

TERMS SUPPLEMENT TO THE  
PRINCIPAL PROTECTED  
2015 S&P 500 CALLABLE  
CERTIFICATES OF DEPOSIT  
DISCLOSURE STATEMENT

This Terms Supplement should be read in conjunction with the Disclosure Statement and the Trade Confirmation relating to the Principal Protected 2015 S&P 500 Callable Certificates of Deposit (the "CDs"), and supplements the description of the general terms and provisions of the CDs set forth in such Disclosure Statement. Terms not defined in this Supplement are defined in the Disclosure Statement. **The CDs MAY NOT BE APPROPRIATE for every investor. Please refer to the section headed "Important Investment Considerations" in the Disclosure Statement for a discussion of the risks involved with an investment in the CDs.**

In addition to "Important Investment Considerations" in the Disclosure Statement, investors in the CDs should consider the following.

- The CDs are designed for investors who seek exposure to any appreciation of the S&P 500 Index (the "Index") over the term of the CDs, if the CDs are not called. Investors should be willing to forgo interest payments while seeking full principal protection at maturity. In some cases, no interest will be earned on the CDs based on the performance of the Index.
- The CDs are callable and may be redeemed and paid at the option of the Issuer on January 29, 2013. If the CD is called, you may not be able to reinvest your funds in CDs or comparable instruments at the same or similar rates.
- This is a long term CD. You should not invest your money in this product if you do not have the intent or ability to keep your investment in this product until maturity.
- If the Index Interest Payment as calculated, described below, is zero or less you will only receive the Deposit Amount of the CD at maturity and you will receive no Index Interest Payment. The Index Interest Payment payable on each CD will be determined by the Calculation Agent, an affiliate of the Issuer. Please see the section headed "Calculating the Interest and Examples of Interest Determination" below.
- Depositors will not receive any dividends distributed for the securities that make up the Index.
- An investment in the CDs will require annual payment of income taxes pursuant to the OID schedule discussed below even though interest, if any, will be paid only at maturity.
- Interest is not compounded and no interest accrues after the Maturity Date or the date the CDs are called.

## TERMS

Instrument:	Principal Protected 2015 S&P 500 Callable Certificates of Deposit.
CUSIP:	41456T FE4
Issuer:	Harris N.A.
Term:	5 Years (subject to call and redemption on January 29, 2013)
Settlement Date:	January 29, 2010
Issue Date:	January 29, 2010
Maturity Date:	January 29, 2015 (but if this date is not a Business Day, then on the next day that is a Business Day)
Initial Valuation Date:	January 26, 2010
Underlying Index:	S&P 500 Index (the "Index")
Call Date:	January 29, 2013
Call Feature:	The CDs are callable at the Issuer's option prior to the Maturity Date on January 29, 2013 (the "Call Date") at a price equal to 115% of the Deposit Amount at the Issuer's option, provided, however that if such day is not a Business Day, then the Call Date shall be the following day that is a Business Day. Notice of redemption will be given not less than five (5) Calendar Days prior to the Call Date.
Payment at Maturity:	At maturity you will receive a cash payment for each \$1,000 CD of \$1,000 plus the Index Interest Payment, provided that your CD is outstanding and has not been called.
Payment Date:	If the CD is called the Payment Date will be January 29, 2013. If the CD is not called the Payment Date will be the Maturity Date.
Index Interest Payment:	The Index Interest Payment will equal the Deposit Amount multiplied by the Index Interest Amount.
Index Interest Amount:	The Index Interest Amount will equal the Performance multiplied by the Participation Rate.
Participation Rate:	100%
Performance:	$\frac{\text{Final Index Level} - \text{Initial Index Level}}{\text{Initial Index Level}}$

Final Valuation Date: The third Business Day (as defined below) immediately preceding the Maturity Date.

Initial Index Level: The Initial Index Level will be determined on the Initial Valuation Date

Final Index Level: The level of the Index at the close of the trading day on the Final Valuation Date.

Annual Percentage Yield (APY): The interest rate on the CD is based on the Index and the interest rate and APY may change. The interest rate may be negative for the Term of the CD. In the event that the sum of the interest rate is negative, the interest rate will be deemed to be zero (0%) for the Term of the CD. Interest is not compounded. We use the "daily balance method" to calculate the interest on the CD. This method applies a daily periodic rate to the Deposit Amount each day.

Business Day: Any day on which (i) the New York Stock Exchange is open for business and trading of securities occurs and (ii) the Issuer is open for business.

Early Withdrawal: Early withdrawal of a CD will be permitted only in the event of death or the adjudication of incompetence of the owner of the CD. In the event of early withdrawal, the Firm will endeavor to obtain funds for you as soon as possible. The Firm 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. The Issuer or the Firm may require documentation evidencing the death or adjudication of incompetence of the owner of the CD. No interest will be paid in the event of early withdrawal.

As discussed under the sections headed "Secondary Market" below and in the Disclosure Statement, a secondary market may be available in which you can sell your CD prior to maturity.

Denomination: \$1,000.

Minimum Deposit: \$1,000.

Federal Tax: Most U.S. holders of the CDs, other than those purchasing the CDs through a tax advantaged retirement account (such as an IRA), will treat a ratable portion of the original issue discount ("OID") that accrued during the time the holder held the CD as ordinary income. In determining the OID that accrues over the holder's holding period, most U.S. holders of the CDs will accrue OID over the Term of the CDs based on the CDs' "comparable yield." The Issuer is required to provide depositors holding the CDs the comparable yield and, solely for tax purposes, is also required to provide to U.S. holders an assumed payment schedule based on the comparable yield that estimates the amount of every contingent and noncontingent payment (an "Assumed Payment Schedule"). See the section headed "Federal Income Tax Consequences" in the Disclosure Statement.

The Firm has determined that the "comparable yield" is an annual rate of 1.50%, compounded annually. Based on our determination of the comparable yield, the "projected payment schedule" per \$1,000 CD consists of a single payment at maturity, equal to \$77.28.

Assuming an annual accrual period and an original issue date of January 29, 2010 the following table states the amount of OID that will accrue with respect to a CD during each calendar period, based upon our determination of the comparable yield and the projected payment schedule:

<u>Calendar Period</u>	<u>Interest deemed to accrue during calendar period (per \$1,000 CD)</u>	<u>Total interest deemed to accrue from original issue date (per \$1,000 CD) as of end of calendar period</u>
Original Issue date through December 31, 2010.....	\$13.81	\$13.81
January 1, 2011 through December 31, 2011.....	\$15.17	\$28.98
January 1, 2012 through December 31, 2012.....	\$15.48	\$44.45
January 1, 2013 through December 31, 2013.....	\$15.66	\$60.12
January 1, 2014 through December 31, 2014.....	\$15.90	\$76.02
January 1, 2015 through January 29, 2015.....	\$1.26	\$77.28

Upon Payment at Maturity, you will be required to adjust the income accrued pursuant to the projected payment schedule, upward or downward, to reflect the difference, if any, between the actual and projected amount of the maturity payment. You generally will treat any such gain as ordinary income and any such loss as ordinary loss to the extent of previous income inclusions.

Neither the comparable yield nor the projected schedule constitutes a representation by us regarding the actual amount, if any, that we will pay on the CDs.

Calculation Agent: BMO Capital Markets Corp., an affiliate of the Issuer.

Secondary Market: The Firm or one of its affiliates, though not obligated to do so, may maintain a secondary market in the CDs after the Settlement Date.

## CALCULATING THE INTEREST AND EXAMPLES OF INTEREST DETERMINATION

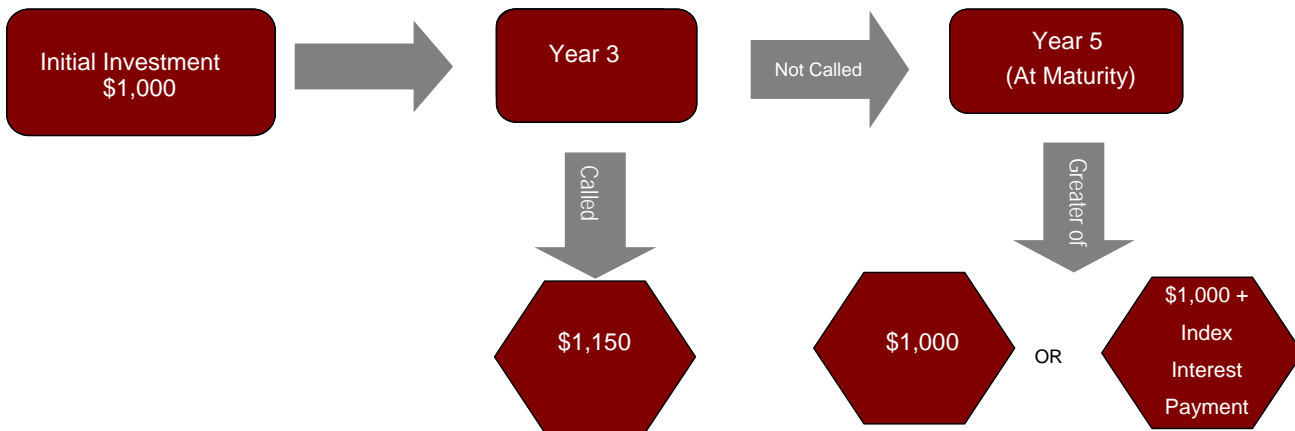
### Calculating the Interest

The Interest Payment, if any, on the CDs is paid at Maturity. In addition to interest, if any, at Maturity you will also receive your Deposit Amount.

If the CD is called, the CDs will pay 115% of the Deposit Amount.

### Scenarios

The scenarios set out below are included for illustration purposes only. The Performance of the Index used to illustrate Interest Payments are not estimates or forecasts of the Performance of the Index. All scenarios assume that a customer has purchased a CD with a Deposit Amount of \$1,000 and that no Market Disruption Event has occurred.





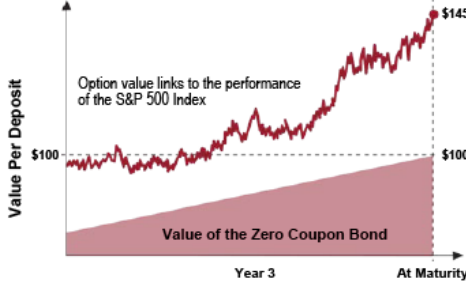
The Investor will receive either:

- 15% return and the Deposit Amount if called by the Bank after 3 years

*or, if not called, the greater of:*

- 100% of the Return of the S&P 500 Index at Maturity and the Deposit Amount
- or*
- 100% of the Deposit Amount at Maturity

3 Scenarios

SCENARIO 1	SCENARIO 2	SCENARIO 3
		
<p>The CDs are called by the Issuer after 3 years and the Investor receives a Payment Amount \$1,150 per \$1,000 Deposit.</p>	<p>The CDs are not called by the Issuer after 3 years, the Index has negative performance at Maturity and the Investor receives their Deposit Amount of \$1,000 at Maturity.</p>	<p>The CDs are not called by the Issuer after 3 years and the Investor receives the Deposit Amount of \$1,000 plus 100% of the return of the Index at Maturity. In this hypothetical scenario, an Investor receives \$1,450 per \$1,000 Deposit at Maturity.</p>

HISTORICAL INFORMATION FOR THE INDEX

As of December 31, 2009 (S&P 500 Index Level 1115.10)



This historical information is provided for illustrative purposes only and does not reflect predictions of performance of the securities in the Index.

The information contained in this Disclosure Statement may not be modified by any oral representation made prior or subsequent to the purchase of your certificate of deposit.

**PRINCIPAL PROTECTED  
S&P 500 INDEX LINKED  
CERTIFICATE OF DEPOSIT  
DISCLOSURE STATEMENT**

The broker-dealer distributing this Disclosure Statement (the “Firm”) is making Principal Protected S&P 500 Index Linked Certificates of Deposit (the “CDs”) available to its customers. Each CD is a deposit obligation of Harris N.A. (the “Issuer”), the deposits and accounts of which are insured by the Federal Deposit Insurance Corporation (the “FDIC”) within the limits described below. The CDs may be purchased both upon issuance (the “primary market”) and, subject to the limitations discussed below, in the secondary market. If purchased in the primary market, the Firm will advise you of the date on which your CD will be established with the Issuer (the “Settlement Date”).

As more fully described below and as further described in the applicable supplement to this Disclosure Statement (the “Terms Supplement”), the CD may or may not pay interest based on changes in or performance of an identified index associated with the trading of securities on stock exchanges.

Each CD is a time deposit that pays interest (an “Index Interest Payment”), if any at maturity, based on the sum of the periodic changes (the “Periodic Percentage Change Amount”) in the S&P 500 Index (the “Index”) based on the closing level of the Index at each of one or more respective Valuation Dates as set forth in the applicable Terms Supplement (the “Valuation Dates”). The percentage change in the Index and the corresponding Periodic Percentage Change Amount may be limited or “capped” at a maximum level, regardless of how the Index actually performs.

Interest is not compounded. The CD may or may not pay interest based on the application of a set interest rate or a set percentage of the deposit principal. (a “Fixed Interest Payment”) at maturity. In addition to the Index Interest Payment, the Terms Supplement will indicate whether there is a Fixed Interest Payment component of the CDs.

The full amount of the deposit principal (the “Deposit Amount”) will be returned to you at the end of the term in addition to any interest payment. The specific terms of the CDs will be set forth in the Terms Supplement and in the trade confirmation. Capitalized terms not defined herein are defined in the Terms Supplement.

**If a Market Disruption Event (as defined below) occurs on the maturity date of the CD set forth in the Terms Supplement and the trade confirmation (the “Maturity Date”), the Maturity Date will be postponed, and if a Market Disruption Event occurs on any of the Valuation Dates, that Valuation Date will be postponed.** See the section headed “Market Disruption Event,” below.

While the performance of the Index will be used to determine the Index Interest Payment on the CD, if any, purchasers of a CD will not own an interest in the underlying securities comprising the Index and will have no rights with respect to the securities, including the right to receive dividends. The Index fluctuates. Interest on the CD may be affected by

fluctuations in the Index. In some cases such as if the Index declines or remains the same over the term of the CD and the interim Valuation Dates, the CD may not pay any Index Interest Payment.

**BECAUSE THERE ARE NUMEROUS FACTORS THAT MAY AFFECT THE LEVEL OF THE INDEX, YOU MAY NOT RECEIVE ANY INTEREST. See the section headed “Calculating the Interest and Examples of Interest Determination” in the Terms Supplement.**

**FDIC deposit insurance coverage temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2013.** On January 1, 2014, the standard insurance amount will return to \$100,000 per depositor for all account categories except IRAs and other certain retirement accounts, which will remain at \$250,000 per depositor. The CDs (principal and accrued interest) will be eligible for federal deposit insurance up to \$100,000 (\$250,000 until December 31, 2013) in most insurable capacities (e.g., individual, joint, etc.). CDs of one Issuer held through an IRA, Section 457 Plan, self-directed Keogh Plan and certain self-directed defined contribution plans will be eligible to be insured up to \$250,000 (including principal and accrued interest) in the aggregate. The insurance limit applicable to each insurable capacity will be referred to as the “Maximum Applicable Deposit Insurance Amount.” For purposes of the Maximum Applicable Deposit Insurance Amount, you must aggregate all deposits that you maintain with the Issuer in the same insurable capacity, including deposits you hold directly with the Issuer, deposits of the Issuer you hold through your account with the Firm and deposits of the Issuer you hold through intermediaries such as a securities broker. **The interest, if any, will not be eligible for federal deposit insurance prior to the Final Valuation Date (as defined in the Terms Supplement). The extent of, and limitations on, federal deposit insurance are discussed below in the sections headed “Deposit Insurance: General” and “Deposit Insurance: Retirement Plans and Accounts” below.**

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

**In making a decision to purchase a CD, you must rely on your own examination of the Issuer and the terms of the CDs, including the merits and risks involved. You should compare the features 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 or CDs available through the Issuer or the Firm.**

You should review the investment considerations discussed below in the section headed “Important Investment Considerations” and in the Terms Supplement.

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## **GENERAL TERMS**

Each CD will mature on the date indicated on your periodic statement and the Terms Supplement. Any interest payment, if any, is payable on the Maturity Date. Interest on the CDs is not compounded.

The Maturity Date and the Valuation Dates are subject to adjustments as set forth in the section headed “Market Disruption Event” below. The interest payable on each CD will be determined by the calculation agent, BMO Capital Markets Corp., which is an affiliate of the Issuer (the “Calculation Agent”).

The CDs will not be automatically renewed or rolled over and interest on the CDs will not continue to accrue interest after maturity. All payments to be made in connection with the CDs, including the CD balances at maturity, will be credited to your account with the Firm. If the maturity date is not a business day, the CD balances will be paid on the next succeeding business day. A “business day” or “trading day” shall be a day on which the NYSE and NASDAQ are open for trading and the Issuer is open for business.

If publication of the Index is discontinued or its method of calculation is modified (other than by a change in the stocks comprising the Index), or if the information necessary to perform the calculation of the Index is not available and a successor or substitute index that the Calculation Agent in its sole discretion determines to be comparable to the Index (the “Substitute Index”) is published, then the Calculation Agent shall use that Substitute Index on the Valuation Dates, as applicable, to calculate the interest. If no Substitute Index is available on a Valuation Date, the Calculation Agent shall calculate a value for the discontinued Index using the method set forth under the heading “Market Disruption Event.”

### **THE ISSUER’S OBLIGATION TO PAY INDEX INTEREST PAYMENTS DEPENDS ON THE PERFORMANCE OF THE INDEX. THERE IS NO ASSURANCE THAT YOU WILL EARN ANY INDEX INTEREST PAYMENTS ON YOUR CD.**

## **YOUR RELATIONSHIP WITH THE FIRM AND THE ISSUER**

You will not receive a passbook, certificate or other evidence of ownership of the CDs from the Issuer. The CDs are evidenced by one or more master certificates issued by the Issuer, each representing a number of individual CDs. These master certificates are held by The Depository Trust Company (“DTC”), a sub-custodian that is in the business of performing such custodial services. The Firm, or a broker with which the Firm has a correspondent relationship (a “Clearing Broker”), as custodian, keeps records of the ownership of each CD and will provide you with a written confirmation of your purchase. You will also be provided with a periodic account statement from the Firm that will reflect your CD ownership. You should retain the trade confirmation and the account statement(s) for your records. The purchase of the CDs is not recommended for persons who wish to take actual possession of a certificate.

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

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

Upon request, the Firm will provide you with financial information concerning the Issuer that you would receive upon request if you established a deposit account directly with the Issuer. The Firm does not guarantee in any way the financial condition of the Issuer or the accuracy of any financial information provided by the Issuer.

If you choose to remove the Firm as your agent with respect to your CD, you may (i) transfer your CD 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 CD be evidenced directly on the books of the Issuer, subject to applicable law and the Issuer's terms and conditions, including those related to the manner of evidencing CD ownership. If you choose to remove the Firm as your agent, the Firm will have no further responsibility for payments made with respect to your CD. If your CD is established on the books of the Issuer, you will have the ability to enforce your rights in the CD directly against the Issuer.

## **IMPORTANT INVESTMENT CONSIDERATIONS**

In addition to the following important investment considerations, please review the disclosures in the Terms Supplement.

**Liquidity.** The CDs are most suitable for purchasing and holding to maturity. Early withdrawal generally is not available. Though not obligated to do so, the Firm may maintain a secondary market in the CDs after their Settlement Date. The Firm may discontinue this market at any time. If you are able to sell your CD, the price you receive will reflect prevailing market conditions and the contingent nature of the interest. Your sales proceeds may be less than the amount you paid for your CD. If you wish to dispose of your CD prior to maturity, you should read with special care the sections headed "Additions or Withdrawals" and "Secondary Market" below.

**Compare Features.** You should compare the rates of return and other features of the CDs to other available investments before deciding to purchase a CD. The rates paid with respect to the CDs may be higher or lower than the rates on deposits or other instruments, including other CDs available directly from the Issuer or through the Firm.

**Deposit Insurance on Interest.** Interest on the Index Interest Payment will not be determined or determinable until the Final Valuation Date. **This means that the interest on Index Interest Payment will not be eligible for FDIC insurance prior to the Final Valuation Date. Accrued interest on any Fixed Interest Payment is subject to FDIC insurance at all times.**

The extent of, and limitations on, federal deposit insurance are discussed below in the sections headed "Deposit Insurance: General" and "Deposit Insurance: Retirement Plans and Accounts" below.

**The Manner of Determining the Interest May Result in You Receiving No Interest.** The Index Interest Payment on the CDs is determined based on a defined formula in the Terms Supplement and depending on the performance of the Index on the respective

Valuation Dates. The upside potential of the Index may be restricted or capped. The downside potential of the Index may not be restricted. As a result, you may not receive any Index Interest Payment. Please see the section headed “Calculating the Interest and Examples of Interest Determination” in the Terms Supplement.

You may be permitted to receive a Fixed Interest Payment at maturity even if no Index Interest Payment is paid and if your CD is subject to a minimum fixed interest payment, it will be defined in the Terms Supplement. You will receive the Deposit Amount at maturity even if you receive no Interest Payment.

You can review information with respect to historical levels of the Index in the Terms Supplement. The Issuer, Firm or Calculation Agent cannot predict the future performance of the Index. In addition, there can be no assurance that the interest will be greater than zero.

The return of only the Deposit Amount of each CD at maturity will not compensate the depositor for any opportunity cost relating to inflation or other factors related to the time value of money. The performance of the Index does not reflect the payment of dividends on the stocks comprising the Index. Therefore the CDs do not produce the same yield as if the underlying stocks were purchased and held for the same period.

The yield on the CDs depends upon the performance of the Index. You or your advisor should be familiar with the Index and with investments on the securities markets generally.

You should understand how payments if any will be calculated at maturity.

**Investment Activities by the Calculation Agent and Its Affiliates.** The Calculation Agent, BMO Capital Markets Corp., is an affiliate of the Issuer. The Calculation Agent and its affiliates may, from time to time, in the course of normal business operations, hold interests linked to the securities included in the Index, extend credit to or enter into other business dealings with companies whose securities comprise either the Index from time to time or companies whose securities are owned by companies whose securities comprise the Index from time to time, including under hedging arrangements relating to the CDs. The Calculation Agent has agreed that all such actions taken by it shall be taken based on normal commercial criteria in the particular circumstances. Such actions may not take into account the effect, if any, of such actions on the amount of interest that may be payable on the CDs at maturity.

**Considerable Discretion by the Calculation Agent.** The Calculation Agent has considerable discretion in determining whether a Market Disruption Event has occurred with respect to the Index, in selecting a Substitute Index, in calculating an index that is comparable to the Index, in selecting alternative means of measuring the closing level of the Index, and in determining any early withdrawal amount. The exercise of this discretion by the Calculation Agent could reduce the interest payable on the CDs at maturity.

**Insolvency of the Issuer.** In the event the Issuer approaches insolvency or becomes insolvent, the Issuer may be placed in regulatory conservatorship or receivership with the FDIC typically appointed the conservator or receiver. The FDIC may thereafter pay off the CDs prior to maturity or transfer the CDs to another depository institution. If the CDs are transferred to another depository institution, you may be offered a choice of retaining the CDs at

a lower interest rate or having the CDs paid off. See the sections headed “Deposit Insurance: General” and “Payments Under Adverse Circumstances” below.

**Reinvestment Risk.** If your CD is paid off prior to maturity as a result of the insolvency of the Issuer, or a voluntary early withdrawal (see the section headed “Additions or Withdrawals” below) you may be unable to reinvest your funds at the same rates or terms as the original CD.

**SEC Investor Tips.** The Securities and Exchange Commission periodically publishes tips for investors in various financial products, including CDs, on its website. You may access investor tips at [www.sec.gov](http://www.sec.gov).

## **INFORMATION ABOUT THE INDEX**

This section is based on information provided Standard & Poor's ("S&P") and neither the Issuer nor The Firm assumes responsibility for the accuracy and completeness of such information.

The Index includes 500 leading companies in leading industries of the U.S. economy. The Index focuses on the large cap segment of the market with approximately 75% coverage of U.S. equities. You can find more information about the Index on the Internet at [www2.standardandpoors.com](http://www2.standardandpoors.com).

The CDs are not sponsored, endorsed, sold or promoted by S&P, a division of The McGraw-Hill Companies, Inc. S&P makes no representation, condition or warranty, express or implied, to the owners of the CDs or any member of the public regarding the advisability of investing in securities generally or in the CDs particularly or the ability of the S&P to track general stock market performance or any other economic factors. S&P's only relationship to the Issuer is the licensing (or sublicensing) of certain trademarks and trade names of S&P and the Index which are determined, composed and calculated by S&P without regard to the Issuer or the CDs. S&P has no obligation to take the needs of the Issuer or the owners of the CDs into consideration in determining, composing or calculating the Index. S&P is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the CDs to be issued or in the determination or calculation of the equation by which the CDs are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the CDs.

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

<sup>TM</sup>S&P 500 Index is a trade-mark of the McGraw-Hill Companies, Inc. These marks have been licensed for use by Bank of Montreal and its affiliates and subsidiaries of Bank of Montreal, including the Issuer.

## **MARKET DISRUPTION EVENT**

If there is a Market Disruption Event, as defined below, on any Valuation Date including the Final Valuation Date, then the closing level of the Index on the first succeeding

business day on which there is no Market Disruption Event shall be used in determining the change in the Index and/or interest. If the Maturity Date is not a business day or a Market Disruption Event occurs on the Maturity Date, the Maturity Date will be the immediately succeeding business day during which no Market Disruption Event shall have occurred; provided that if a Market Disruption Event has occurred on each of the five business days immediately succeeding the maturity date, then (i) such fifth succeeding business day will be deemed to be the Maturity Date, notwithstanding the occurrence of a Market Disruption Event on such a day and (ii) with respect to any such fifth business day on which a Market Disruption Event occurs, the Calculation Agent will determine the closing level of the Index on such fifth business day in accordance with the formula for and method of calculating the interest last in effect prior to the commencement of the Market Disruption Event, using the closing level (or, if trading in the relevant securities has been materially suspended or materially limited, its good faith estimate of the closing level that would have prevailed but for such suspension or limitation) on such business day of each security most recently comprising the Index. The Maturity Date may be postponed no more than five business days after the scheduled maturity date and payment shall be made on the business day next succeeding such postponed maturity date.

A “Market Disruption Event” shall mean any event, circumstance or cause (whether or not reasonably foreseeable) beyond the control of the Issuer that in the sole opinion of the Calculation Agent may materially and adversely affect the trading of securities, futures, options or exchange-traded funds on the NYSE, including a suspension or material limitation imposed on trading on the NYSE, the American Stock Exchange, or NASDAQ.

#### **DEPOSIT INSURANCE: GENERAL**

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

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

If your CDs or other deposits at the Issuer are assumed by another depository institution pursuant to a merger or consolidation, such CDs or deposits will continue to be separately insured from the deposits that you might have established with the acquiror until (i) the maturity date of the CDs or other time deposits that were assumed or (ii) with respect to deposits that are not time deposits, the expiration of a six-month period from the date of the acquisition. Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquiror held in the same insurable capacity for purposes of federal deposit insurance. Any deposit

opened at the acquiror after the acquisition will be aggregated with deposits established with the acquiror for purposes of federal deposit insurance.

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

The application of the Maximum Applicable Deposit Insurance Amount is illustrated by several common factual situations discussed below. **FDIC deposit insurance coverage temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2013.** On January 1, 2014, the standard insurance amount will return to \$100,000 per depositor for all account categories except IRAs and other certain retirement accounts, which will remain at \$250,000 per depositor. **This temporary increase is reflected in parentheses in the applicable paragraphs below.**

**Individual Customer Accounts.** Deposits of any one issuer held by an individual in an account in the name of an agent or nominee of such individual (such as the CDs held in a brokerage account) or held by a custodian (for example, under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act) are not treated as owned by the agent, nominee or custodian, but are added to other deposits of such individual held in the same capacity (including funds held in a sole proprietorship) and insured up to \$100,000 (\$250,000 until December 31, 2013) in the aggregate. Deposits held through a **qualified tuition savings program (529 Plan)** will be insured as deposits of the participant and aggregated with other deposits of the participant if the arrangement and the name of the participant are identified on the Firm’s account records.

**Corporate, Partnership and Unincorporated Association Accounts.** Deposits of any one issuer owned by corporations (including Subchapter S corporations), partnerships and unincorporated associations, operated for a purpose other than to increase deposit insurance, are added together with other deposits owned by such corporation, partnership and unincorporated association, respectively, and are insured up to \$100,000 (\$250,000 until December 31, 2013) in the aggregate.

**Joint Accounts.** An individual’s interest in deposits of any one issuer held under any form of joint ownership valid under applicable state law may be insured up to \$100,000 (\$250,000 until December 31, 2013) in the aggregate, separately and in addition to the \$100,000 (\$250,000 until December 31, 2013) allowed on other deposits individually owned by any of the co-owners of such accounts (hereinafter referred to as a “Joint Account”). For example, a Joint Account owned by two persons would be eligible for insurance coverage of up to \$200,000 (\$500,000 until December 31, 2013) (\$100,000 (\$250,000 until December 31, 2013) for each person), subject to aggregation with each owner’s interests in other Joint Accounts at the same depository institution. Joint Accounts will be insured separately from individually owned accounts only if each of the co-owners is an individual person and has a right of withdrawal on the same basis as the other co-owners.

**Informal Revocable Trust Accounts.** Deposits of up to \$500,000 (\$1,250,000 until December 31, 2013) of any one issuer in which the owner evidences an intent that at his or her death the funds shall belong to five or fewer “beneficiaries” (such an account is frequently

referred to as a “Totten trust” account, “payable upon death” account or other type of revocable trust account (as determined under applicable state law)) will be insured up to a maximum of \$100,000 (\$250,000 until December 31, 2013) per beneficiary, irrespective of each beneficiary’s actual interest in the account. Owners of revocable trust accounts of more than \$500,000 and with more than five different beneficiaries named in the trust(s) are insured for the greater of either \$500,000 (\$1,250,000 until December 31, 2013) or the aggregate amount of all the beneficiaries’ interests in the trust(s), limited to \$100,000 (\$250,000 until December 31, 2013) per beneficiary. Revocable trust accounts will be insured as previously described, provided that: (i) the Firm’s account records evidence an intention that upon the death of the owner the funds will belong to beneficiaries who are natural persons or non-profit organizations and (ii) the beneficiaries of the revocable trust are specifically named in the Firm’s account records. However, a revocable trust account established by a husband and wife that names the husband and wife as sole beneficiaries will be treated as a Joint Account, and will be aggregated with other Joint Accounts subject to the rules described above under “Joint Accounts.” **Living Trusts.** A living trust is a formal revocable trust over which the owner retains ownership and control of the assets and designation of beneficiaries during his or her lifetime. Deposit accounts associated with living trusts are generally insured to the same extent as informal revocable trust accounts.

**Irrevocable Trust Accounts.** Deposits of any one issuer held pursuant to one or more irrevocable trust agreements created by the same grantor (as determined under applicable state law) will be insured for up to \$100,000 (\$250,000 until December 31, 2013) for the interest of each beneficiary provided that the beneficiary’s interest in the account is non-contingent (i.e., capable of determination without evaluation of contingencies). Any contingent interests in a deposit account that arise from an irrevocable trust springing from a revocable trust are insured to the same extent as if the beneficial interests in the deposit account were still related to a revocable trust, as discussed above. According to the FDIC, **Coverdell Education Savings Accounts** will be treated as irrevocable trust accounts for deposit insurance purposes. The deposit insurance of each beneficiary’s interest is separate from the coverage provided for other accounts maintained by the beneficiary, the grantor, the trustee or other beneficiaries. The interest of a beneficiary in irrevocable trust accounts at an issuer created by the same grantor will be aggregated and insured up to \$100,000 (\$250,000 until December 31, 2013).

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

## **DEPOSIT INSURANCE: RETIREMENT PLANS AND ACCOUNTS**

### **Introduction**

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

**The following sections discuss in general terms the rules that apply to CDs and other deposits held through retirement plans and accounts. Because these rules determine the Maximum Applicable Deposit Insurance Amount available to you and whether your deposits at any one issuer held through different retirement plans and**

**accounts will be aggregated for purposes of the Maximum Applicable Deposit Insurance Amount, you should consult with your tax or legal adviser before investing in the CDs.**

### **Pass-Through Deposit Insurance for Employee Benefit Plan Deposits**

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

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

A deposit held by an employee benefit plan that is eligible for pass-through insurance is not insured for an amount equal to the number of plan participants multiplied by the Maximum Applicable Deposit Insurance Amount. For example, an employee benefit plan owns \$300,000 in CDs at one issuer and the participants are eligible for up to \$100,000 (\$250,000 until December 31, 2013) per plan beneficiary. The employee benefit plan has two participants, one with a non-contingent interest of \$270,000 and one with a non-contingent interest of \$30,000. In this case, the employee benefit plan's deposit would be insured up to only \$130,000 (\$280,000 until December 31, 2013); the individual with the \$270,000 interest would be insured up to the \$100,000 (\$250,000 until December 31, 2013) limit and the individual with the \$30,000 interest would be insured up to the full value of such interest.

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

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

The retirement plans and accounts described below are eligible for a Maximum Applicable Deposit Insurance Amount of \$250,000 and all deposits held through such plans and

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

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

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

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

**Retirement Plans and Accounts Eligible For a Maximum Applicable Deposit Insurance Amount of \$100,000 (\$250,000 until December 31, 2013)**

All retirement plans and accounts not listed above, including defined contribution plans and plans that do not meet the FDIC’s “self-directed” criteria, will be eligible for federal deposit insurance up to \$100,000 (\$250,000 until December 31, 2013) per participant, subject to the aggregation rules described below.

**Additional Aggregation For Purposes of the Maximum Applicable Deposit Insurance Amount**

In addition to the aggregation rules discussed above for retirement plans and accounts eligible for a Maximum Applicable Deposit Insurance Amount of \$250,000, under FDIC regulations an individual’s interests in plans maintained by the same employer or employee organization (e.g., a union) that are holding deposits of the same issuer will be aggregated for purposes of the Maximum Applicable Deposit Insurance Amount. It is therefore important to understand the type of plan or account holding your deposits.

**QUESTIONS ABOUT FDIC DEPOSIT INSURANCE COVERAGE**

If you have questions about basic FDIC insurance coverage, please contact the Firm. You may wish to seek advice from your own attorney concerning FDIC insurance coverage of deposits held in more than one insurable capacity. You may also obtain information by contacting the FDIC, Office of Consumer Affairs, by letter (550 17th Street, N.W.,

Washington, D.C. 20429), by phone (877-275-3342 or 800-925-4618 (TDD)) or by e-mail (dcaineternet@fdic.gov) or visiting the FDIC website 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 Maximum Applicable Deposit Insurance Amount applies to the principal and accrued interest on all CDs and other deposit accounts maintained by you at the Issuer in the same insurable capacity. The records maintained by the Issuer and the Firm regarding ownership of the CDs would be used to establish your eligibility for federal deposit insurance payments. In addition, you may be required to provide certain documentation to the FDIC and to the Firm before insurance payments are released to you. For example, if you hold CDs as trustee for the benefit of trust participants, you may also be required to furnish an affidavit to that effect; you may be required to furnish other affidavits and provide indemnities regarding an insurance payment.

In the event that deposit insurance payments become necessary for your CDs, the FDIC is required to pay the original par amount plus accrued interest to the date of the closing of the Issuer, as prescribed by law, and subject to the Maximum Applicable Deposit Insurance Amount. No interest is earned on deposits or the CDs from the time the Issuer 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 CDs off and maintaining the deposit at a different rate. The Firm will advise you of your options in the event of a deposit transfer.

The Firm will not be obligated to you for amounts not covered by deposit insurance and will not be obligated to make any payments to you in satisfaction of a loss you may incur a loss as a result of, (i) a delay in insurance payouts applicable to your CD, (ii) your receipt of a decreased interest rate on an investment replacing your CD as a result of the payment of the principal and accrued interest or the accreted value of a CD prior to its scheduled maturity or (iii) payment in cash of the principal and accrued interest of your CDs prior to maturity in connection with the liquidation of the Issuer or the assumption of all or a portion of its deposit liabilities. In connection with the latter, the amount of a payment on a CD that had been purchased at a premium in the secondary market is based on the original par amount (or, in the case of a zero-coupon CD, its accreted value) and not on any premium amount. Therefore, you can lose up to the full amount of the premium as a result of such a payment. Also, the Firm will not be obligated to credit your account with funds in advance of payments received from the FDIC.

## **ADDITIONS OR WITHDRAWALS**

No additions are permitted to be made to any CD. When you purchase a CD, you agree with the Issuer to keep your funds on deposit for the term of the CD. Accordingly, except as set forth below, no early withdrawals of CDs will be available, and you should therefore not rely on the possibility of gaining access to your funds prior to maturity. The early withdrawal provisions, if any, applicable to your CD may be more or less advantageous than the provisions applicable to other deposits available from the Issuer.

In the event of death or the adjudication of incompetence of the owner of a CD, unless set forth otherwise in the Terms Supplement, early withdrawal of the entire CD will generally be permitted without penalty. Unless set forth otherwise in the Terms Supplement, withdrawal of a portion of the owner's interest in the CD will not be permitted. In the event of an early withdrawal in the event of death or the adjudication of incompetence, no interest will be paid on the CD or the withdrawn portion of the CD, as the case may be. Written verification acceptable to the Issuer or the Firm will generally be required to permit early withdrawal under these circumstances.

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

In the event that you wish to make an early withdrawal, and such withdrawal is permitted, the Firm will endeavor to obtain funds for you as soon as possible however no interest will be paid. However, the Firm 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.

## **SECONDARY MARKET**

The Firm, though not obligated to do so, may maintain a secondary market in the CDs after their Settlement Date. If you wish to sell your CD prior to maturity and the Firm does not maintain a secondary market, the Firm may attempt to sell your CD in a secondary market maintained by another broker-dealer. The Firm cannot provide assurance that you will be able to sell your CDs prior to their maturity. In addition, a secondary market for the CDs may be discontinued at any time without notice. Therefore, you should not rely on any such ability to sell your CDs for any benefits, including achieving trading profits, limiting trading or other losses, realizing income prior to maturity, or having access to proceeds prior to maturity.

In the event that a buyer is available at a time you attempt to sell your CD prior to its maturity, the price at which your CD is sold may result in a return to you that differs from the yield that the CD would have earned had it been held to maturity, since the selling price for a CD in such circumstances will likely be based on a number of factors such as Percentage Rate movements, time remaining until maturity, and other market conditions. In addition, the contingent nature of the interest will affect the selling price and you should be aware that changes in the level of the Indexes may not be reflected in the price at which you can sell your CD.

The price at which a CD may be sold if a secondary market is available will reflect a mark-down retained by the Firm. Similarly, the price you may pay for any CD purchased in the secondary market will include a mark-up established by the Firm. In the event you choose to sell a CD in the secondary market, you may receive less in sale proceeds than the original principal (par) amount of the CD or the estimated price on your account statement.

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

The uninsured premium being paid for an interest bearing CD can be determined from the price set forth on your trade confirmation. Price on CDs is expressed in relation to par (100.00). Any amount over 100.00 represents the premium. For example, if your trade confirmation states that the price for a CD purchased in the secondary market is 100.25, there is a premium that will not be insured by the FDIC. A price of 99.75 would not include a premium.

## **FEES**

The Firm arranging for the CD to be offered will receive a placement fee from the Issuer in connection with your purchase of a CD. Except for the mark-up or mark-down discussed above in connection with secondary market transactions and a handling fee, if any, disclosed on your trade confirmation, you will not be charged any commissions in connection with your purchase of a CD. The Issuer or its parent, Bank of Montreal, may contract with the Issuer's affiliate, BMO Capital Markets Corp. to provide equity hedge services in connection with the CD offering, which may or may not result in profit or other compensation to BMO Capital Markets Corp.

## **FEDERAL INCOME TAX CONSEQUENCES**

The following is a summary of the principal United States federal income tax consequences of the ownership of the CDs. The discussion below does not purport to deal with all of the federal income tax consequences applicable to all potential CD owners and does not deal with owners of CDs other than original purchasers. Persons considering the purchase of the CDs should consult their own tax advisors and federal, state, local and any other income and estate tax laws relevant to their particular situations as well as any other taxing jurisdiction. The Firm will, if applicable, provide you with an annual statement containing certain information relevant to the determination of the amount of interest or discount income with respect to your CDs upon which you will be taxed for the preceding year.

Pursuant to Internal Revenue Service ("IRS") regulations, the Firm and its tax advisors hereby inform you that: (i) any tax advice contained herein is not intended and was not written to be used, and cannot be used by any taxpayer, for the purposes of avoiding penalties that may be imposed on the taxpayer; (ii) any such advice was written to support the promotion or marketing of the CDs described in this Disclosure Statement; and (iii) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

## **Variable Percentage Rate CDs**

Variable percentage rate certificates of deposit such as the CDs may be treated as issued with original issue discount (“OID”). Accordingly, a holder of a CD may be required to include OID on the CD as interest income during each taxable year that the holder owns the CD, regardless of whether the holder uses the cash or accrual method of accounting and whether the current receipt of cash from the CD equals the OID included in income for such year. The Terms Supplement describes the tax rules that apply to the CDs.

## **IRAs and Keogh Plans**

Notwithstanding the general rules set forth above, the tax liability on interest paid on CDs held by traditional IRAs and Keogh Plans generally is postponed until actual distribution of the interest to the beneficiaries of these plans. Interest income generally accumulates in a Roth IRA tax-free, and if certain criteria are met, distributions from the Roth IRA will not be taxed.

## **Backup Withholding**

Certain non-corporate holders of the CDs may be subject to backup withholding at a rate of 28% or information reporting requirements on payments of principal and interest on, and the proceeds of disposition of, the CDs. Backup withholding will apply only if (i) under certain circumstances, the holder fails to certify (on an IRS Form W-9 or substantially similar form), under penalty of perjury, that it has furnished a correct Taxpayer Identification Number (“TIN”) and has not been notified by the IRS that it is subject to backup withholding for failure to report dividend or interest payments, (ii) the holder has been notified by the IRS that it has failed to properly report payments of dividends and interest, (iii) the holder fails to furnish its TIN, or (iv) the holder furnishes an incorrect TIN. Any amounts withheld from a payment to a holder under the backup withholding rules will be allowed as a credit against such holder’s United States federal income tax liability and may entitle such holder to a refund.

## **Non-United States Holders**

Interest income paid on CDs owned by a non-resident alien or foreign corporation is not subject to any United States federal income or withholding tax, provided that this income is not effectively connected with the conduct by such foreign purchaser of a CD of a trade or business within the United States. Such interest and payment of the proceeds on the disposition of a CD generally will also be exempt from any United States information reporting or backup withholding requirements if the foreign purchaser provides the Firm (either directly or indirectly through a financial institution holding a CD as nominee for the foreign purchaser) with a Form W-8BEN (or a substitute statement in a form substantially similar to the Form W-8BEN) in which the foreign purchaser states his or its name and address and certifies, under penalty of perjury, that he or it is the beneficial owner of the CD and is not an individual citizen or resident of the United States or an entity formed in the United States, as the case may be. Any gain or income realized by a non-resident alien or foreign corporation upon the sale, early withdrawal, maturity or other disposition of a CD will not be subject to U.S. federal income or withholding tax, if (i) such gain or income is not effectively connected with a trade or business of the foreign purchaser in the United States, and (ii) in the case of a foreign purchaser who is a non-resident alien, the non-resident alien is not present in the United States for 183 days or more in the taxable year of the disposition. Special rules apply to CDs owned by foreign partnerships or foreign trusts. Prospective purchasers of the CDs should consult their own tax advisors concerning the tax consequences of ownership of a CD in their particular situations.

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