

Market Linked Certificates of Deposit
 Linked to the Dow Jones - UBS Commodity IndexSM
 Wells Fargo Bank, N.A.



Subject to Completion
Preliminary Terms Supplement dated February 26, 2010

Terms Supplement dated _____, 2010 to Disclosure Statement dated January 1, 2010

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

The certificates of deposit of Wells Fargo Bank, N.A. (the “Bank”) described in this Terms Supplement (the “CDs”) are made available through certain broker-dealers (collectively, the “Brokers” and individually a “Broker”). This Terms Supplement should be read together with the accompanying Disclosure Statement. If the description of the terms of the CDs set forth in this Terms Supplement differs in any way from the description of the general terms of the CDs contained in the accompanying Disclosure Statement, the description of the terms of the CDs in this Terms Supplement shall control. Capitalized terms not defined in this Terms Supplement are defined in the accompanying Disclosure Statement.

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

PRODUCT DESCRIPTION

This CD provides you with a minimum return within the range of 5.00% to 6.00% of the Deposit Amount, as determined on the Pricing Date, and the ability to participate in the future appreciation of the Dow Jones - UBS Commodity IndexSM (the “Index”) during the term of the CD. If you hold your CDs until stated maturity, you will receive the Deposit Amount of your CDs plus the greater of (i) the Minimum Interest Amount and (ii) the Index Interest, if any, subject to the Capped Return Amount.

INDICATIVE TERMS

Instrument:	Certificates of Deposit Linked to the Dow Jones – UBS Commodity Index.		
Issuer:	Wells Fargo Bank, N.A.	Denominations:	Integral multiples of \$1,000.
Pricing Date:	On or about March 24, 2010.*	Minimum Deposit:	\$1,000
Issue Date:	On or about March 31, 2010.*	CUSIP:	949748XT9
Stated Maturity Date:	March 31, 2016 (the “Initial Stated Maturity Date”), subject to postponement if a Market Disruption Event occurs. If a Market Disruption Event occurs or is continuing on the scheduled Valuation Date, the Stated Maturity Date will be the later of (i) two Business Days after the postponed Valuation Date, and (ii) the Initial Stated Maturity Date.		
Payment at Stated Maturity:	On the Stated Maturity Date, you will receive the Deposit Amount of your CD plus the greater of (i) the Minimum Interest Amount and (ii) the Index Interest, if any, subject to the Capped Return Amount. The CDs will not earn interest prior to stated maturity.		
Capped Return Amount:	The Capped Return Amount is \$550 per \$1,000 Deposit Amount of a CD.		
Minimum Interest Amount:	The Minimum Interest Amount will be determined on the Pricing Date and will be within the range of 5.00% of the Deposit Amount (0.82% Annual Percentage Yield) to 6.00% of the Deposit Amount (0.97% Annual Percentage Yield).		

*In the event the Bank makes any change to the expected Pricing Date or expected Issue Date, the Stated Maturity Date and the Valuation Date may also be changed to ensure that the term of the CDs remains the same.

“Dow Jones,” “UBS,” “Dow Jones – UBS Commodity IndexSM,” and “DJ-UBSCISM” are service marks of Dow Jones & Company, Inc. (“Dow Jones”) and UBS AG (“UBS AG”), as the case may be, and have been licensed for use by an affiliate of the Bank. The CDs, based on the Dow Jones – UBS Commodity Index, are not sponsored, endorsed, sold or promoted by Dow Jones, UBS Securities LLC (“UBS”) or any of their respective subsidiaries or affiliates, and none of Dow Jones, UBS or any of their respective subsidiaries or affiliates, makes any representation regarding the advisability of investing in the CDs.

Index Interest:	<p>The Index Interest will be equal to the product of:</p> <ul style="list-style-type: none"> • Deposit Amount of the CD; and • $\frac{\text{Final Index Level} - \text{Initial Index Level}}{\text{Initial Index Level}}$
Initial Index Level:	<p>_____, the Closing Level of the Index on the Pricing Date or, in the event of a Market Disruption Event on the Pricing Date, as described under “Description of Certificates of Deposit – Market Disruption Events” in the accompanying Disclosure Statement.</p>
Final Index Level:	<p>The Final Index Level will be the Closing Level of the Index on the Valuation Date.</p>
Valuation Date:	<p>The Valuation Date will be March 24, 2016, or if such day is not a Trading Day, the next succeeding Trading Day, subject to postponement due to the occurrence of a Market Disruption Event. See “Description of the Certificates of Deposit – Market Disruption Events” in the accompanying Disclosure Statement.</p>
FDIC Insurance:	<p>The Deposit Amount of a CD is insured by the FDIC, subject to applicable FDIC insurance limits. As discussed in the accompanying Disclosure Statement, the FDIC standard maximum deposit insurance amount (the “<u>MDIA</u>”) of \$250,000 per depositor per insured bank is in effect through December 31, 2013. On January 1, 2014, the MDIA will return to \$100,000 per depositor per insured bank for all accounts except IRAs and certain other retirement accounts, which will remain at \$250,000 per depositor. The CDs are eligible for FDIC insurance up to \$250,000 for deposits held in the same ownership category (for example, individual accounts are insured separately from joint accounts, self-directed retirement accounts and/or revocable trust accounts). The FDIC has taken the position that any Index Interest that has not yet been ascertained and become due and any secondary market premium paid by you above the Deposit Amount on the CDs is not insured by the FDIC. See “Deposit Insurance” in the accompanying Disclosure Statement.</p>
Tax Consequences:	<p>In the opinion of Faegre & Benson LLP, the Bank’s special tax counsel, the CDs will be subject to U.S. Treasury regulations that apply to contingent payment debt instruments. See “United States Federal Income Tax Consequences” in the accompanying Disclosure Statement.</p> <p>The tax discussion contained herein and in the accompanying Disclosure Statement has been prepared to support the marketing of the CDs. Nothing herein or therein may be used by any taxpayer for the purpose of avoiding any penalties that may be imposed under the Internal Revenue Code of 1986, as amended. Each taxpayer should seek advice based on the taxpayer’s particular circumstance from an independent tax advisor.</p>
Estimated Comparable Yield and Projected Payment Schedule:	<p>As of the date hereof, the Bank has estimated that the comparable yield on the CDs is an annual rate of _____%, compounded semi-annually. Based on the comparable yield, the projected payment schedule for each \$1,000 Deposit Amount of a CD is estimated to be \$_____ due at stated maturity. Based on the estimated comparable yield, if you are an initial holder that holds the CDs until the Stated Maturity Date and you pay your taxes on a calendar year basis, you will be generally required to include the following amount of ordinary income for each \$1,000 Deposit Amount of a CD each year: \$_____ in 2010, \$_____ in 2011, \$_____ in 2012, \$_____ in 2013, \$_____ in 2014, \$_____ in 2015 and \$_____ in 2016. However, in 2016, the amount of ordinary income that you will be required to pay taxes on from owning each \$1,000 Deposit Amount of a CD may be greater or less than \$_____, depending upon the interest you receive at stated maturity. Also, if the interest you receive on the Stated Maturity Date were less than \$_____ for each \$1,000 Deposit Amount of a CD, you may have an ordinary loss in 2016. See “United States Federal Income Tax Consequences” on page 28 of the accompanying Disclosure Statement.</p>
Placement Fees:	<p>The CDs will be distributed through the Brokers. The Brokers will receive a placement fee up to 3.25% of the aggregate Deposit Amount of the CDs sold. In addition to the placement fee to be received by the Broker offering the CDs to you, the issue price of the CDs includes structuring and development costs. If the CDs were priced today, the placement fee and structuring and development costs would total approximately \$65 per \$1,000 Deposit Amount of a CD. The actual placement fee and structuring and development costs will be set forth in the final Terms Supplement when the terms of the CDs are determined. In no event will the placement fee and structuring and development costs exceed \$80 per \$1,000 Deposit Amount of a CD. See “Description of the Certificates of Deposit—Fees” in the accompanying Disclosure Statement.</p>

ADDITIONAL RISK FACTORS

You should carefully consider the risk factors set forth below as well as the risk factors discussed under “Risk Factors” on page 3 of the accompanying Disclosure Statement and the other information contained in this Terms Supplement and the accompanying Disclosure Statement. You should reach an investment decision only after you have carefully considered with your advisors the suitability of an investment in the CDs in light of your particular circumstances.

The Capped Return Amount Limits Your Return On The CDs.

The Capped Return Amount limits the return on the CDs. The interest paid on a CD at stated maturity will not be greater than 55% of its Deposit Amount. As a result, the CDs are not an appropriate investment for an investor who seeks a return based solely on the appreciation of the Index.

The Value Of The CDs Prior To The Stated Maturity Date Will Be Affected By The Capped Return Amount.

In addition to the numerous factors affecting the value of the CDs discussed in the accompanying Disclosure Statement, the value of the CDs prior to the Stated Maturity Date will be affected by the existence of the Capped Return Amount. The value of the CDs prior to the Stated Maturity Date will be less than the value of other CDs that do not limit the ability to participate in the future appreciation of the Index.

EXAMPLES OF AMOUNT PAYABLE AT STATED MATURITY

Here are three examples of hypothetical calculations of the amount payable on the Stated Maturity Date for each \$1,000 Deposit Amount of a CD. The following examples assume a hypothetical Initial Index Level of 133.8318 and a hypothetical Minimum Interest Amount of 5.50% of the Deposit Amount, the midpoint of the specified range for the Minimum Interest Amount. If you hold the CDs until the Stated Maturity Date, you will receive the Deposit Amount of the CDs and interest in an amount at least equal to the Minimum Interest Amount (\$55 for each \$1,000 Deposit Amount of a CD, assuming a Minimum Interest Amount of 5.50%).

Example 1. Assuming For Purposes Of This Example That The Final Index Level Is 187.3645:

$$\$1,000 \times \frac{187.3645 - 133.8318}{133.8318} = \$400.00$$

As a result, the interest for each \$1,000 Deposit Amount of a CD would be \$400.00 because that amount is greater than \$55 and less than \$550. On the Stated Maturity Date, you would receive \$1,000 + \$400.00 = \$1,400.00 for each \$1,000 Deposit Amount of a CD.

Example 2. Assuming For Purposes Of This Example That The Final Index Level Is 100.3739:

$$\$1,000 \times \frac{100.3739 - 133.8318}{133.8318} = -\$250.00$$

As a result, the interest for each \$1,000 Deposit Amount of a CD would be \$55 because that amount is greater than -\$250.00 and less than \$550. On the Stated Maturity Date, you would receive \$1,000 + \$55.00 = \$1,055.00 for each \$1,000 Deposit Amount of a CD.

Example 3. Assuming For Purposes Of This Example That The Final Index Level Is 234.2057:

$$\$1,000 \times \frac{234.2057 - 133.8318}{133.8318} = \$750.00$$

As a result, the interest for each \$1,000 Deposit Amount of a CD would be \$550.00 because that amount is greater than \$55 and less than \$750.00. On the Stated Maturity Date, you would receive \$1,000 + \$550.00 = \$1,550.00 for each \$1,000 Deposit Amount of a CD.

To the extent that the Final Index Level and the Capped Return Amount differ from the levels assumed above, the results indicated above would be different.

HYPOTHETICAL RETURNS

The table below illustrates, for a range of hypothetical Final Index Levels:

- the hypothetical Final Index Level;
- the hypothetical percentage change from the Initial Index Level;
- the hypothetical total amount payable at stated maturity for each \$1,000 Deposit Amount of a CD;
- the hypothetical pre-tax total rate of return; and
- the hypothetical annual percentage yield,

in each case assuming a hypothetical Minimum Interest Amount of 5.50% (the midpoint of the specified range of the Minimum Interest Amount).

<u>Hypothetical Final Index Level</u>	<u>Hypothetical Percentage Change From Initial Index Level</u>	<u>Hypothetical Total Amount Payable At Stated Maturity Per \$1,000 Deposit Amount</u>	<u>Hypothetical Pre-Tax Total Rate of Return</u>	<u>Hypothetical Annual Percentage Yield</u>
234.2057	75.00%	\$1,550.00	55.00%	7.57%
220.8225	65.00%	\$1,550.00	55.00%	7.57%
207.4393	55.00%	\$1,550.00	55.00%	7.57%
200.7477	50.00%	\$1,500.00	50.00%	6.98%
173.9813	30.00%	\$1,300.00	30.00%	4.47%
153.9066	15.00%	\$1,150.00	15.00%	2.35%
141.1925	5.50%	\$1,055.00	5.50%	0.90%
133.8318 ⁽¹⁾	0.00%	\$1,055.00	5.50%	0.90%
120.4486	-10.00%	\$1,055.00	5.50%	0.90%
107.0654	-20.00%	\$1,055.00	5.50%	0.90%
93.6823	-30.00%	\$1,055.00	5.50%	0.90%
80.2991	-40.00%	\$1,055.00	5.50%	0.90%

⁽¹⁾ The hypothetical Initial Index Level.

The above figures are for purposes of illustration only. The actual amount that you will receive and the resulting total and pre-tax rate of return and annualized percentage yield will depend entirely on the actual Final Index Level and the actual Minimum Interest Amount. In particular, the actual Final Index Level could be lower or higher than those reflected in the table.

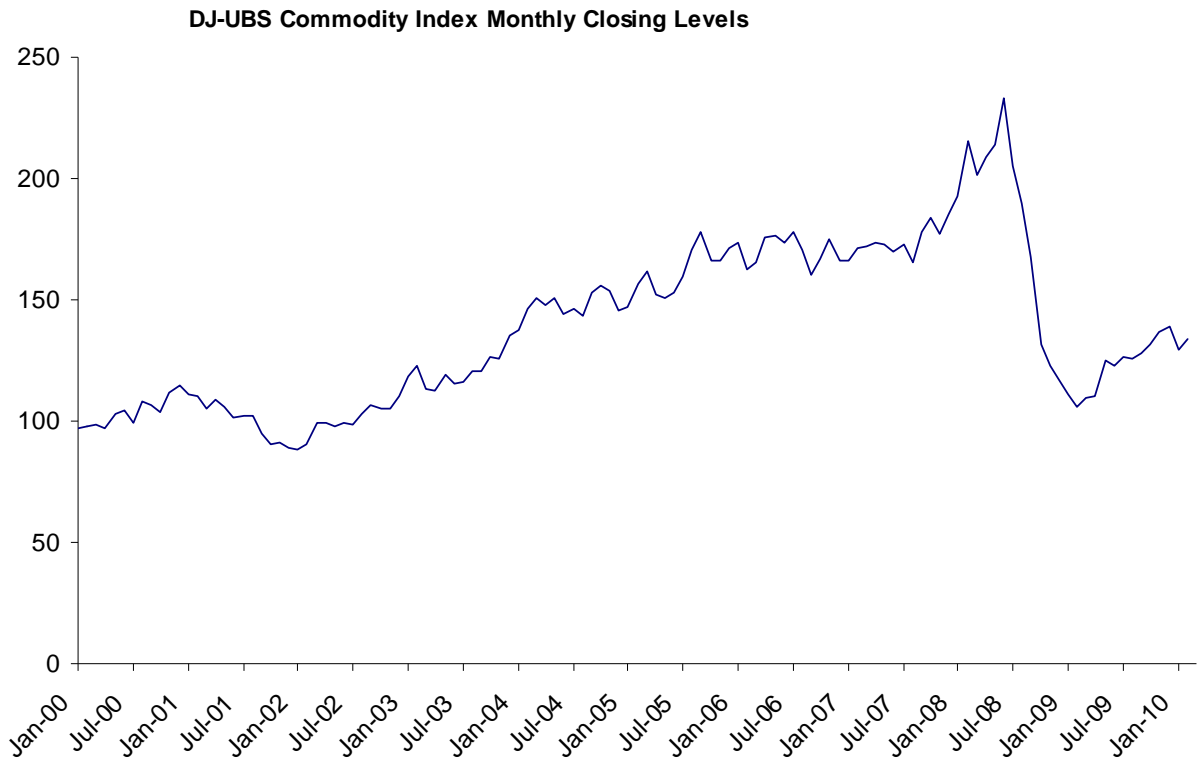
ADDITIONAL INFORMATION REGARDING THE INDEX

See “The Index” in the accompanying Disclosure Statement for information about the Index.

Since its inception, the Index has experienced significant fluctuations and therefore the results shown should not be considered as a representation of the income, yield or capital gain or loss that may be generated by the Index in the future. The Bank obtained the Closing Levels listed below from Bloomberg Financial Markets, and the Bank believes such information to be accurate. You can obtain the level of the Index at any time from Bloomberg Financial Markets. You may also obtain the level of the Index at any time from the Dow Jones website, at <http://www.djindexes.com>.

The level of the Index may increase or decrease so that you will receive a payment on the Stated Maturity Date only equal to the Minimum Interest Amount. The Bank cannot give you any assurance that on the Stated Maturity Date you will receive more than the Minimum Interest Amount.

The following graph sets forth the end-of-month Closing Levels of the Index for each month in the period from January 2000 through February 2010. The Closing Level on February 26, 2010 was 133.8318.



The following table sets forth the high and low Closing Levels, as well as end-of-period Closing Levels, of the Index for each quarter in the period from January 1, 2000 through December 31, 2009 and for the period from January 1, 2010 to February 26, 2010.

	<u>High</u>	<u>Low</u>	<u>Period-End</u>
2000			
First Quarter	102.2480	90.7500	98.5240
Second Quarter	105.7500	94.6280	104.7640
Third Quarter	111.1720	99.0040	106.9750
Fourth Quarter	116.0910	103.5380	114.6130
2001			
First Quarter	115.5500	105.3720	105.3720
Second Quarter	110.8320	100.6920	101.5710
Third Quarter	104.6130	93.8850	95.1070
Fourth Quarter	94.8800	87.4140	89.0330
2002			
First Quarter	99.5880	87.3660	99.5880
Second Quarter	102.6170	94.1080	99.5180
Third Quarter	106.9850	96.8600	106.2940
Fourth Quarter	112.9330	101.1400	110.2760
2003			
First Quarter	125.0490	111.1980	113.1710
Second Quarter	120.8260	110.9660	115.7880
Third Quarter	121.3220	114.0210	120.8980
Fourth Quarter	137.3200	121.1390	135.2690
2004			
First Quarter	151.6910	136.8180	150.8370
Second Quarter	154.9940	143.2890	144.0340
Third Quarter	153.1750	140.9910	153.1750
Fourth Quarter	159.2940	141.2710	145.6040
2005			
First Quarter	165.2460	142.1800	162.0940
Second Quarter	162.3890	146.0780	152.8850
Third Quarter	179.0690	154.1070	178.2490
Fourth Quarter	180.2400	163.3580	171.1490
2006			
First Quarter	174.2240	158.7800	165.1940
Second Quarter	187.6280	164.7230	173.2350
Third Quarter	179.9620	156.5870	159.9570
Fourth Quarter	175.2140	156.0750	166.5090
2007			
First Quarter	173.5030	155.8800	171.9630
Second Quarter	176.4840	168.5220	169.6710
Third Quarter	179.7150	161.0620	178.2500
Fourth Quarter	185.5680	172.1230	184.9640
2008			
First Quarter	219.0930	181.1570	201.5980
Second Quarter	234.1150	199.5660	233.0340
Third Quarter	237.9530	167.3910	167.7760
Fourth Quarter	167.4840	106.0920	117.2440
2009			
First Quarter	123.4580	101.9990	109.7820
Second Quarter	131.1160	107.4940	122.5360
Third Quarter	132.9180	113.2370	127.6830
Fourth Quarter	140.0458	124.1740	139.1873
2010			
January 1, 2010 to February 26, 2010.....	145.0288	126.5582	133.8318

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DISCLOSURE STATEMENT

WELLS FARGO BANK, N.A.

CERTIFICATES OF DEPOSIT LINKED TO THE DOW JONES – UBS COMMODITY INDEXSM

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

The full amount of the deposit principal of a CD (the “Deposit Amount”) will be returned to you on the Stated Maturity Date. Each CD will pay interest on the Stated Maturity Date in an amount based upon the percentage change in the closing level of the Dow Jones – UBS Commodity IndexSM (the “Index”), measured over a specified period of time and subject to certain terms and conditions (the “Index Interest”). A CD may pay a minimum interest amount equal to a specified percentage of the Deposit Amount over the term of the CD (the “Minimum Interest Amount”). The CDs are not automatically renewable and no interest will be earned after the Stated Maturity Date. The specific terms of the CDs, including any Minimum Interest Amount, will be set forth in a supplement to this Disclosure Statement (a “Terms Supplement”). The FDIC has taken the position that any Index Interest that has not yet been ascertained and become due and any secondary market premium paid by you above the Deposit Amount of the CD is not insured by the FDIC.

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

Most United States holders of the CDs, other than those holding the CDs through a tax advantaged retirement account (such as an IRA), are subject to tax rules requiring them to include in their taxable income during each tax year in which the CDs are outstanding imputed interest income on the CDs even though interest, if any, will not be paid on the CDs until maturity. See “United States Federal Income Tax Consequences” on page 28.

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

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

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

January 1, 2010

ABOUT THIS DISCLOSURE STATEMENT

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

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

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

“Dow Jones,” “UBS” “Dow Jones – UBS Commodity IndexSM,” and “DJ-UBSCISM” are service marks of Dow Jones & Company, Inc. (“Dow Jones”) and UBS AG (“UBS AG”), as the case may be, and have been licensed for use by an affiliate of the Bank. The CDs, based on the performance of the Dow Jones – UBS Commodity Index, are not sponsored, endorsed, sold or promoted by Dow Jones, UBS Securities LLC (“UBS”) or any of their respective subsidiaries or affiliates, and none of Dow Jones, UBS or any of their respective subsidiaries or affiliates, makes any representation regarding the advisability of investing in the CDs.

WELLS FARGO BANK, N.A.

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

RISK FACTORS

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

You May Not Receive An Amount At Stated Maturity Greater Than The Deposit Amount.

The amount you receive on the Stated Maturity Date may be less than the return you could earn on other investments. Because of the numerous factors that may affect the Closing Level (as hereinafter defined) of the Index, you may not receive any Index Interest. If the CDs have a Minimum Interest Amount, you will receive as interest the greater of the Index Interest and the Minimum Interest Amount. If the CDs do not have a Minimum Interest Amount, the Closing Level of the Index on the Valuation Date(s) (as hereinafter defined), together with the other features of the CDs, may result in you not receiving any Index Interest even though the Closing Level of the Index on the Stated Maturity Date of the CDs is higher than the Closing Level of the Index at the time of issuance of the CDs. Any return may not fully compensate you for any opportunity cost to you when you take into account inflation and other factors relating to the time value of money.

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

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

If the FDIC is appointed as conservator or receiver for the Bank, the FDIC is authorized to disaffirm or repudiate any contract to which the Bank is a party, the performance of which is determined to be burdensome, and the disaffirmance or repudiation of which is determined to promote the orderly administration of the Bank's affairs. It appears very likely that for this purpose deposit obligations, such as the CDs, are "contracts" within the meaning of the foregoing and that the CDs could be repudiated by the FDIC in its capacity as conservator or receiver of the Bank. As a result of any such repudiation, a holder of the CDs could be required to make a claim against the FDIC for the Deposit Amount of the CDs 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 CDs to another insured depository institution, without approval or consent of the holder of the CDs. A transferee depository institution would likely be permitted to offer holders of the CDs the choice of (i) repayment of the Deposit Amount of the CDs or (ii) less favorable terms. If a CD is paid off prior to maturity, either by a transferee depository institution or the FDIC, you may be unable to reinvest the funds at the same anticipated rate of return as the rate on the original CD. In any case, no claim would likely be available for any secondary market premium paid by you above the Deposit Amount, any Index Interest that has not yet been ascertained and become due or other damages such as lost profit or opportunity.

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

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

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

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

The Inclusion Of Placement Fees And Structuring And Development Costs In The Issue Price Of The CDs And Certain Hedging Costs Are Likely To Adversely Affect The Price At Which You Can Sell Your CDs.

Assuming no changes in market conditions or any other relevant factors, the price, if any, at which you may be able to sell the CDs will likely be significantly less than their issue price. The issue price includes, and any price quoted to you is likely to exclude, placement fees paid with respect to the CDs and structuring and development costs. In addition, any such price is also likely to reflect dealer discounts, mark-ups and other transaction costs, such as a discount to account for costs associated with establishing or unwinding any related hedge transaction. We expect such costs will include the projected profit that our hedge counterparty (which may be one of our affiliates) expects to realize in consideration for assuming the risks inherent in hedging our obligations under the CDs. The price at which a Broker or any other potential buyer may be willing to buy your CDs will also be affected by the market and other conditions discussed in the next risk factor.

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

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

In the event that a buyer is available at the time you attempt to sell your CDs prior to their Stated Maturity Date, the price at which your CDs are sold may result in a return to you which may differ from the return which the CDs would have earned had they been held to the Stated Maturity Date, due to the fact that the value of the CDs in such circumstances will likely be based on a number of factors such as the value and volatility of the Index, the Settlement Prices of the futures contracts that compose the Index (the "Designated Contracts") and the market prices of the physical commodities underlying those Designated Contracts (the "Index Commodities"), economic, financial, political, regulatory, geographical, agricultural or judicial events that affect the level of the Index, the market prices of the Index Commodities or the Settlement Prices of the Designated Contracts, interest rate movements, whether the CDs are callable at the option of the Bank, time remaining until the Stated Maturity Date, the Bank's creditworthiness and other market conditions, all of which factors may impact the value of the CDs and some of which are interrelated in complex ways. As used in this Disclosure Statement, "Settlement Price" means, for each Designated Contract, the official settlement price for the relevant contract month as published by the futures exchange on which the Index Commodity trades. As a result, the effect of any one factor may be offset or magnified by the effect of another factor. Even if you sell the CDs prior to their Stated Maturity Date at a time when the Closing Level of the Index exceeds the Initial Index Level (as hereinafter defined), the sale price may be lower than the price you may have received if you had held your CDs until their Stated Maturity Date. In addition, the price you may pay for any such CDs in the secondary market might include a mark-up established by the applicable market maker. Similarly, the price at which CDs may be sold if a secondary market is available will reflect a mark-down retained by the applicable broker. For the foregoing reasons, the price at which the CDs may be purchased or sold prior to their Stated Maturity Date may not directly reflect changes in the Index and their impact

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

If The Final Index Level Is Based On An Average Of Closing Levels Of The Index On Valuation Dates Throughout The Term Of The CDs, The Final Index Level May Be Less Than The Closing Level Of The Index At Stated Maturity.

If the Final Index Level (as hereinafter defined) is calculated by reference to an average of the Closing Levels of the Index on various Valuation Dates throughout the term of the CDs, the Final Index Level, as so calculated, may be less than the Closing Level of the Index at stated maturity, and as a result, the Index Interest you receive at stated maturity may be less than the interest you would receive if the Index Interest was based solely on the Closing Level of the Index at stated maturity. This difference could be particularly large if there is a significant increase in the Closing Level of the Index during the latter portion of the term of the CDs and may be more pronounced as the number of Valuation Dates throughout the term of the CDs increases.

The Bank Can Postpone The Stated Maturity Date If A Market Disruption Event Occurs.

The determination of the Index Interest may be postponed if the Bank determines, in its sole discretion, that a Market Disruption Event has occurred or is continuing on a Valuation Date shortly before the Stated Maturity Date. If such a postponement occurs, the Stated Maturity Date will be postponed until the date specified in the applicable Terms Supplement.

Commodity Prices May Change Unpredictably, Affecting The Level Of The Index And The Value Of Your CDs In Unforeseeable Ways.

Trading in the Designated Contracts is speculative and can be extremely volatile. Market prices of the Index Commodities may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships; weather and acts of nature; agricultural conditions; international trade conditions; fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; disease; force majeure occurrences; increased exploration and enhanced production methods and other technological developments driven by increased commodity prices; changes in interest rates and changes in exchange rates for the U.S. dollar (the currency in which the market prices for the Index Commodities will be quoted). These factors may affect the level of the Index and the value of your CDs in varying ways, and different factors may cause the value of different Index Commodities, and the volatilities of their prices, to move in inconsistent directions at inconsistent rates.

The Valuation Of The Designated Contracts May Not Be Consistent With Other Measures Of Value For The Index Commodities.

The value of each Designated Contract included in the Index will reflect the Settlement Price as quoted on the relevant exchange. Such values will not necessarily be consistent with other valuations of the Index Commodities, such as futures contracts on different exchanges or with different delivery points or with different maturities.

The Designated Contracts Included In The Index May Not Be Weighted Equally.

The Designated Contracts included in the Index may not be weighted equally. As a result, a percentage change in the Settlement Price of an Index Commodity with a higher relative weight will have a greater impact on the level of the Index than will a similar percentage change in the Settlement Price of an Index Commodity with a lower relative weight.

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

The commodity markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of

fluctuation in futures contract prices that may occur during a single business day. These limits are generally referred to as “daily price fluctuation limits” and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a “limit price.” Once the limit price has been reached in a particular contract, no trades may be made at a different price. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices. These circumstances could adversely affect the level of the Index and, therefore, the value of your CDs.

An Investment In The CDs Will Be Subject To Risks Associated With Foreign Commodity Exchanges.

The Index includes Designated Contracts that trade on foreign commodity exchanges. Foreign commodity exchanges may be less regulated than U.S. commodity exchanges and certain foreign commodities markets may be more susceptible to disruption due to the absence of government regulation. Trading on foreign commodity exchanges is subject to exchange rate risk relative to the U.S. Dollar, exchange controls, expropriations, taxation policies, moratoriums and political or diplomatic events.

Concentration Of The Designated Contracts In Limited Sectors May Adversely Affect The Value Of The CDs.

The Designated Contracts may from time to time be concentrated in a limited number of sectors, particularly energy and agriculture. For example, Designated Contracts in the energy sector currently comprise approximately 33% of the Index, and all of the Index Commodities in the energy sector are either oil or oil derivatives. As a result, technological advances, the discovery of new oil or the development of alternative energy sources could adversely affect the level of the Index. An investment in the CDs may therefore carry risks similar to a concentrated securities investment in a limited number of industries or sectors.

Relative Lack Of Diversification Of The Index May Adversely Affect The Value Of The CDs Prior To Maturity.

Because the Index currently reflects the return on futures contracts on 19 different Index Commodities, it will be less diversified than other funds or investment portfolios investing in a broader range of products and, therefore, could experience greater volatility. In addition, subject to the minimum/maximum diversification limits described in “The Index—Diversification Rules,” the Designated Contracts from time to time are concentrated in a limited number of sectors, particularly energy and agriculture. An investment in the CDs may therefore carry risks similar to a concentrated securities investment in a limited number of industries or sectors.

A Designated Contract Will Be Replaced If The Existing Futures Contract Is Terminated Or Replaced.

Data concerning the Designated Contracts will be used to calculate the Index. Although the termination or replacement of a futures contract on an established exchange occurs infrequently, if a Designated Contract were to be terminated or replaced by an exchange, a comparable futures contract would be selected, if available, to replace that Designated Contract. The termination or replacement of any Designated Contract may have an adverse impact on the value of the Index.

The CDs Are Indexed To The Dow Jones – UBS Commodity Index, Not The Dow Jones – UBS Commodity Index Total Return.

The CDs are linked to the Dow Jones – UBS Commodity Index, which reflects the returns that are potentially available through an unleveraged investment in the Designated Contracts. The Dow Jones – UBS Commodity Index Total Return is a total return index which, in addition to reflecting those returns, also reflects interest that could be earned on cash collateral invested in 3-month U.S. Treasury bills. Because the CDs are linked to the Dow Jones – UBS Commodity Index, the return on the CDs will not include the total return feature of the Dow Jones – UBS Commodity Index Total Return.

The Level Of The Index And The Value Of The CDs May Be Affected By Currency Exchange Fluctuations.

The market prices for the Index Commodities are currently quoted in U.S. dollars. As a result,

appreciation of the U.S. dollar will increase the relative cost of such Index Commodities for foreign consumers, thereby reducing demand for those Index Commodities and affecting the market prices of those Index Commodities. As a result, the level of the Index and an investment in the CDs may be adversely affected by changes in exchange rates between the U.S. dollar and foreign currencies. In recent years, rates of exchange between the U.S. dollar and various foreign currencies have been highly volatile and this volatility may continue in the future. However, fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative of fluctuations that may occur during the term of the CDs.

Higher Future Prices Of Index Commodities Relative To Their Current Prices May Affect The Amount You Will Receive At Maturity.

On specified dates, the Designated Contracts that underlie the Index Commodities are rolled mechanically into subsequent futures contracts before the current positions expire according to a defined schedule. For example, a contract purchased and held in one month may specify an expiration in a later month. As time passes, the contract expiring in one month is replaced by a contract for delivery in a later month. This is accomplished by selling the initial contract and purchasing the later contract. The difference between the price at which the first futures contract is sold and the next futures contract is purchased is called the “roll yield” and is an important part of the return on a commodities investment. The overall return is therefore derived from fluctuations in commodities prices in addition to the shape of the commodity futures curve over time. Assuming prices and the shape of the curve remain constant, rolling futures will yield a positive return when the prices are lower in the distant delivery months than in the nearest delivery months, and a negative return when the prices are higher in the distant delivery months than in the nearer delivery months. Thus, if the Index Commodities experience negative returns due to rising commodities futures prices, the Closing Level of the Index could be adversely affected.

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

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

Your Return On The CDs Could Be Less Than If You Owned The Index Commodities Or Entered Into The Designated Contracts.

You can invest directly in any or all of the Index Commodities or the Designated Contracts. The amount the Bank pays you at maturity may be less than the amount you might realize by such direct investments. In addition, to the extent that the Index Interest is determined by reference to a Participation Rate (as hereinafter defined) that is less than 1.00, the Index Interest will reflect less than 100% of the percentage increase of the Index, if any, on the Valuation Dates, over the Initial Index Level.

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

If your CDs are callable at the option of the Bank and the Bank exercises its option to call the CDs, you will only receive the applicable call price and you will not be entitled to receive the amount otherwise payable on the Stated Maturity Date. The Bank will exercise any call option, if at all, when it is most advantageous for the Bank to do so.

Potential Conflicts Of Interest Exist Between You And The Bank.

The Bank will determine whether a Market Disruption Event has occurred. The Bank may also make adjustments to the Closing Level of the Index if the method of calculating the Index is changed in a material respect. See “Description of the Certificates of Deposit—Market Disruption Events” and “—Discontinuance of the Index; Alteration of Method of Calculation.” As a result, potential conflicts of interest may exist between you and the Bank.

Historical Values Of The Index Should Not Be Taken As An Indication Of The Future Performance Of The Index During The Term Of The CDs.

The actual performance of the Index over the term of the CDs, as well as the amount payable at maturity, may bear little relation to the historical performance of the Index. The trading prices of the Designated Contracts in the Index will determine the Closing Level of the Index. Trading prices of the Designated Contracts in the Index will be influenced by complex and interrelated political, economic, financial, military and other factors that can affect the markets in which those Designated Contracts are traded and the values of those Designated Contracts themselves. As a result, it is impossible to predict whether the Closing Level of the Index will fall or rise. In addition, the market prices of certain Index Commodities, particularly Index Commodities in the energy sector, have recently been at historic highs, and there is no assurance that such price levels will be sustained or repeated.

You Must Rely On Your Own Evaluation Of The Merits Of An Investment Linked To The Designated Contracts.

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

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

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

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

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

protections afforded to persons who invest in regulated commodity pools.

Changes That Affect The Calculation Of The Index Could Adversely Affect The Value Of The CDs.

The policies of Dow Jones, UBS AG and UBS, as successor in interest to AIG Financial Products Corp. (“AIG-FP”), concerning the methodology and calculation of the Index and additions, deletions or substitutions of the Index Commodities or the Designated Contracts could affect the Index and, therefore, could affect the amount payable on the CDs at maturity and the value of the CDs prior to maturity. For example, the annual weightings for the Index are determined each year in June or July and announced in July or August after the annual meeting of the Dow Jones-UBS Commodity Index Supervisory Committee and the Dow Jones-UBS Commodity Index Advisory Committee and approval by the Dow Jones-UBS Commodity Index Supervisory Committee, which has a significant degree of discretion in exercising its supervisory duties with respect to the Index and has no obligation to take the needs of any parties to transactions involving the Index into consideration when reweighting or making any other changes to the Index. In addition, under the current policies of Dow Jones and UBS, the annual composition of the Index will be calculated in reliance upon historic price, liquidity and production data that are subject to potential errors in data sources or errors that may affect the weighting of components of the Index. Dow Jones and UBS may not discover every such discrepancy, and any discrepancies that require revision will not be applied retroactively but will be reflected in the weighting calculations of the Index for the following year.

The amount payable on the CDs and their value prior to maturity could be affected if Dow Jones and UBS, in their sole discretion, change these policies, for example, by changing the methodology for compiling and calculating the Index, or if Dow Jones and UBS discontinue or suspend calculation or publication of the Index, in which case it may become difficult to determine the value of the CDs. See “Description of the CDs—Discontinuance of the Index; Alteration of Method of Calculation” and “The Index.”

Trading And Other Transactions By UBS AG or UBS In The Designated Contracts And The Index Commodities May Affect The Value Of The Index.

UBS AG, UBS and their affiliates actively trade futures contracts, including the Designated Contracts and options on the Designated Contracts. UBS AG, UBS and their affiliates also actively enter into or trade and market securities, swaps, options, derivatives, and related instruments which are linked to the performance of the Index Commodities or are linked to the performance of the Index. In addition, certain of UBS AG, UBS and their affiliates may underwrite or issue other securities or financial instruments indexed to the Index and related indices. These activities could present conflicts of interest and could affect the value of the Index. For instance, a market maker in a financial instrument linked to the performance of the Index may expect to hedge some or all of its position in that financial instrument. Purchase (or selling) activity in the underlying Index components in order to hedge the market maker’s position in the financial instrument may affect the Settlement Prices of the Designated Contracts, which in turn may affect the value of the Index. With respect to any of the activities described above, none of UBS AG, UBS and their affiliates has any obligation to take the needs of any buyers, sellers or holders of the CDs into consideration at any time.

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

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

To the extent that the Bank or one or more of its affiliates has a long hedge position in any of the Holdings, the Bank or one or more of its affiliates may liquidate a portion of such Holdings at or about the time of the maturity of the CDs or at or about the time of a change in the Index Commodities or the Designated Contracts.

Depending on, among other things, future market conditions, the aggregate amount and the composition of the positions are likely to vary over time. Profits or losses from any of those positions cannot be ascertained until the position is closed out and any offsetting position or positions are taken into account. Certain activity by the Bank or one or more of its affiliates described above can potentially increase or decrease the prices of the Index Commodities or the Designated Contracts and, accordingly, increase or decrease the level of the Index. Although the Bank has no reason to believe that any of those activities will have a material impact on the price of Index Commodities or the Designated Contracts, these activities could have such an effect.

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

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

The Bank And Its Affiliates Have No Affiliation With Dow Jones, UBS AG Or UBS And Are Not Responsible For Their Public Disclosure Of Information.

The Bank and its affiliates are not affiliated with Dow Jones, UBS AG or UBS or their affiliates in any way and have no ability to control or predict their actions, including any errors in or discontinuation of disclosure regarding their methods or policies relating to the calculation of the Index. Neither the Bank nor any of its affiliates assumes any responsibility for the adequacy or accuracy of the information about the Index, Dow Jones, UBS AG or UBS contained in this Disclosure Statement. You, as an investor in the CDs, should make your own investigation into the Index, Dow Jones and UBS. None of Dow Jones, UBS AG or UBS is involved in the offering of the CDs made hereby in any way and has no obligation to consider your interests as an owner of CDs in taking any actions that might affect the level of the Index.

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

For United States federal income tax purposes, the CDs will be classified as contingent payment debt instruments. As a result, they will be considered to be issued with original issue discount. Although you will receive no cash payments during the term of the CDs, you will be required to include this original issue discount in income during your ownership of the CDs, subject to some adjustments, based on the “comparable yield” of the CDs unless you hold the CDs through a tax advantaged retirement account (such as an IRA). The “comparable yield” will generally be the rate at which the Bank could issue a fixed rate instrument with terms and conditions similar to the CDs, but in any event not less than the applicable federal rate (based on the overall maturity of the CDs). Additionally, you will generally be required to recognize ordinary income or, to some extent, ordinary loss on the gain or loss, if any, realized upon maturity or on a sale, exchange, redemption or other disposition of the CDs. See “United States Federal Income Tax Consequences.”

DESCRIPTION OF THE CERTIFICATES OF DEPOSIT

General

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

The term of any CD will commence on the date specified in the applicable Terms Supplement. The CDs will mature on the date specified in the applicable Terms Supplement (the “Stated Maturity Date”); provided, however, that such date will be postponed if a Market Disruption Event occurs or is continuing on a Valuation Date shortly before the Stated Maturity Date. See “—Market Disruption Events.” The date used to determine the Initial Index Level will be specified in the applicable Terms Supplement.

The CDs will not be automatically renewed or rolled over and Index Interest or Minimum Interest Amount, if any, on the CDs will not accrue after the Stated Maturity Date. If the Stated Maturity Date falls on a day that is not a Business Day, the CD balances will be remitted on the next day that is a Business Day and no interest on the balances will accrue from and after the Stated Maturity Date. A “Business Day” is any day other than a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized by law or regulation to close in New York, New York or Minneapolis, Minnesota.

The Bank may have the ability to call the CDs at its option on the call dates and at the call prices specified in the applicable Terms Supplement.

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

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

Interest

Unless otherwise specified in the applicable Terms Supplement, the interest payable on each CD will be the Index Interest as described in the Terms Supplement or, if greater, the Minimum Interest Amount, if any. The specific method of calculating the Index Interest will be set forth in the applicable Terms Supplement. The Index Interest or the Minimum Interest Amount, if any, will be payable on the Stated Maturity Date. The Bank will not compound any interest earned on the CDs and no periodic interest will be paid on the CDs.

The Index Interest will be calculated using the Closing Level of the Index on a date which is on or prior to the date of establishment of the CD (the “Initial Index Level”) and the Closing Level or the arithmetic average of the Closing Levels of the Index (the “Final Index Level”) on a specified date or dates during the term of the CD or during a specified period shortly before the Stated Maturity Date set forth in the applicable Terms Supplement (the “Valuation Date(s)”). The Index Interest may also be calculated by reference to a participation rate (the “Participation Rate”) set forth in the applicable Terms Supplement, in which case the percentage change of the Final Index Level over the Initial Index Level will be multiplied by a rate which is less than or greater than 1.00. The “Closing Level” is generally the last reported level of the Index at approximately 5:00 p.m., New York City time. You can obtain the level of the Index at any time from the Bloomberg™ service. You may also obtain the level of Index at any time from the Dow Jones website, at <http://www.djindexes.com>.

While the performance of the Index will be used to determine the amount of any Index Interest paid on each CD, purchasers of a CD will not own or be entitled to an interest in the Designated Contracts or the Index Commodities.

Payment of any Index Interest or any Minimum Interest Amount and payment of the Deposit Amount will be automatically credited to your account with your Broker on the Stated Maturity Date.

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

Additions or Withdrawals

No additions are permitted to be made to any CD.

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

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

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

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

Market Disruption Events

Unless otherwise specified in the applicable Terms Supplement, the following provisions will apply if there is a Market Disruption Event, as defined below, on the date on which a CD is priced (the "Pricing Date") or a Valuation Date.

A “Market Disruption Event” with respect to the Index will occur on any day if the Bank determines any of the following:

- the termination or suspension of or material limitation or disruption in the trading of any Designated Contract on that day;
- the Settlement Price of any Designated Contract reflects the maximum permitted price change from the previous day’s Settlement Price;
- the failure of an exchange to publish the official Settlement Price for any Designated Contract;
- the Index is not published; or
- with respect to any Designated Contract that trades on the London Metal Exchange (the “LME”), a DJ-UBS Business Day (see “The Index—General” for the definition of the DJ-UBS Business Day) on which the LME is not open for trading.

For purposes of determining whether a Market Disruption Event has occurred:

- a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, trading system or market; and
- a suspension of or material limitation on trading on the applicable exchange will not include any time when that exchange is closed for trading under ordinary circumstances.

A “Trading Day” is a day on which the primary exchange, trading system or market for each Designated Contract is open for trading.

Pricing Date

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

Valuation Date

If a Market Disruption Event occurs or is continuing with respect to the Index on a scheduled Valuation Date, the Bank will determine the Closing Level of the Index using (A) for each Designated Contract included in the Index that did not suffer a Market Disruption Event on such date, the Settlement Price on that date of each such Designated Contract, and (B) for each Designated Contract included in the Index which did suffer a Market Disruption Event on such date, the Settlement Price of that Designated Contract on the next Trading Day on which no Market Disruption Event occurs with respect to such Designated Contract; provided, however, if a Market

Disruption Event occurs with respect to a Designated Contract on each of the five Trading Days following an originally scheduled Valuation Date, then (i) that fifth Trading Day will be deemed a Valuation Date for such futures contract and (ii) the Bank will determine the Closing Level of the Index using a settlement price for such Designated Contract subject to a Market Disruption Event based upon its good faith estimate of the settlement price on that fifth Trading Day. In calculating the Closing Level for the Index for the purposes of this paragraph, the Bank will use the formula for calculating the Index last in effect prior to the applicable scheduled Valuation Date. The term “Market Disruption Event,” when used in this paragraph with respect to a Designated Contract included in the Index, refers to an event affecting such futures contract that is included within the definition of Market Disruption Event with respect to the Index.

Discontinuance of the Index; Alteration of Method of Calculation

If Dow Jones and UBS discontinue publication of the Index and Dow Jones and UBS or another entity publishes a successor or substitute index that the Bank determines, in its sole discretion, to be comparable to the discontinued Index, then any subsequent Closing Level will be determined by reference to the level of such successor index or substitute index (in any such case, referred to herein as a “Successor Index”) at approximately 5:00 p.m., New York City time, on the date that any such subsequent Closing Level is to be determined.

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

If Dow Jones and UBS discontinue publication of the Index prior to, and such discontinuance is continuing on, the date that any Closing Level is to be determined and the Bank determines that no Successor Index is available at such time, then, on such date, the Bank will determine each subsequent Closing Level to be used in computing the Index Interest. Each such Closing Level will be computed by the Bank in accordance with the formula for and method of calculating the Index last in effect prior to such discontinuance, using the Settlement Price (or, if trading in the relevant Designated Contracts has been materially suspended or materially limited, its good faith estimate of the Settlement Price that would have prevailed but for such suspension or limitation) at the close of the principal trading session on such date of each Designated Contract most recently comprising the Index on the primary organized exchange or trading system.

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

If at any time the method of calculating the Index or a Successor Index, or the Closing Level thereof, is changed in a material respect, or if the Index or a Successor Index is in any other way modified so that such index does not, in the opinion of the Bank, fairly represent the value of the Index or such Successor Index had such changes or modifications not been made, then the Bank will, at the close of business in New York City on the date that any Closing Level is to be determined, make such calculations and adjustments as, in the good faith judgment of the Bank, may be necessary in order to arrive at a value of a commodity index comparable to the Index or such Successor Index, as the case may be, as if such changes or modifications had not been made, and calculate the Closing Level and the Index Interest with reference to the Index or such Successor Index, as adjusted. Accordingly, if the method of calculating the Index or a Successor Index is modified so that the level of such index is a fraction of what it would have been if it had not been modified, then the Bank will adjust such index in order to arrive at a level of the Index or such Successor Index as if it had not been modified.

Fees

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

The issue price of the CDs will include the placement fees and structuring and development costs described in the applicable Terms Supplement and the estimated cost of hedging our obligations under the CDs. We

expect to hedge our obligations under the CDs through affiliated or unaffiliated counterparties. Our cost of hedging will include the projected profit that such counterparty expects to realize in consideration for assuming the risks inherent in hedging our obligations under the CDs. Because hedging our obligations entails risk and may be influenced by market forces beyond our or our counterparty's control, such hedging may result in a profit that is more or less than expected, or could result in a loss. If such counterparty is an affiliate of ours or a Broker, such counterparty will be required to represent to us that the hedge transaction has been priced in good faith, on an arm's length, commercially reasonable basis, and in accordance with pricing methods, models and procedures used in the ordinary course of the counterparty's business for pricing similar transactions.

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

Evidence of the CDs

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

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

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

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

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

DEPOSIT INSURANCE

General

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

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

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

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

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

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

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

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

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

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

Questions About FDIC Deposit Insurance Coverage

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

Payments Under Adverse Circumstances

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

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

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

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

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

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

THE INDEX

General

All information contained in this Disclosure Statement on the Dow Jones-UBS Commodity Index (the “Index”) is derived from publicly available sources and the Dow Jones-UBS Commodity Index Handbook (a document that is considered proprietary to Dow Jones, UBS, as successor-in-interest to AIG-FP, and UBS AG, and is available to those persons who enter into a license agreement available at <http://www.djindexes.com>). Such information reflects the policies of Dow Jones and UBS, as successor to AIG-FP, as stated in such sources, and such policies are subject to change by Dow Jones and UBS. Neither the Bank nor any Broker assumes any responsibility for the accuracy or completeness of such information. Dow Jones and UBS are under no obligation to continue to publish the Index and may discontinue publication of the Index at any time. The consequences of Dow Jones and UBS discontinuing the Index are described in “Description of the Certificates of Deposit— Discontinuance of the Index; Alteration of Method of Calculation.”

On January 16, 2009, UBS announced that it entered into an agreement to purchase the commodity index business of AIG-FP, including AIG-FP’s rights to the Index. UBS and AIG-FP closed their transaction on May 6, 2009.

The Index was introduced in July 1998 to provide a unique, diversified, economically rational and liquid benchmark for commodities as an asset class. The Index currently is composed of the prices of 19 exchange-traded futures contracts on physical commodities, referred to herein as the “Designated Contracts.” A futures contract is a bilateral agreement providing for the purchase and sale of a specified type and quantity of a commodity or financial instrument during a stated delivery month for a fixed price. The commodities included in the Index, referred to herein as the “Index Commodities,” for 2009 are as follows: aluminum, coffee, copper, corn, cotton, crude oil, gold, heating oil, lean hogs, live cattle, natural gas, nickel, silver, soybeans, soybean oil, sugar, unleaded gas, wheat and zinc.

The Index is a proprietary index that Dow Jones, AIG International Inc. (“AIGI”) and AIG-FP developed and that Dow Jones, in conjunction with UBS, as successor in interest to AIG-FP, calculates. The methodology for determining the composition and weighting of the Index and for calculating its value is subject to modification by Dow Jones and UBS at any time. Dow Jones disseminates the level of the Index approximately every fifteen (15) seconds (assuming the level of the Index has changed within such fifteen-second interval) from 8:00 a.m. to 3:00 p.m. (New York time) and publishes the Closing Level for each DJ-UBS Business Day (as defined below) at approximately 5:00 p.m. (New York time) on each such day on Reuters page UBSCI1. The levels of the Index can also be obtained from the Dow Jones website (www.djindexes.com). A “DJ-UBS Business Day” is a day on which the sum of the Commodity Index Percentages (as discussed below under “—Determination of Relative Weightings”) for the Index Commodities that are open for trading is greater than 50%.

UBS and its affiliates actively trade futures contracts, including the Designated Contracts, and options on the Designated Contracts, as well as commodities, including the Index Commodities. For information about how this trading may affect the value of the Index, see “Risk Factors.”

The Index is composed of Designated Contracts. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, commodity futures contracts normally specify a certain date for the delivery of the underlying commodity. In order to avoid delivering the underlying physical commodities and to maintain exposure to the underlying physical commodities, periodically futures contracts on physical commodities specifying delivery on a nearby date must be sold and futures contracts on physical commodities that have not yet reached the delivery period must be purchased. The rollover for each contract occurs over a period of five DJ-UBS Business Days each month according to a pre-determined schedule. This process is known as “rolling” a futures position. The Index is a “rolling index.”

Four Main Principles Guiding the Creation of the Index

The Index was created using the following four main principles:

- *Economic Significance.* A commodity index should fairly represent the importance of a diversified group of commodities to the world economy. To achieve a fair representation, the Index uses both liquidity data and dollar-weighted production data in determining the relative quantities of included commodities. The Index primarily relies on liquidity data, or the relative amount of trading activity of a particular commodity, as an important indicator of the value placed on that commodity by financial and physical market participants. The Index also relies on production data as a useful measure of the importance of a commodity to the world economy. Production data alone, however, may underestimate the economic significance of storable commodities (e.g., gold) relative to non-storable commodities (e.g., live cattle). Production data alone also may underestimate the investment value that financial market participants place on certain commodities, and/or the amount of commercial activity that is centered around various commodities. Additionally, production statistics alone do not necessarily provide as accurate a blueprint of economic importance as the markets themselves. The Index thus relies on data that is both endogenous to the futures market (liquidity) and exogenous to the futures market (production) in determining relative weightings.
- *Diversification.* A second major goal of the Index is to provide diversified exposure to commodities as an asset class. Disproportionate weightings of any particular commodity or sector increase volatility and negate the concept of a broad-based commodity index. Instead of diversified commodities exposure, the investor is unduly subjected to micro-economic shocks in one commodity or sector. As described further below, diversification rules have been established and are applied annually. Additionally, the Index is re-balanced annually on a price-percentage basis in order to maintain diversified commodities exposure over time.
- *Continuity.* The third goal of the Index is to be responsive to the changing nature of commodity markets in a manner that does not completely reshape the character of the Index from year to year. The Index is intended to provide a stable benchmark so that end-users may be reasonably confident that historical performance data (including such diverse measures as correlation, spot yield, roll yield and volatility) is based on a structure that bears some resemblance to both the current and future composition of the Index.
- *Liquidity.* Another goal of the Index is to provide a highly liquid index. The explicit inclusion of liquidity as a weighting factor helps to ensure that the Index can accommodate substantial investment flows. The liquidity of an index affects transaction costs associated with current investments. It also may affect the reliability of historical price performance data.

These four principles represent goals of the Index and its creators, and there can be no assurance that these goals will be reached by Dow Jones and UBS.

Composition of the Index – Commodities Available for Inclusion in the Index

A number of commodities have been selected which are believed to be sufficiently significant to the world economy to merit consideration for inclusion in the Index and which are the subject of a qualifying related futures contract. With the exception of several metals contracts (aluminum, lead, tin, nickel and zinc) that trade on the London Metal Exchange (“LME”), each of the potential commodities is the subject of a futures contract that trades on a U.S. exchange.

The 23 commodities currently available for inclusion in the Index (the “Eligible Commodities”) are aluminum, cocoa, coffee, copper, corn, cotton, crude oil, gold, heating oil, lead, live cattle, lean hogs, natural gas, nickel, platinum, silver, soybeans, soybean oil, sugar, tin, unleaded gas, wheat and zinc.

The 19 Index Commodities for 2009 are as follows: aluminum, coffee, copper, corn, cotton, crude oil, gold, heating oil, lean hogs, live cattle, natural gas, nickel, silver, soybeans, soybean oil, sugar, unleaded gas, wheat and zinc. In determining the group of Index Commodities from the group of Eligible Commodities, those commodities that do not satisfy certain minimum requirements related to CIP (as hereinafter defined) are excluded from the Index.

Designated Contracts for Each Index Commodity

A futures contract known as a Designated Contract was selected by AIG-FP for inclusion in the Index in 2009 for each commodity eligible for inclusion in the Index. Starting in June 2009, UBS, as successor to AIG-FP, will select Designated Contracts for each commodity eligible for inclusion in the Index. This section refers to UBS's right to select Designated Contracts prospectively. With the exception of several LME contracts, where UBS believes that there exists more than one futures contract with sufficient liquidity to be chosen as a Designated Contract for a commodity, UBS will select the futures contract that is traded in North America and denominated in United States dollars. If more than one such contract exists, UBS will select the most actively-traded contract. Data concerning each Designated Contract is used to calculate the Index. The termination or replacement of a futures contract on an established exchange occurs infrequently; if a Designated Contract were to be terminated or replaced, a comparable futures contract, if available, would be selected to replace that Designated Contract.

The Designated Contracts for 2009 Index Commodities are as follows:

<u>Index Commodity</u>	<u>Designated Contract</u>	<u>Exchange</u>	<u>Units</u>	<u>Price quote</u>
Aluminum	High Grade Primary Aluminum	LME	25 metric tons	\$/metric ton
Coffee	Coffee "C"	CSCE ¹	37,500 lbs	cents/pound
Copper ²	High Grade Copper	COMEX ³	25,000 lbs	cents/pound
Corn	Corn	CBOT ⁴	5,000 bushels	cents/bushel
Cotton	Cotton	NYCE ⁵	50,000 lbs	cents/pound
Crude Oil	Light, Sweet Crude Oil	NYMEX	1,000 barrels	\$/barrel
Gold	Gold	COMEX	100 troy oz.	\$/troy oz.
Heating Oil	Heating Oil	NYMEX	42,000 gallons	cents/gallon
Live Cattle	Live Cattle	CME ⁶	40,000 lbs	cents/pound
Lean Hogs	Lean Hogs	CME	40,000 lbs	cents/pound
Natural Gas	Henry Hub Natural Gas	NYMEX	10,000 mmbtu	\$/mmbtu
Nickel	Primary Nickel	LME	6 metric tons	\$/metric ton
Silver	Silver	COMEX	5,000 troy oz.	cents/troy oz.
Soybeans	Soybeans	CBOT	5,000 bushels	cents/bushel
Soybean Oil	Soybean Oil	CBOT	60,000 lbs	cents/pound
Sugar	World Sugar No. 11	CSCE	112,000 lbs	cents/pound
Unleaded Gas	Reformulated Gasoline Blendstock for Oxygen Blending	NYMEX	42,000 gal	cents/gallon
Wheat	Wheat	CBOT	5,000 bushels	cents/bushel
Zinc	Special High Grade Zinc	LME	25 metric tons	\$/metric ton

1. The Coffee, Sugar and Cocoa Exchange ("CSCE") is a division of the New York Board of Trade ("NYBOT") located in New York City.

2. The Index uses the High Grade Copper Contract traded on the COMEX (as defined below) division of the New York Mercantile Exchange ("NYMEX") for copper contract prices and LME volume data for purposes of calculating the Index. The trading period for the High Grade Copper Contract traded on the COMEX extends until 1:00 p.m. (New York time); whereas, the daily settlement price for LME copper is determined at 12:00 pm (New York time).

3. The New York Commodities Exchange ("COMEX") is the commodities exchange division of the NYMEX.

4. The Chicago Board of Trade ("CBOT") located in Chicago, Illinois.

5. The New York Cotton Exchange ("NYCE") is a division of NYBOT located in New York City.

6. The Chicago Mercantile Exchange ("CME") located in Chicago, Illinois.

In addition to the commodities set forth in the above table, cocoa, lead, platinum and tin also are considered annually for inclusion in the Index.

Commodity Groups

For purposes of applying the diversification rules discussed herein, the commodities available for inclusion in the Index are assigned to commodity groups. The commodity groups, and the commodities currently included in each commodity group, are as follows:

<u>Commodity Group</u> <u>Index Commodities</u>		<u>Commodity Group</u> <u>Index Commodities</u>	
Energy	Crude Oil Heating Oil Natural Gas Unleaded Gas	Livestock	Lean Hogs Live Cattle
Precious Metals	Gold Platinum Silver	Grains	Corn Soybean Oil Soybeans Wheat
Industrial Metals	Aluminum Copper Lead Nickel Tin Zinc	Softs	Cocoa Coffee Cotton Sugar

The commodity group breakdown set forth below is based on the 2009 weightings and composition of the Index set forth above:

Energy	33.0%
Grains	21.0%
Industrial Metals	20.3%
Livestock	6.7%
Softs	8.2%
Precious Metals	10.8%

The Dow Jones-UBS Commodity Index Supervisory Committee, Dow Jones-UBS Commodity Index Advisory Committee and Annual Reweightings and Rebalancings of the Index

Effective January 1, 2007, Dow Jones and AIG-FP replaced the Dow Jones-AIG Commodity Index Oversight Committee with a two-tier oversight structure comprised of the Dow Jones-AIG Commodity Index Supervisory Committee and the Dow Jones-AIG Commodity Index Advisory Committee (collectively, the “Dow Jones-AIG Committees”). UBS purchased the commodity index business of AIG-FP on May 6, 2009. As a result, references to “Dow Jones-AIG Committees” have changed to “Dow Jones-UBS Committees.” The purpose of the two-tier structure is to expand the breadth of input into the decision-making process in respect of the Index, while also providing a mechanism for more rapid reaction in the event of any market disruption or extraordinary change in market conditions that may affect the Index. The Dow Jones-UBS Commodity Index Supervisory Committee is comprised of three members, two of whom are appointed by UBS and one of whom is appointed by Dow Jones, and will make all final decisions relating to the Index, given any advice and recommendations of the Dow Jones-UBS Commodity Index Advisory Committee. The Dow Jones-UBS Commodity Index Advisory Committee consists of six to twelve members drawn from the financial and academic communities. The Dow Jones-UBS Committees meet annually in June or July to consider any changes to be made to the Index for the coming year. The Dow Jones-UBS

Committees may also meet at such other times as may be necessary for purposes of their respective responsibilities in connection with the oversight of the Index.

Prior to January 1, 2007, the Dow Jones-AIG Commodity Index Oversight Committee reviewed and approved the Dow Jones-AIG Commodity Index Handbook and the procedures for calculating the Index. The Dow Jones-AIG Commodity Index Oversight Committee included members of the academic, financial and legal communities and met annually each June or July to review the Dow Jones-AIG Commodity Index Handbook and to consider any changes proposed to the Index and the timing of the effectiveness of any such change. The Dow Jones-AIG Commodity Index Oversight Committee also met at such other times as was necessary for purposes of the oversight of the Index.

The Index is reweighted and rebalanced each year in January on a price-percentage basis. Prior to May 6, 2009, the annual weightings for the Index were determined each year in June by AIG-FP under the supervision of the Dow Jones-AIG Commodity Index Supervisory Committee and reviewed at a meeting of the Dow Jones-AIG Committees in June or July. Following the Dow Jones-UBS Committees' annual meeting in June or July and approval by the Dow Jones-UBS Commodity Index Supervisory Committee, the annual weightings for the next calendar year are publicly announced in July or August. The January 2009 reweighting and rebalancing were based on the following percentages:

Index Commodity Percentages

<u>Index Commodity</u>	<u>2009 Weighting</u>
Crude Oil	13.752633%
Natural Gas	11.890064%
Soybeans	7.599433%
Aluminum	6.999166%
Gold	7.862747%
Live Cattle	4.285345%
Copper	7.306541%
Corn	5.721409%
Wheat	4.796212%
Lean Hogs	2.398878%
Unleaded Gas	3.709128%
Heating Oil	3.648174%
Cotton	2.265150%
Sugar	2.993155%
Coffee	2.972640%
Soybean Oil	2.882869%
Zinc	3.142431%
Nickel	2.882723%
Silver	2.891302%

Effective May 6, 2009, UBS, as successor in interest to AIG-FP, will determine the annual weightings for the Index. UBS's process for reweighting and rebalancing the Index will follow AIG-FP's methodologies.

Determination of Relative Weightings

The relative weightings of the Index Commodities are determined annually according to both liquidity and dollar-adjusted production data in 2/3 and 1/3 shares, respectively. Each June, for each commodity designated for potential inclusion in the Index, liquidity is measured by the Commodity Liquidity Percentage ("CLP") and production by the Commodity Production Percentage ("CPP"). The CLP for each commodity is determined by taking a five-year average of the product of trading volume and the historical dollar value of the

Designated Contract for that commodity, and dividing the result by the sum of such products for all commodities which were designated for potential inclusion in the Index. The CPP is determined for each commodity by taking a five-year average of annual world production figures, adjusted by the historical dollar value of the Designated Contract, and dividing the result by the sum of such production figures for all the commodities which were designated for potential inclusion in the Index. The CLP and the CPP are then combined (using a ratio of 2:1) to establish the Commodity Index Percentage (“CIP”) for each commodity. This CIP is then adjusted in accordance with certain diversification rules in order to determine the commodities which will be included in the Index (*i.e.*, the Index Commodities) and their respective percentage weights.

Diversification Rules

The Index is designed to provide diversified exposure to commodities as an asset class. To ensure that no single commodity or commodity sector dominates the Index, the following diversification rules are applied to the annual reweighting and rebalancing of the Index as of January of each year:

- no related group of commodities designated as a “commodity group” (e.g., energy, precious metals, livestock or grains) may constitute more than 33% of the Index;
- no single commodity may constitute more than 15% of the Index;
- no single commodity, together with its derivatives (e.g., crude oil, together with heating oil and unleaded gas), may constitute more than 25% of the Index; and
- no single commodity included in the Index may constitute less than 2% of the Index.

Following the annual reweighting and rebalancing of the Index in January, the percentage of any Index Commodity or commodity group at any time prior to the next reweighting or rebalancing will fluctuate and may exceed or be less than the percentages established in January.

Index Multipliers

Following application of the diversification rules discussed above, CIPs are incorporated into the Index by calculating the new unit weights for each Index Commodity. On the fourth DJ-UBS Business Day in January of each new calendar year (the “CIM Determination Date”), the CIPs, along with the Settlement Prices on that date for Designated Contracts, are used to determine a Commodity Index Multiplier (“CIM”) for each Index Commodity. This CIM is used to achieve the percentage weightings of the Index Commodities, in dollar terms, indicated by their respective CIPs. After the CIMs are calculated, they remain fixed throughout the year. As a result, the observed price percentage of each Index Commodity will float throughout the year, until the CIMs are reset the following year based on new CIPs.

Calculations

The Index is calculated by Dow Jones, and, effective May 6, 2009, UBS, by applying the impact of the changes to the futures prices of the Index Commodities included in the Index (based on their relative weightings). Once the CIMs are determined as discussed above, the calculation of the Index is a mathematical process whereby the CIMs for the Index Commodities are multiplied by the prices in U.S. Dollars. These products are then summed. The percentage change in this sum is then applied to the prior level of the Index to calculate the level of the Index.

License Agreement Between Dow Jones, UBS Securities LLC and Wells Fargo & Company

Wells Fargo & Company, an affiliate of the Bank, Dow Jones and UBS Securities LLC (as used in this section, “UBS Securities”) have entered into a non-exclusive license agreement providing for the license to Wells Fargo & Company and certain of its affiliated or subsidiary companies (including the Bank), in exchange for a

fee, of the right to use the Index, which is owned and published by Dow Jones and UBS Securities in connection with certain securities, including the CDs.

The license agreement between Wells Fargo & Company, Dow Jones and UBS Securities provides that the following language must be set forth in this Disclosure Statement.

“Dow Jones[®]”, “DJ”, “UBS” “Dow Jones-UBS Commodity IndexSM,” and “DJ-UBSCISM” are service marks of Dow Jones & Company, Inc. and UBS AG (“UBS AG”), as the case may be, and have been licensed for use for certain purposes by Wells Fargo & Company.”

“The CDs are not sponsored, endorsed, sold or promoted by Dow Jones, UBS AG, UBS Securities or any of their subsidiaries or affiliates. None of Dow Jones, UBS AG, UBS Securities or any of their subsidiaries or affiliates makes any representation or warranty, express or implied, to the owners of or counterparts to the CDs or any member of the public regarding the advisability of investing in securities or commodities generally or in the CDs particularly. The only relationship of Dow Jones, UBS AG, UBS Securities or any of their subsidiaries or affiliates to Wells Fargo Bank, N.A. in connection with the CDs is the licensing of certain trademarks, trade names and service marks and of the Index, which is determined, composed and calculated by Dow Jones in conjunction with UBS Securities without regard to Wells Fargo Bank, N.A. or the CDs. Dow Jones and UBS Securities have no obligation to take the needs of Wells Fargo Bank, N.A. or the owners of the CDs into consideration in determining, composing or calculating the Index. None of Dow Jones, UBS AG, UBS Securities or any of their respective subsidiaries or affiliates is responsible for or has participated in the determination of the timing of, prices at, or quantities of the CDs to be issued or in the determination or calculation of the equation by which the CDs are to be converted into cash. None of Dow Jones, UBS AG, UBS Securities or any of their respective subsidiaries or affiliates shall have any obligation or liability, including without limitation to CD customers, in connection with the administration, marketing or trading of the CDs. Notwithstanding the foregoing, UBS AG, UBS Securities and their respective subsidiaries or affiliates may independently issue and/or sponsor financial products unrelated to the CDs currently being issued by Wells Fargo Bank, N.A., but which may be similar to and competitive with the CDs. In addition, UBS AG, UBS Securities and their subsidiaries and affiliates actively trade commodities, commodity indexes and commodity futures (including the Index and the Dow Jones - UBS Commodity Index Total ReturnSM), as well as swaps, options and derivatives which are linked to the performance of such commodities, commodity indices and commodity futures. It is possible that this trading activity will affect the value of the Index and the CDs.

This Disclosure Statement relates only to the CDs and does not relate to the exchange-traded physical commodities underlying any of the Index components. Purchasers of the CDs should not conclude that the inclusion of a futures contract in the Index is any form of investment recommendation of the futures contract or the underlying exchange-traded physical commodity by Dow Jones, UBS AG, UBS Securities or any of their respective subsidiaries or affiliates. The information in this Disclosure Statement regarding the Index components has been derived solely from publicly available documents. None of Dow Jones, UBS AG, UBS Securities or any of their subsidiaries or affiliates has made any due diligence inquiries with respect to the Index components in connection with the CDs. None of Dow Jones, UBS AG, UBS Securities or any of their subsidiaries or affiliates makes any representation that these publicly available documents or any other publicly available information regarding the Index components, including, without limitation, a description of factors that affect the prices of such Index components, are accurate or complete.

NONE OF DOW JONES, UBS AG, UBS SECURITIES OR ANY OF THEIR RESPECTIVE SUBSIDIARIES OR AFFILIATES GUARANTEES THE ACCURACY AND/OR THE COMPLETENESS OF THE DOW JONES - UBS COMMODITY INDEXSM OR ANY DATA RELATED THERETO AND NONE OF DOW JONES, UBS AG, UBS SECURITIES OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. NONE OF DOW JONES, UBS AG, UBS SECURITIES OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY WELLS FARGO BANK, N.A., OWNERS OF THE CDS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE DOW JONES - UBS COMMODITY INDEXSM OR ANY DATA RELATED THERETO. NONE OF DOW JONES, UBS AG, UBS SECURITIES OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES MAKES ANY EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE DOW JONES - UBS

COMMODITY INDEXSM OR ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL DOW JONES, UBS AG, UBS SECURITIES OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES OR LOSSES, EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS AMONG DOW JONES, UBS SECURITIES AND WELLS FARGO & COMPANY, OTHER THAN UBS AG.”

THE COMMODITY FUTURES MARKETS

Contracts on physical commodities are traded on regulated futures exchanges, in the over-the-counter market and on various types of physical and electronic trading facilities and markets. At present, all of the Designated Contracts are exchange-traded futures contracts. An exchange-traded futures contract is a bilateral agreement providing for the purchase and sale of a specified type and quantity of a commodity or financial instrument during a stated delivery month for a fixed price. A futures contract on an index of commodities typically provides for the payment and receipt of a cash settlement based on the value of such commodities. A futures contract provides for a specified settlement month in which the commodity or financial instrument is to be delivered by the seller (whose position is described as “short”) and acquired by the purchaser (whose position is described as “long”) or in which the cash settlement amount is to be made.

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

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

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

U.S. contract markets, as well as brokers and market participants, are subject to regulation by the Commodity Futures Trading Commission. Futures markets outside the United States are generally subject to regulation by comparable regulatory authorities. However, the structure and nature of trading on non-U.S. exchanges may differ from the foregoing description. From its inception to the present, the Index has been comprised exclusively of futures contracts traded on regulated exchanges.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

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

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

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

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

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

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

United States Holders

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

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

- a citizen or resident of the United States;

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

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

Accrual of Interest

The Treasury regulations that apply to contingent payment debt instruments will apply to the CDs. All payments on the CDs will be taken into account under these Treasury regulations. As discussed more fully below, the effect of these Treasury regulations will be to:

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

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

The Bank is required to provide the comparable yield to you and, solely for tax purposes, is also required to provide a projected payment schedule that estimates the amount and timing of contingent payments on the CDs as of their issue date. The issue date of a CD is the date on which the CD is sold to the public for cash consideration. The CDs may be callable at the option of the Bank prior to their Stated Maturity Date. For purposes of determining the projected payment schedule, CDs that may be called prior to their Stated Maturity Date at the option of the Bank generally will be treated from the issue date as having a maturity date on such redemption date if such redemption would result in a lower yield to maturity. If, contrary to the assumptions made as of the issue date, the CDs are not called, then solely for purposes of the accrual of original issue discount, the CDs will be treated as reissued on the date of the change in circumstances for an amount equal to their adjusted issue price. The estimated comparable yield and projected payment schedule for the CDs will be set forth in the applicable Terms Supplement. Investors in the CDs may obtain the finalized projected payment schedule by submitting a written request for such information to the Wholesale Risk Manager, Wells Fargo Bank, N.A., MAC A0112-144, 550 California Street, San Francisco, California 94104. You will be provided with an annual statement reporting OID accruals, which accruals will reflect the comparable yield. By purchasing a CD you agree to this treatment of the CD and to report all income (or loss) with respect to the CD according to these Treasury regulations. You are required to use the comparable yield determined by the Bank and the projected payments set forth in the projected payment schedule prepared by the Bank in determining your interest accruals, and the adjustments thereto, in respect of the CDs, unless you timely disclose and justify on your federal income tax return the use of a different comparable yield and projected payment schedule. **The comparable yield and the projected payment schedule are not provided for any purpose other than the determination of your interest accruals and adjustments thereof in respect of the**

CDs and do not and will not constitute a representation regarding the actual amount of any payment on a CD.

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

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

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

Sale, Exchange, Redemption or Other Disposition of CDs

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

Non-United States Holders

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

United States Federal Withholding Tax

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

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

United States Federal Income Tax

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

United States Federal Estate Tax

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

Information Reporting And Backup Withholding

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

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

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

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

CERTAIN ERISA CONSIDERATIONS

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

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

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

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

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

DISPUTE RESOLUTION PROGRAM: ARBITRATION AGREEMENT

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

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

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

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

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

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

You and the Bank each agree that in this relationship:

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

To find out how to initiate an arbitration, please call any office of the AAA or visit the AAA website at www.adr.org.

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

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

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

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

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

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