on daily compounding) through the date of sale that has not been included in income.

Accrual Method U.S. Holders: U.S. Holders who use the accrual method of accounting should be required to accrue any OID on a short-term MLCD on a straight-line basis unless an election is made to accrue the OID under a constant yield method (based on daily compounding). However, although not free from doubt, the Indexed Interest Amount generally should not be accrued or reported until fixed or paid at which time it should be reported as ordinary interest income. Upon the sale, exchange, or redemption of a short-term MLCD prior to its stated maturity date, a U.S. Holder who uses the accrual method of accounting generally should recognize short-term capital gain or loss in an amount equal to the difference between the amount realized on the sale, exchange, or redemption and such U.S. Holder’s adjusted tax basis in the short-term MLCD. Such a U.S. Holder’s adjusted tax basis generally should equal such U.S. Holder’s initial investment in the short-term MLCD, increased by any OID included in income by the U.S. Holder, and reduced by any payments on the MLCD.

MLCDs With Stated Maturities of More Than One Year (“long-term MLCDs”):

The amount payable on the MLCDs at maturity will depend on the performance of the Investment Benchmark. Accordingly, we intend to take the position that the long-term MLCDs will be treated as “contingent payment debt instruments” for United States federal income tax purposes subject to taxation under the “non-contingent bond method,” and the balance of this discussion assumes that this characterization is proper and will be respected. Under this characterization, long-term MLCDs generally will be subject to the Treasury regulations governing contingent payment debt instruments. Under those regulations, a U.S. Holder will be required to report OID or interest income in respect of the MLCDs based on a “comparable yield” and a “projected payment schedule” (both as described below) established by us for determining interest accruals and adjustments with respect to the MLCDs. A U.S. Holder which does not use the “comparable yield” and follow the “projected payment schedule” to calculate its OID and interest income on an MLCD must timely disclose and justify the use of other estimates to the IRS.

A “comparable yield” with respect to an MLCD generally is the yield at which we could issue a fixed-rate debt instrument with terms similar to those of the MLCD (taking into account for this purpose the level of subordination, term, timing of payments, and general market conditions, but ignoring any adjustments for liquidity or the riskiness of the contingencies with respect to the MLCD). Notwithstanding the foregoing, a comparable yield must not be less than the “applicable federal rate” based on the overall maturity of the MLCD.

A “projected payment schedule” with respect to an MLCD generally is a series of projected payments, the amount and timing of which would produce a yield to maturity on the MLCD equal to the comparable yield. Based upon market conditions as of the date of the applicable disclosure supplement, as determined by us for purposes of illustrating the application of the Code and the Treasury regulations to the MLCDs, we will set forth in that disclosure supplement the “projected payment schedule.” This projected payment schedule will consist of the principal amount, a projection for tax purposes of the contingent payment on the MLCD payable at maturity and the amount of Periodic Interest Payments that will be paid to holders of the MLCDs, if any. The actual “projected payment schedule” will be completed on the pricing date, and included in the final disclosure supplement. The projected payment schedule is not calculated or provided for any purposes other than the determination of a U.S. Holder’s interest accruals and adjustments with respect to the MLCDs for United States federal income tax purposes. By providing the projected payment schedule, we make no representations regarding the actual amounts of payments on the MLCDs.

Based on the comparable yield and the projected payment schedule of the MLCDs, a U.S. Holder of an MLCD, regardless of accounting method, generally will be required to accrue as OID the sum of the daily portions of interest on the MLCD for each day in the taxable year on which the holder held the MLCD, adjusted upward or downward to reflect the difference, if any, between the actual and projected amount of any contingent payments on the MLCD, as described below. The daily portions of interest for an MLCD are determined by allocating to each day in an accrual period the ratable portion of interest on the MLCD that accrues during that accrual period. The amount of interest that accrues during an accrual period is the product of the comparable yield on the MLCD (adjusted, if necessary, to reflect the length of the accrual period) and the adjusted issue price of the MLCD at the beginning of the accrual period. The adjusted issue price of an MLCD at the beginning of the first accrual period will equal its issue price. The issue price of each MLCD in an issue of MLCDs is the first price at which a substantial amount of those MLCDs has been sold (including any premium paid for those MLCDs and ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). For any subsequent accrual period, the adjusted issue price will be (1) the sum of the issue price of the MLCD and any interest previously accrued on the MLCD by a holder (without regard to any positive or negative adjustments, described below), minus (2) the amount of any projected payments on the MLCD for previous accrual periods. Under these rules, a U.S. Holder is not required to separately account for Periodic Interest Payments on an MLCD, if any. A U.S. Holder of an MLCD generally will be required to include in income OID in excess of actual cash payments received for certain taxable years.

A U.S. Holder will be required to recognize interest income equal to the amount of any “positive adjustment” for an MLCD for a taxable year

in which a contingent payment is paid (including a payment at maturity). A positive adjustment is the excess of actual payments in respect of contingent payments over the projected amount of contingent payments. A U.S. Holder also will be required to account for any “negative adjustment” for a taxable year in which a contingent payment is paid. A negative adjustment is the excess of the projected amounts of contingent payments over actual payments in respect of the contingent payments. A net negative adjustment is the amount by which total negative adjustments in a taxable year exceed total positive adjustments in such taxable year. A net negative adjustment (1) will first reduce the amount of interest for the MLCD that a U.S. Holder would otherwise be required to include in income in the taxable year, and (2) to the extent of any excess, will result in an ordinary loss equal to that portion of the excess as does not exceed the excess of (A) the amount of all previous interest inclusions under the MLCD over (B) the total amount of the U.S. Holder’s net negative adjustments treated as ordinary loss on the MLCD in prior taxable years. A net negative adjustment is not subject to the 2% floor limitation imposed on miscellaneous deductions under Section 67 of the Code. Any net negative adjustment in excess of the amounts described above in (1) and (2) will be carried forward to offset future interest income on the MLCD or to reduce the amount realized on a sale, exchange, or retirement of the MLCD.

If a contingent payment becomes fixed more than six months prior to maturity, a positive or negative adjustment, as appropriate, is made to reflect the difference between the present value of the amount that is fixed and the present value of the projected amount. Under Treasury regulations, a contingent payment is treated as fixed if all remaining contingencies, if any, with respect to the payment are remote or incidental. Such an adjustment may be appropriate in some circumstances for the MLCDs. For example, it may be possible that the occurrence of a knock-out event eliminates the Indexed Interest Amount. In that case, assuming more than six months remain prior to maturity, a negative adjustment would be made to reflect the difference between the present value of the principal amount of the MLCDs and the present value of the projected amounts.

Upon a sale, exchange, or retirement of a long-term MLCD prior to maturity, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, or retirement and that holder’s tax basis in the MLCD. A U.S. Holder’s tax basis in an MLCD generally will equal the cost of that MLCD, increased by the amount of OID previously accrued by the holder for that MLCD (without regard to any positive or negative adjustments) and reduced by any projected payments for previous periods on the MLCD. A U.S. Holder generally will treat any gain as interest income, and will treat any loss as ordinary loss to the extent of the excess of previous interest inclusions over the total negative adjustments previously taken into account as ordinary losses, and the balance as long-term or short-term capital loss depending upon the U.S. Holder’s holding period for the MLCD. The deductibility of capital losses by a U.S. Holder is subject to limitations.

All prospective investors in long-term MLCDs are urged to consult their own tax advisors concerning the application of the foregoing rules in respect of an investment in long-term MLCDs.

Comparison with Conventional Certificates of Deposit

The tax treatment of the MLCDs is different than the tax treatment of conventional certificates of deposit issued by banks. In particular, interest on conventional certificates of deposits generally is included in income as it is paid or accrued in accordance with an investor’s normal method of tax accounting, except where rules apply requiring inclusion of OID based on the interest payable at maturity. Thus, unlike the MLCDs, conventional certificates of deposit issued by banks are not subject to the special rules described above requiring income inclusions based on a comparable yield and projected payment schedule, or the special rule requiring recognition of ordinary income on any gain realized on a sale or other disposition.

Non-U.S. Holders

Under current United States federal income tax law and subject to the discussion below concerning backup withholding, principal and interest payments, including any OID, that are received from us or our agent and that are not effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States, or a permanent establishment maintained in the United States if certain tax treaties apply, generally will not be subject to United States federal income or withholding tax except as provided below. Interest, including any OID and any gain realized on the sale, exchange, or retirement of a note, may be subject to a 30% withholding tax (or less under an applicable treaty, if any) if: (1) a Non-U.S. Holder actually or constructively owns 10% or more of the total combined voting power of all classes of our stock entitled to vote; (2) a Non-U.S. Holder is a “controlled foreign corporation” for United States federal income tax purposes that is related to us (directly or indirectly) through stock ownership; (3) a Non-U.S. Holder is a bank extending credit under a loan agreement in the ordinary course of its trade or business; (4) the payments on the MLCDs are determined by reference to the income, profits, changes in the value of property or other attributes of the debtor or a related party (other than payments that are based on the value of a security or index of securities that are, and will continue to be, actively traded within the meaning of Section 1092(d) of the Code, and that are not nor will be a “United States real property interest” as described in Section 897(c)(1) or 897(g) of the Code); or (5) the Non-U.S. Holder does not satisfy the certification requirements described below.

A Non-U.S. Holder generally will satisfy the certification requirements if either: (A) the Non-U.S. Holder certifies to us or our agent, under penalties of perjury, that it is a non-United States person and provides its name and address (which certification may generally be made on an IRS Form W-8BEN, or a successor form), or (B) a securities clearing organization, bank, or other financial institution that holds customer securities in the ordinary course of its trade or business (a “financial institution”) and holds the MLCD certifies to us or our agent under penalties of perjury that either it or another financial institution has received the required statement from the Non-U.S. Holder certifying that it is a non-United States person and furnishes us with a copy of the statement.

Payments not meeting the requirements set forth above and thus subject to withholding of U.S. federal income tax may nevertheless be exempt from withholding (or subject to withholding at a reduced rate) if the Non-U.S. Holder provides us with a properly executed IRS Form W-8BEN (or successor form) claiming an exemption from, or reduction in, withholding under the benefit of a tax treaty, or IRS Form W-8ECI (or other applicable form) stating that income on the MLCDs is not subject to withholding tax because it is effectively connected with the conduct of a trade or business within the United States as discussed below. To claim benefits under an income tax treaty, a Non-U.S. Holder must obtain a taxpayer identification number and certify as to its eligibility under the appropriate treaty’s limitations on benefits article. In addition, special rules may apply to claims for treaty benefits made by Non-U.S. Holders that are entities rather than individuals. A Non-

U.S. Holder that is eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS.

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on any gain not treated as OID and realized on the sale, exchange, retirement, or other disposition of MLCDs, provided that: (a) the gain is not effectively connected with the conduct of a trade or business within the United States, or a permanent establishment maintained in the United States if certain tax treaties apply, and (b) in the case of a Non-U.S. Holder that is an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, or other disposition of the MLCD. An individual Non-U.S. Holder who is present in the United States for 183 days or more in the taxable year of sale, exchange, or other disposition of an MLCD, and if certain other conditions are met, will be subject to U.S. federal income tax at a rate of 30% on the gain realized on the sale, exchange, or other disposition of such MLCD.

If a Non-U.S. Holder of an MLCD is engaged in the conduct of a trade or business within the United States and if interest (including any OID) on the MLCD, or gain realized on the sale, exchange, or other disposition of the MLCD, is effectively connected with the conduct of such trade or business (and, if certain tax treaties apply, is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States), the Non-U.S. Holder, although exempt from U.S. federal withholding tax (provided that the applicable certification requirements are satisfied), generally will be subject to U.S. federal income tax on such interest (including any OID) or gain on a net income basis in the same manner as if it were a U.S. Holder. Non-U.S. holders should read the material under the heading “—U.S. Holders,” for a description of the U.S. federal income tax consequences of acquiring, owning, and disposing of MLCDs. In addition, if such Non-U.S. Holder is a foreign corporation, it may also be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable U.S. income tax treaty) of a portion of its earnings and profits for the taxable year that are effectively connected with its conduct of a trade or business in the United States, subject to certain adjustments.

Backup Withholding and Reporting

In general, in the case of a U.S. Holder, other than certain exempt holders, we and other payors are required to report to the IRS all payments of principal, any premium, and interest on the MLCDs, and the accrual of OID. In addition, we and other payors generally are required to report to the IRS any payment of proceeds of the sale of an MLCD before maturity. Additionally, backup withholding generally will apply to any payments, including payments of OID, if a U.S. Holder fails to provide an accurate taxpayer identification number and certify that the taxpayer identification number is correct, the U.S. Holder is notified by the IRS that it has failed to report all interest and dividends required to be shown on its U.S. federal income tax returns or a U.S. Holder does not certify that it has not underreported its interest and dividend income. If applicable, backup withholding will be imposed at a rate of 28%. This rate is scheduled to increase to 31% after 2010.

In the case of a Non-U.S. Holder, backup withholding and information reporting will not apply to payments made if the Non-U.S. Holder provides the required certification that it is not a United States person, or the Non-U.S. Holder otherwise establishes an exemption, provided that the payor or withholding agent does not have actual knowledge that the holder is a United States person, or that the conditions of any exemption are not satisfied.

In addition, payments of the proceeds from the sale of an MLCD to or through a foreign office of a broker or the foreign office of a custodian, nominee, or other dealer acting on behalf of a holder generally will not be subject to information reporting or backup withholding. However, if the broker, custodian, nominee, or other dealer is a United States person, the government of the United States or the government of any state or political subdivision of any state, or any agency or instrumentality of any of these governmental units, a controlled foreign corporation for U.S. federal income tax purposes, a foreign partnership that is either engaged in a trade or business within the United States or whose United States partners in the aggregate hold more than 50% of the income or capital interest in the partnership, a foreign person 50% or more of whose gross income for a certain period is effectively connected with a trade or business within the United States, or a United States branch of a foreign bank or insurance company, information reporting (but not backup withholding) generally will be required with respect to payments made to a holder unless the broker, custodian, nominee, or other dealer has documentation of the holder's foreign status and the broker, custodian, nominee, or other dealer has no actual knowledge to the contrary.

Payment of the proceeds from a sale of an MLCD to or through the United States office of a broker is subject to information reporting and backup withholding, unless the holder certifies as to its non-United States person status or otherwise establishes an exemption from information reporting and backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a holder's U.S. federal income tax liability provided the required information is furnished to the IRS.

