

DISCLOSURE STATEMENT

BARCLAYS BANK DELAWARE

Principal-Protected Linked Certificates of Deposit

General Terms of Deposit

Barclays Bank Delaware (the “Bank”) may offer from time to time principal-protected linked certificates of deposit (the “CDs”) with maturities of 7 days or more from their respective dates of issue. At maturity, holders of the CDs will receive the principal amount of the CD plus interest, if any, which may be determined by reference to the securities of one or more issuers, one or more currencies, one or more commodities or other properties, any other financial, economic or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance, and/or one or more indices, formulas or baskets of or based on the foregoing items. Accordingly, you may receive an amount at maturity or date of earlier redemption or repayment that is greater than or equal to, but not less than, the amount of your deposit. We will give you the specific terms of the CDs and related information, in supplements to this disclosure statement. You should read this disclosure statement and any accompanying disclosure supplements carefully before you invest. We may offer and sell the CDs to or through Barclays Capital Inc. or other agents or dealers, as indicated in the accompanying disclosure supplement.

Investing in the CDs involves risks. Consider carefully the information under “Risk Factors” in the applicable disclosure supplement.

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

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

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

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

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

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

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

Where You Can Find More Information

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

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

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

Barclays Bank Delaware

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

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

The Barclays Group

Barclays Bank PLC and its subsidiaries are an international financial services group engaged primarily in banking, investment banking and asset management. In terms of assets employed, it is one of the largest financial services groups in the United Kingdom. The Barclays Group also operates in many other countries around the world and is a leading provider of coordinated global services to multinational corporations and financial institutions in the world’s main financial centers. The whole of the issued ordinary share capital of Barclays Bank PLC is owned by Barclays PLC, which is the ultimate holding company of the Group. One or more affiliates of the Bank will provide administrative, operational and other services to the Bank pursuant to one or more service level agreements entered into by each such affiliate and the Bank.

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

Description of the CDs

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

information contained in this disclosure statement and the applicable disclosure supplement in making your investment decision.

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

General

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

At maturity, holders of the CDs will receive the principal amount of the CD plus interest, if any, which may be determined by reference to the price, level or value of one or more of the following, each of which we refer to as an “index”:

- securities of one or more issuers;
- one or more currencies;
- one or more commodities, intangibles, articles or goods or other properties;
- any other financial, economic or other measure or instrument or rate, including the occurrence or non-occurrence of any event or circumstance;
- changes in such measures or differences between two or more such measures; and/or
- one or more indices, formulas or baskets of or based on the items described above.

You may receive an amount at maturity or date of earlier redemption or repayment that is greater than or equal to, but not less than, the principal amount of your CD, depending upon the value of the applicable index at the time set forth in the applicable disclosure supplement. The value of the applicable index will fluctuate over time.

The accompanying disclosure supplement will include information about the relevant index and about how interest will be determined by reference to the price or value of that index. The disclosure supplement will also identify the calculation agent that will calculate the amounts payable with respect to the CDs and that may exercise significant discretion in doing so. The calculation agent may be Barclays Capital, Barclays Bank PLC, or another of our affiliates. The disclosure supplement may also set forth certain risk factors and tax consequences associated with an investment in the CDs, as applicable.

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

- the stated maturity date and any terms related to any extension of the stated maturity date;
- the specific designation and aggregate principal amount of the particular CDs that are being offered;
- the prices at which we will offer the CDs;
- the applicable index to which the CDs are linked and the manner in which the amount of interest, if any, payable in respect of the CDs will be determined by reference thereto;
- the terms of any mandatory or optional early redemption, including the amount, or how to calculate the amount, that we will pay the holder of a CD, if the CD is redeemed before its stated maturity;
- the currency or currencies in which the CDs are denominated, and in which we will make payments;

- any restrictions applicable to the offer, sale and delivery of the CDs; and
- any other or different terms of the CDs.

Interest

The CDs may bear interest at either a fixed rate or a floating rate that varies during the lifetime of the relevant CDs.

Fixed Rate

A CD of this type will bear interest at a fixed rate described in the applicable disclosure supplement.

Each fixed rate CD will bear interest from its original issue date or from the most recent date to which interest on the CD has been paid or made available for payment. Interest will accrue on the principal of a fixed rate CD at the fixed yearly rate stated in the applicable disclosure supplement, until the principal is paid or made available for payment. Unless otherwise specified in the applicable disclosure supplement, each payment of interest due on an interest payment date or the date of maturity will include interest accrued from and including the last date to which interest has been paid, or made available for payment, or from the issue date if none has been available for payment or made available for payment, to but excluding the following interest payment date or the date of maturity. We will compute interest on fixed rate CDs as specified in the applicable disclosure supplement.

Floating Rate

Interest Rate Formulas. A CD of this type will bear interest at rates that are determined by reference to an interest rate formula. In some cases, the rates may also be adjusted by adding or subtracting a spread or multiplying by a spread multiplier and may be subject to a minimum rate or a maximum rate. If your CD is a floating rate CD, the formula and any adjustments that apply to the interest rate will be specified in the applicable disclosure supplement.

Unless otherwise specified in the applicable disclosure supplement, each floating rate CD will bear interest from its original issue date or from the most recent date to which interest on the CD has been paid or made available for payment. Interest will accrue on the principal of a floating rate CD at the yearly rate determined according to the interest rate formula stated in the applicable disclosure supplement, until the principal is paid or made available for payment except as otherwise provided in the applicable disclosure supplement.

Calculation of Interest. Calculations relating to floating rate CDs will be made by the calculation agent, an institution that we appoint as our agent for this purpose. That institution may be Barclays Capital, Barclays Bank PLC, or another of our affiliates. The disclosure supplement for a particular floating rate CD will name the institution that we have appointed to act as the calculation agent for that CD as of its original issue date. We may appoint a different institution to serve as calculation agent from time to time after the original issue date of the CD without your consent and without notifying you of the change.

For each floating rate CD, the calculation agent will determine, on the corresponding interest calculation or determination date, as described in the applicable disclosure supplement, the interest rate that takes effect on each interest reset date. In addition, unless otherwise specified in the applicable disclosure supplement, the calculation agent will calculate the amount of interest that has accrued during each interest period—i.e., the period from and including the original issue date, or the last date to which interest has been paid or made available for payment, up to but excluding the payment date. Unless otherwise specified in the applicable disclosure supplement, for each interest period, the calculation agent will calculate the amount of accrued interest by multiplying the face or other specified amount of the floating rate CD by an accrued interest factor for the interest period. Unless otherwise specified in the applicable disclosure supplement, this factor will equal the sum of the interest factors calculated for each day during the interest period. Unless otherwise specified in the applicable disclosure supplement, the interest factor for each day will be expressed as a decimal and will be calculated by dividing the interest rate, also expressed as a decimal,

applicable to that day by 360 or by the actual number of days in the year, as specified in the applicable disclosure supplement.

Upon the request of the depositor of any floating rate CD, the calculation agent will provide the interest rate then in effect for that CD—and, if determined, the interest rate that will become effective on the next interest reset date. The calculation agent's determination of any interest rate, and its calculation of the amount of interest for any interest period, will be final and binding in the absence of manifest error.

Unless otherwise specified in the applicable disclosure supplement, all percentages resulting from any calculation relating to a CD will be rounded upward or downward, as appropriate, to the next higher or lower one hundred-thousandth of a percentage point, e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or 0.0987655). Unless otherwise specified in the applicable disclosure supplement, all amounts used in or resulting from any calculation relating to a floating rate CD will be rounded upward or downward, as appropriate, to the nearest cent, in the case of U.S. dollars, or to the nearest corresponding hundredth of a unit, in the case of a currency other than U.S. dollars, with one-half cent or one-half of a corresponding hundredth of a unit or more being rounded upward.

In determining the base rate that applies to a floating rate CD during a particular interest period, the calculation agent may obtain rate quotes from various banks or dealers active in the relevant market, as described in the applicable disclosure supplement. Those reference banks and dealers may include the calculation agent itself and its affiliates, as well as any agent or dealer participating in the distribution or placement of the relevant floating rate CDs and its affiliates, and they may include Barclays Bank PLC or its affiliates.

Additional Deposits and Withdrawals

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

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

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

Evidence of the CDs

The CDs will be evidenced by one or more master certificates issued by us, each representing a number of individual CDs. These master certificates will be held by or on behalf of The Depository Trust Company ("DTC"). No evidence of ownership, such as a passbook or a certificate, will be provided to you. Your broker is expected to keep records of the ownership of each CD and is expected to provide you with a written confirmation (the "Confirmation") of your purchase. The applicable disclosure supplement will set forth the proposed maturity date, the amount of interest, if any, and the manner in which any such interest will be calculated, or other return, if any, the applicable index, any call feature or withdrawal feature and any other or different terms of the CDs. Your broker is expected to provide you with an account statement that will reflect your CD ownership. You should retain the Confirmation and the account statement(s) for

your records. Because you will not be provided with a certificate evidencing your deposit, the purchase of a CD is not recommended for persons who wish to take physical possession of a certificate.

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

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

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

Deposit Insurance

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

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

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

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

If the CDs or other deposits of a holder at the Bank are assumed by another depository institution pursuant to a merger or consolidation, such CDs or deposits will continue to be separately insured from the deposits that such holder might have established with the acquirer for six months from the date of assumption or, in the case of a time deposit such as the CDs, the earliest maturity date after the six-month period.

Thereafter, any assumed deposits will be aggregated with the existing deposits with the acquirer held in the same right and capacity for purposes of federal deposit insurance. Any deposit opened at the acquired institution after the acquisition will be aggregated with deposits established with the acquirer for purposes of federal deposit insurance.

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

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

Individual Customer Accounts

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

Custodial Accounts

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

Joint Accounts

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

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

Entity Accounts

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

Revocable Trust Accounts

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

Irrevocable Trust Accounts

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

Retirement Plans and Accounts

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

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

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

- Any individual retirement account described in section 408(a) of the Internal Revenue Code of 1986, as amended (the "Code");
- Any eligible deferred compensation plan described in section 457 of the Code;

- Any individual account plan defined in section 3(34) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and any plan described in section 401(d) of the Code, to the extent that participants and beneficiaries under such plans have the right to direct the investment of assets held in individual accounts maintained on their behalf by the plans.

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

Employee Benefit Plans

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

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

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

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

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

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

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

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

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

Preference in Right of Payment

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

- First, administrative expenses of the receiver;
- Second, any deposit liability of the institution;
- Third, any other general or senior liability of the institution not described below;
- Fourth, any obligation subordinated to depositors or general creditors not described below;
- Fifth, any obligation to shareholders or members (including any depository institution holding company or any shareholder or creditor of such company).

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

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

Termination of Deposit Insurance

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

Secondary Market

Each broker, though not obligated to do so, may maintain a secondary market in the CDs. Secondary market transactions may be expected to be effected at prices which reflect then-current interest rates, supply and demand, time remaining until maturity, general market conditions and other factors. The

foregoing means that secondary market transactions may be effected at prices greater or lesser than the initial principal amount of your CDs, and the yield to maturity on a CD purchased in the secondary market may differ from the yield at the time of original issuance. The prices at which CDs may trade in secondary markets may fluctuate more than ordinary interest-bearing CDs.

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

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

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