

PRUDENTIAL FINANCIAL INC
Form 424B2
March 09, 2012
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Registration Statement Nos. 333-180020

333-180020-01

333-180020-02

Prospectus Supplement

(To Prospectus dated March 9, 2012)

Prudential Financial, Inc.

Medium-Term Notes, Series D

Due One Year or More from Date of Issue

We may offer from time to time our medium-term notes as a class of our debt securities entitled Medium-Term Notes, Series D. The following terms may apply to the notes:

Mature one year or more from the date of issue;

Fixed or floating interest rate, or issued with original issue discount; a floating interest rate may be based on one or more of the following base rates plus or minus a spread or spread multiplier:

CD rate,

commercial paper rate,

CMT rate,

LIBOR,

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prime rate,

treasury rate,

eleventh district cost of funds rate,

federal funds rate or

another rate set forth in a pricing supplement;

Amount of principal or interest may be determined by reference to an index or formula;

May be book-entry form only;

Not subject to redemption at our option or repayment at the option of the holder unless otherwise specified in the applicable pricing supplement;

May be issued as amortizing notes;

Interest on fixed rate notes and floating rate notes will be paid on the dates specified in the pricing supplement; and

Minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

We will specify the final terms for each note in the applicable pricing supplement, which may differ from the terms described in this prospectus supplement. We and any agent may also provide you with other information relating to an offering of the notes, which we refer to as other offering material .

See [Risk Factors](#) beginning on page S-4 to read about factors you should consider before investing in any notes.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement, the accompanying prospectus or any pricing supplement. Any representation to the contrary is a criminal offense.

Unless otherwise specified in the applicable pricing supplement, the price to the public for the notes will be 100% of their principal amount. We will pay to the applicable agent a commission, which may be in the form of discount or otherwise, to be specified in the applicable pricing supplement.

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We are offering the notes on a continuing basis to or through the agents listed below acting as principal or agent. We may also sell the notes other than to or through the agents listed below.

We may use this prospectus supplement and the accompanying prospectus in the initial sale of any note. In addition, we or any of our affiliates may use this prospectus supplement in a remarketing or other resale transaction involving any note after its initial sale. These transactions may be executed at negotiated prices that are related to market prices at the time of purchase or sale or at other prices.

J.P. Morgan

Barclays Capital
BNY Mellon Capital Markets, LLC
Citigroup
Deutsche Bank Securities
HSBC
Mitsubishi UFJ Securities
Morgan Stanley
SMBC Nikko
US Bancorp

BNP PARIBAS
BofA Merrill Lynch
Credit Suisse
Goldman, Sachs & Co.
Lloyds Securities
Mizuho Securities
RBS
UBS Investment Bank
Wells Fargo Securities

March 9, 2012

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We are responsible only for the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus, any pricing supplement and in any related free-writing prospectus we prepare or authorize. We and the agents have not authorized anyone to provide you with different or additional information. Neither we nor the agents take responsibility for any other information or representations that others may give you. This prospectus supplement, the accompanying prospectus, any pricing supplement and any related free-writing prospectus are an offer to sell only the securities they describe, but only under circumstances and in jurisdictions where it is lawful to do so. The information provided by or incorporated by reference in this prospectus supplement, the accompanying prospectus and any pricing supplement or other offering material may only be accurate on the date of the document containing the information. Our business, financial condition, results of operations and prospects may have changed since their respective dates.

Any investor purchasing the notes in this offering is solely responsible for ensuring that any offer or resale of the notes it purchased in this offering occurs in compliance with applicable laws and regulations.

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SUMMARY DESCRIPTION OF NOTES

The following summary is qualified in its entirety by reference to the more detailed information contained elsewhere in this prospectus supplement. A pricing supplement will describe the specific terms and provisions of the applicable notes, which may differ from those set forth in this prospectus supplement. In that case, the terms and provisions specified in the pricing supplement will supersede the description of the notes in this prospectus supplement to the extent inconsistent with it. References in this prospectus supplement to the Company, Prudential Financial, Inc., Prudential, we, us or our refer to Prudential Financial, Inc. only and do not include its consolidated subsidiaries. Throughout this prospectus supplement, where we indicate that information may be provided or supplemented in an applicable pricing supplement, that information may also be provided or supplemented in other offering material provided to you.

Issuer	Prudential Financial, Inc., a New Jersey corporation.
Security	Medium-Term Notes, Series D, Due One Year or More from Date of Issue.
Maturities	One year or more from date of issue, as specified in the applicable pricing supplement.
Offering Price	100%, unless otherwise specified in the applicable pricing supplement.
Denominations	The notes will be denominated and payable in U.S. dollars, or the equivalent in one or more foreign currencies, currency units or composite currencies, and issued in fully registered form, without coupons, in minimum denominations of \$1,000 and in integral multiples of \$1,000 in excess thereof.
Form	<p>Unless otherwise provided in the applicable pricing supplement, we will issue the notes in book-entry form only. The notes will be represented by one or more fully registered global notes without coupons deposited with a custodian for, and registered in the name of, a nominee of The Depository Trust Company, or DTC, in New York, New York.</p> <p>Beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, records that DTC and its direct and indirect participants maintain. Any beneficial interest in a note may not be exchanged for notes in certificated form except in the limited circumstances described in this prospectus supplement or the applicable pricing supplement.</p>
Interest Rate	Other than with respect to zero-coupon notes, we will pay interest on the notes at fixed or floating rates that may be determined by reference to one or more interest rate or exchange rate indices or other indices or base rates, which in turn may be adjusted by a spread and/or a spread multiplier and which may be subject to a maximum interest rate and/or a minimum interest rate, in each case as specified in the applicable pricing supplement. The base rates include:

the CD rate,

the commercial paper rate,

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the CMT rate,

LIBOR,

the prime rate,

the treasury rate,

the eleventh district cost of funds rate,

the federal funds rate, and

any other domestic or foreign interest rate or exchange rate indices or other indices as we may describe in the note and related pricing supplement.

Any indexed notes may bear interest that is determined by reference to one or more commodities, securities, interest rates or any other financial, economic or other measures or instruments or indices or baskets of any of these items as may be described in the note and accompanying pricing supplement.

We may not pay interest on certain notes issued at a discount from the principal amount payable at maturity. We may also issue amortizing notes from time to time.

Interest Payments

Unless otherwise specified in the applicable pricing supplement,

we will pay interest on fixed rate notes semi-annually on each March 15 and September 15 and at the stated maturity or upon earlier redemption or repayment, if any, of the notes, and

we will pay interest on floating rate notes monthly, quarterly, semi-annually or annually, as specified in the applicable pricing supplement, and at the stated maturity or upon earlier redemption or repayment, if any, of the notes.

Interest Rate Computation

Unless otherwise specified in the applicable pricing supplement,

interest on fixed rate notes will be computed on the basis of a 360-day year of twelve 30-day months, and

interest on floating rate notes will be computed on the basis of a daily interest factor computed by dividing the interest rate applicable for such day by 360, or by the actual number of days in the year in the case of a floating rate note bearing interest at a rate determined by reference to the treasury rate or the CMT rate.

Redemption/Repayment

Unless otherwise specified in the applicable pricing supplement, we will not have the option to redeem the notes, and noteholders will not have the option to repay the notes, prior to their stated maturities.

Ranking

The notes will be our direct, unsubordinated and unsecured obligations and will rank *pari passu* with all of our other unsecured and unsubordinated indebtedness from time to time outstanding.

Method of Offering

We are offering the notes on a continuing basis to or through the agents, who may purchase notes as principal from us for resale to investors and other purchasers. The offering prices for the notes may

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vary, according to prevailing market prices as determined by the applicable agent or agents at the time of resale, or, if so agreed, we may offer notes at a fixed offering price set forth in the applicable pricing supplement.

Additionally, if we agree with the applicable agent, that agent may use its reasonable efforts on an agency basis to solicit offers to purchase notes at 100% of their principal amount, unless otherwise specified in the applicable pricing supplement.

In addition, we may sell notes other than to or through the agents under the circumstances described in this prospectus supplement.

We reserve the right to withdraw, cancel or modify the offering contemplated by this prospectus supplement without notice. We have not established a termination date for the offering of the notes. We, or any agent, may reject any offer to purchase notes in whole or in part.

Trustee

The notes will be issued pursuant to our senior debt securities indenture, as amended and supplemented, which is a contract between The Bank of New York Mellon, as successor to JPMorgan Chase Bank, N.A., as trustee, and us. The trustee will also act as paying agent.

Governing Law

The notes described in this prospectus supplement will be governed by the laws of the State of New York.

Further Issues

We may, without the consent of any holders of any notes, from time to time issue notes with the same terms as notes previously issued, or the same terms except for the issue date, the first payment of interest or the issue price. These additional notes may be consolidated with the outstanding notes to form a single series.

Other Provisions

The notes we will issue from time to time may have terms and provisions that differ from those described in this prospectus supplement. In that event, the terms and provisions will be specified in the applicable pricing supplement, and will supersede the description of the notes in this prospectus supplement to the extent inconsistent with it.

Settlement

Unless otherwise specified in the applicable pricing supplement, we will settle sales of notes in immediately available funds three business days after the trade date.

Use of Proceeds

Unless otherwise specified in the applicable pricing supplement, we will use the net proceeds to us from the sale of the notes for general corporate purposes including making loans and capital contributions to our affiliates.

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RISK FACTORS

You should carefully consider the risks described in this section of this prospectus supplement, in the accompanying prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2011 and other periodic reports that are incorporated by reference herein. The notes will not be an appropriate investment for you if you are not knowledgeable about significant features of the notes, about our financial condition, operations and business or about financial matters in general. You should not purchase the notes unless you understand, and know that you can bear, these risks. Although we discuss key risks in our risk factor descriptions, new risks may emerge in the future, which may prove to be important. Our subsequent filings with the SEC may contain amended and updated discussions of significant risks. We cannot predict future risks or estimate the extent to which they may affect our financial performance.

An investment in the notes involves risks related to the fact that we are a holding company. We summarize these risks under Description of Debt Securities We May Offer We are a Holding Company in the accompanying prospectus.

The information set forth in this prospectus supplement is directed to prospective purchasers of notes who are United States residents. We disclaim any responsibility to advise prospective purchasers who are residents of other countries regarding any matters that may affect the purchase or holding of, or receipt of payments of principal, premium or interest on, notes. Any such persons should consult their advisors with regard to these matters. Any pricing supplement relating to notes having a specified currency other than U.S. dollars will contain a description of any material exchange controls affecting such currency and any other required information concerning such currency.

We May Choose to Redeem Notes When Prevailing Interest Rates are Relatively Low

If your notes will be redeemable at our option, we may choose to redeem your notes from time to time, especially when prevailing interest rates are lower than the rate borne by the notes. If prevailing rates are lower at the time of redemption, you would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the notes being redeemed. Our redemption right also may adversely impact your ability to sell your notes as the optional redemption date or period approaches.

Our Credit Ratings May Not Reflect all Risks of an Investment in the Notes

Our credit ratings are an assessment of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of your notes. Our credit ratings, however, may not reflect the potential impact of risks related to market or other factors discussed in this prospectus supplement on the value of your notes.

If we offer notes that are denominated in a currency other than U.S. dollars, the following additional risks may apply to your notes:

Changes in Exchange Rates and Exchange Controls Could Result in a Substantial Loss to You

An investment in foreign currency notes, which are notes denominated in a currency, currency unit or composite currency other than U.S. dollars, entails significant risks that are not associated with a similar investment in a security denominated in U.S. dollars.

These risks include, but are not limited to:

the possibility of significant changes in market rates of exchange between U.S. dollars and the specified currency, currency unit or composite currency;

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the possibility of significant changes in rates of exchange between U.S. dollars and the specified currency, currency unit or composite currency resulting from official redenomination relating to such currency, currency unit or composite currency; and

the possibility of the imposition or modification of foreign exchange controls by the United States or foreign governments.

These risks generally depend on factors over which we have no control and that cannot be readily foreseen. These include, but are not limited to:

economic events;

political events; and

the supply of, and demand for, the relevant currencies.

In recent years, rates of exchange between the U.S. dollar and some foreign currencies, currency units or composite currencies in which the notes may be denominated, and between these foreign currencies, currency units or composite currencies and other foreign currencies, currency units or composite currencies, have been volatile. This volatility may be expected in the future. Fluctuations that have occurred in any particular exchange rate in the past are not necessarily indicative of fluctuations that may occur in that rate during the term of any foreign currency note. Depreciation of the specified currency, currency unit or composite currency of a foreign currency note against U.S. dollars would result in a decrease in the effective yield of such foreign currency note below its coupon rate and could result in a substantial loss to the investor on a U.S. dollar basis.

The Unavailability of Currencies Could Result in a Substantial Loss to You

Except as set forth below, if payment on a note is required to be made in a specified currency, currency unit or composite currency other than U.S. dollars and such currency, currency unit or composite currency is

unavailable due to the imposition of exchange controls, which may restrict or prohibit payments of principal, any premium or interest denominated in any such currency, currency unit or composite currency or other circumstances beyond our control,

no longer used by the government of the country issuing such currency, including as a result of the partial or full break-up of the European Monetary Union, or

no longer used for the settlement of transactions by public institutions of the international banking community,

then all payments on the note will be made in U.S. dollars until such currency is again available or so used. The amounts so payable on any date in such currency will be converted into U.S. dollars on the basis of the most recently available market exchange rate for such currency, currency unit or composite currency or as otherwise specified in the applicable pricing supplement. Any payment on a note made under such circumstances in U.S. dollars will not constitute an event of default under the indenture under which the note was issued.

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If the specified currency, currency unit or composite currency of a note is officially redenominated, then our payment obligations on such note will be the amount of redenominated currency, currency unit or composite currency that represents the amount of our obligations immediately before the redenomination. The notes will not provide for any adjustment to any amount payable under the notes as a result of:

any change in the value of the specified currency, currency unit or composite currency of the notes relative to any other currency, currency unit or composite currency, as applicable, due solely to fluctuations in exchange rates; or

any redenomination of any component currency of any composite currency, unless the composite currency is itself officially redenominated.

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Currently, there are limited facilities in the United States for the conversion of U.S. dollars into foreign currencies, currency units or composite currencies and vice versa. In addition, banks do not generally offer non-U.S. dollar-denominated checking or savings account facilities in the United States. Accordingly, payments on notes made in a currency, currency unit or composite currency other than U.S. dollars may be made from an account at a bank located outside the United States, unless otherwise specified in the applicable pricing supplement. You should consult your own financial and legal advisors as to the risks of an investment in notes denominated in a currency, currency unit or composite currency other than U.S. dollars.

Judgments in a Foreign Currency Could Result in a Substantial Loss to You

The notes will be governed by, and construed in accordance with, the laws of the State of New York. Courts in the United States customarily have not rendered judgments for money damages denominated in any currency other than the U.S. dollar. A 1987 amendment to the Judiciary Law of the State of New York provides that a judgment or decree awarded in an action based upon an obligation denominated in a currency other than U.S. dollars will be rendered in the foreign currency of the underlying obligation. Any judgment or decree awarded in such an action will be converted into U.S. dollars at the rate of exchange prevailing on the date of the entry of the judgment or decree. There will be no provision for any further payments if exchange rates continue to change after the judgment is rendered.

If we issue indexed notes, the following additional risks may apply to these notes:

An Investment in Indexed Notes Entails Significant Risks Not Associated With a Similar Investment in Fixed or Conventional Floating Rate Debt Securities

An investment in notes that are indexed, as to principal, premium, if any, and/or interest, to one or more currencies, currency units or composite currencies, including exchange rates and swap indices between currencies, currency units or composite currencies, commodities, securities, basket of securities or securities indices, interest rates or other indices, either directly or inversely, entails significant risks that are not associated with similar investments in a fixed or conventional floating rate debt security.

These risks include the possibility that an index or indices may be subject to significant changes, that the resulting interest rate will be less than that payable on a fixed or conventional floating rate debt security issued by us at the same time, that the repayment of principal and/or premium, if any, can occur at times other than that expected by the investor, and that you, as the investor, could lose all or a substantial portion of principal and/or premium, if any, payable on the maturity date. These risks depend on a number of interrelated factors, including economic, financial and political events, over which we have no control.

Additionally, if the formula used to determine the amount of principal, premium, if any, and/or interest payable with respect to such notes contains a multiplier or leverage factor, the effect of any change in the applicable index or indices will be magnified. In recent years, values of certain indices have been highly volatile, and such volatility may be expected to continue in the future. Fluctuations in the value of any particular index that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur in the future.

The secondary market, if any, for indexed notes will be affected by a number of factors independent of our creditworthiness and the value of the applicable index or indices, including the complexity and volatility of the index or indices, the method of calculating the principal, premium, if any, and/or interest in respect of indexed notes, the time remaining to the maturity of such notes, the outstanding amount of such notes, any

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redemption features of such notes, the amount of other debt securities linked to such index or indices and the level, direction and volatility of market interest rates generally. Such factors also will affect the market value of indexed notes.

In addition, certain notes may be designed for specific investment objectives or strategies and, therefore, may have a more limited secondary market and experience more price volatility than conventional debt securities. Investors may not be able to sell such notes readily or at prices that will enable them to realize their

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anticipated yield. You should not purchase such notes unless you understand and are able to bear the risks that such notes may not be readily saleable, that the value of such notes will fluctuate over time and that such fluctuations may be significant.

Finally, our credit ratings may not reflect the potential impact of all risks related to structure and other factors on the market value of the notes. Accordingly, prospective investors should consult their own financial and legal advisors as to the risks an investment in the notes may entail and the suitability of the notes in light of their particular circumstances.

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INFORMATION IN THE PRICING SUPPLEMENT

The applicable pricing supplement to this prospectus supplement and the accompanying prospectus will describe one or more of the following terms of your note:

the stated maturity;

the specified currency, currencies, currency unit or composite currency, as applicable, for principal and interest, if not U.S. dollars, and any special considerations relating to that currency, currencies, currency unit or composite currency, as applicable, including the exchange rate agent, which will determine the relevant exchange rates, and the method of payment with respect to the notes;

the price at which we originally issue your note, expressed as a percentage of the principal amount, and the original issue date. If you purchase your note in a remarketing or other resale transaction, you will receive information about the price you pay and your trade and settlement dates in a separate confirmation of sale. In a remarketing or other resale transaction, we or one of our affiliates resells a note that it has previously acquired from another holder. A remarketing or other resale transaction in a particular note occurs after the original sale of the note;

whether your note is a fixed rate note, a floating rate note or an indexed note;

if your note is a fixed rate note, the yearly rate at which your note will bear interest, if any, and the interest payment dates, if different from those stated below under **Description of the Notes Interest; Fixed Rate Notes** in this prospectus supplement;

if your note is a floating rate note, the interest rate basis, which may be one of the nine base rates described in **Description of the Notes Interest; Floating Rate Notes** in this prospectus supplement or another base rate set forth in the applicable pricing supplement; any applicable index currency or maturity, spread or spread multiplier or initial, maximum or minimum rate; and the interest reset, determination, calculation and payment dates, all of which we describe under **Description of the Notes Interest; Floating Rate Notes** in this prospectus supplement;

if your note is an indexed note, the principal amount, if any, we will pay you at maturity, the amount of interest, if any, we will pay you on an interest payment date or the formula we will use to calculate these amounts, if any, and whether your note will be exchangeable for or payable in cash, securities of an issuer other than us or other property;

whether your note is an amortizing note;

whether your note is an original issue discount note and if so, the yield to maturity;

whether your note is an extendible note;

if applicable, the circumstances under which your note may be redeemed at our option or repaid at the holder's option before the stated maturity, including any redemption commencement date, repayment date(s), redemption price(s) and redemption period(s);

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the depositary for your note, if other than DTC, and any circumstances under which the holder may request notes in non-global form, if we choose not to issue your note in book-entry form only; and

any other terms of your note, which could differ from those described in this prospectus supplement and the accompanying prospectus.

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AGENTS

We have appointed J.P. Morgan Securities LLC, Barclays Capital Inc., BNP Paribas Securities Corp., BNY Mellon Capital Markets, LLC, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., HSBC Securities (USA) Inc., Lloyds Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Mitsubishi UFJ Securities (USA), Inc., Mizuho Securities USA Inc., Morgan Stanley & Co. LLC, RBS Securities Inc., SMBC Nikko Capital Markets Limited, UBS Securities LLC, U.S. Bancorp Investments, Inc. and Wells Fargo Securities, LLC as the agents for the offering of the notes.

USE OF PROCEEDS

Unless otherwise specified in the applicable pricing supplement, we intend to use the net proceeds from the sales of notes for general corporate purposes including making loans and capital contributions to our affiliates.

We will receive the net proceeds only from sales of the notes made in connection with their original issuance. We have not received, and do not expect to receive, any proceeds from resales of the notes by any of the agents named on the cover of this prospectus supplement or any of our affiliates in remarketing or other resale transactions.

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DESCRIPTION OF THE NOTES

Investors should carefully read the description of the terms and provisions of our debt securities and our senior debt securities indenture under Description of Debt Securities We May Offer in the accompanying prospectus. That section, together with this prospectus supplement and the applicable pricing supplement, summarizes all the material terms of our senior debt securities indenture and your note. They do not, however, describe every aspect of our senior debt securities indenture and your note. For example, in this section entitled Description of the Notes, the accompanying prospectus and the applicable pricing supplement, we use terms that have been given special meanings in our senior debt securities indenture, but we describe the meanings of only the more important of those terms.

General

How the Notes Rank Against Our Other Debt

We will issue the notes, and they will be our direct, unsubordinated and unsecured debt obligations. The notes will rank *pari passu* among themselves and with all our other unsecured and unsubordinated indebtedness from time to time outstanding.

We May Issue Notes With Different Terms

We may, from time to time, issue notes with terms and provisions that differ from those described in this prospectus supplement. In such event, the terms and provisions of those notes will be set forth in the applicable notes and related pricing supplement, which terms will supersede the description of the notes contained in this prospectus supplement to the extent they are inconsistent. The description of certain provisions of the notes set forth below does not purport to be complete and is subject to, and qualified in its entirety by reference to, the specific terms and provisions of the notes.

We are offering the notes on a continuing basis. The notes will mature on any day one year or more from their original date of issue. Unless otherwise specified in the applicable pricing supplement, the notes will bear interest at fixed rates or at floating rates determined by reference to one or more of the base rates described below as adjusted by any spread and/or spread multiplier and subject to any maximum interest rate and/or minimum interest rate we may apply to such notes until their principal is paid or duly made available for payment.

When We Will Pay Interest On the Notes

We will pay interest on each interest payment date to the person in whose name a note is registered at the close of business on the regular record date, as defined in the accompanying prospectus, immediately preceding the applicable interest payment date. You should note, however, that the first payment of interest on any note issued between a regular record date and the related interest payment date will be made on the second interest payment date succeeding the original issue date to the person in whose name a note is registered on the regular record date with respect to such second interest payment date.

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Furthermore, we will pay the interest payable at stated maturity, or upon any earlier redemption or repayment date, to which we refer as a maturity date, of a note to the person to whom principal is payable on such maturity date. Any such interest on a note not punctually paid or duly provided for on any interest payment date will immediately cease to be payable to its holder at the close of business on the relevant regular record date and we may pay that defaulted interest either:

to the person in whose name such note is registered at the close of business on a special record date for the payment of such defaulted interest fixed by the trustee, notice of which shall be given to the noteholders by mail sent to their registered addresses not less than ten days prior to such special record date, or

at any time in any other lawful manner.

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Each interest payment in respect of a note will include the amount of interest accrued during the period, to which we refer as an interest period, from and including the original issue date or, if interest payable on any interest payment date has been paid or duly provided for, from and including the immediately preceding interest payment date in respect of which interest has been paid or duly provided for to but excluding the applicable interest payment date or the maturity date, as the case may be.

We may change interest rates or formulas and other terms of the notes described in this prospectus supplement from time to time, but no such change will affect any note already issued or as to which we have accepted an offer to purchase.

Form, Denomination and Currency of the Notes

Unless otherwise provided in the applicable pricing supplement, the notes will be issued in fully registered form in minimum denominations of \$1,000 in excess thereof and integral multiples of \$1,000 or their equivalents in the applicable foreign currency or currencies, including, as applicable, currency units and composite currencies. The \$1,000 minimum purchase applies to notes of each stated maturity and interest rate, or method of calculating interest, and may not be spread among different stated maturities or interest rates, or methods of calculating interest, unless otherwise specified in the applicable pricing supplement. The notes will be denominated and payable in U.S. dollars or in a foreign currency or currencies, including, as applicable, currency units and composite currencies, as specified in the applicable pricing supplement.

Except as set forth below, if payment on a note is required to be made in a specified currency, currency unit or composite currency other than U.S. dollars and such currency, currency unit or composite currency is

unavailable due to the imposition of exchange controls, which may restrict or prohibit payments of principal, any premium or interest denominated in any such currency, currency unit or composite currency or other circumstances beyond our control,

no longer used by the government of the country issuing such currency, including as a result of the partial or full break-up of the European Monetary Union, or

no longer used for the settlement of transactions by public institutions of the international banking community,

then all payments on the note will be made in U.S. dollars until such currency is again available or so used. The amounts so payable on any date in such currency will be converted into U.S. dollars on the basis of the most recently available market exchange rate for such currency, currency unit or composite currency or as otherwise specified in the applicable pricing supplement. Any payment on a note made under such circumstances in U.S. dollars will not constitute an event of default under the indenture under which the note was issued.

If the specified currency, currency unit or composite currency of a note is officially redenominated, then our payment obligations on such note will be the amount of redenominated currency, currency unit or composite currency that represents the amount of our obligations immediately before the redenomination. The notes will not provide for any adjustment to any amount payable under the notes as a result of:

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any change in the value of the specified currency, currency unit or composite currency of the notes relative to any other currency, currency unit or composite currency, as applicable, due solely to fluctuations in exchange rates; or

any redenomination of any component currency of any composite currency, unless the composite currency is itself officially redenominated.

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Legal Ownership and Transfer of the Notes

Unless otherwise provided in the applicable pricing supplement, notes will be issued in book-entry form and will be represented by one or more global notes, which will be deposited with a custodian for DTC and registered in the name of DTC's nominee, Cede & Co. You may transfer or exchange book-entry notes only through DTC. For information with respect to payments of principal of and premium, if any, and interest on book-entry notes and how to transfer or exchange them, see *Book-Entry Notes* in this prospectus supplement. In addition, registration of transfer or exchange of certificated notes, if any are issued, will be made at the office of the trustee listed below under *Payment Mechanisms for Certificated Notes*, if any. No service charge will be made by us or the trustee for any registration of transfer or exchange of notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange, other than exchanges not involving any transfer.

Payment Mechanisms for Certificated Notes, If Any

If any book-entry notes are exchanged for certificated notes under the limited circumstances described below under *Book-Entry Notes*, and you are a holder of certificated notes, the following will apply:

We will make interest payments, other than interest payable on a maturity date, by check mailed to the holders of certificated notes.

If you are a holder of at least \$10,000,000 aggregate principal amount of certificated notes, whether having identical or different terms and provisions, you may receive your interest payments by wire transfer as follows: you must notify the trustee in writing at its office address listed below, or at any other address that the trustee has provided to you by mail, on or before the regular record date before an interest payment date, other than a maturity date, that you choose to have the interest on all your notes payable on that interest payment date and all subsequent interest payment dates paid by wire transfer of immediately available funds to an account at a bank in The City of New York, or in another city that we agree to, designated by you. This payment method will apply until you give the trustee written notice to the contrary. We will not pay interest by wire transfer if you designate an account with a bank that has no facilities to receive wire transfers.

We will pay the principal of and premium, if any, and interest on any certificated note that is due on that note's maturity date in immediately available funds against presentation of that certificated note at the office of the trustee in The City of New York, which on the date of this prospectus supplement is located at 101 Barclay Street, 8W, New York, New York 10286. Alternatively, we will make this payment at any other office or agency of the trustee in The City of New York that the trustee may designate to you in writing. However, if this payment is to be made by wire transfer, the trustee must have received appropriate wire transfer instructions in writing from you at least two business days, as defined below under *Business Day Convention*, prior to the maturity date.

No Sinking Fund, Redemption or Repayment Before Maturity Unless Otherwise Specified

The notes will not be subject to any sinking fund, unless otherwise provided for in the applicable pricing supplement. Except as provided in the following sentence and under *Redemption at Our Option* or *Repayment at the Option of Holder* in this prospectus supplement, the notes will not be subject to redemption by us or to repayment at the option of the holders prior to their stated maturity. If specified in the applicable pricing supplement, a note may, prior to its stated maturity, be subject to redemption, in whole or in part, at our option, or be subject to repayment, in whole or in part, at the option of its holder, or both. The notes and the applicable pricing supplement will set forth the terms of any redemption or repayment, including the date or dates on which, or period or periods during which, and the price for which we may redeem, or you may repay, any note.

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The Notes Will Be Issued Under Our Senior Debt Securities Indenture

The notes will be issued pursuant to the senior debt securities indenture, as amended and supplemented, which is a contract between The Bank of New York Mellon, as successor to JPMorgan Chase Bank, N.A., as trustee, and us. The trustee will also act as paying agent. A copy of the senior debt securities indenture is available for inspection during normal business hours at the office of the trustee referred to below.

The trustee under the senior debt securities indenture has two main roles: first, the trustee can enforce your rights against us if we default. Second, the trustee performs administrative duties for us, such as sending you interest payments and notices. However, there are limitations on the extent to which the trustee acts on your behalf, which we describe under *Description of Debt Securities We May Offer* *Default and Related Matters* in the accompanying prospectus. We and the trustee may treat the person in whose name a note is registered as the owner and holder of such note for the purpose of receiving payments of principal of and premium, if any, and, subject to the record date provisions of the notes, interest on such note and for all other purposes whatsoever.

Any money deposited with the trustee and remaining unclaimed for one year after the date upon which the payment of principal of and/or premium, if any, and/or interest on any note to which that deposit relates will become due and payable will be promptly repaid to us. After that repayment, the holder of any note entitled to receive the payment to which that deposit relates must look only to us for that payment.

Our senior debt securities indenture and the notes do not limit our ability to incur other indebtedness or to issue other securities. Also, we are not subject to financial or similar restrictions by the terms of the notes or our senior debt securities indenture, except as described under *Description of Debt Securities We May Offer* *Restrictive Covenants* in the accompanying prospectus.

We Will Replace Notes Under the Following Circumstances

In case any note is mutilated, destroyed, lost or stolen, we will execute and, upon our request, the trustee will authenticate and deliver, a new note with identical terms and provisions and in a like principal amount, registered in the same manner, dated the date of its authentication and bearing interest from the date to which interest has been paid on that note, in exchange for or in lieu of that old note. In case that old note is destroyed, lost or stolen, the applicant for a substituted note must furnish to us and the trustee a security or indemnity as we and the trustee may require. In addition, in every case of destruction, loss or theft of a note, the applicant must also furnish to us and the trustee satisfactory evidence of destruction, loss or theft and of ownership of the note.

Upon the issuance of any substituted note, we and the trustee may require applicants for substituted notes to cover our expenses. In case a note has matured or is about to mature and is mutilated, destroyed, lost or stolen, we may, instead of issuing a substitute note, pay or authorize the payment of the note, without surrender of the note except in the case of a mutilated note, upon compliance by the holder with the requirement above.

Original Issue Discount Notes

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We may issue the notes as original issue discount notes. An original issue discount note is a note, including any note that does not provide for the payment of interest prior to its maturity date, which is issued at a price lower than its principal amount and which provides that upon redemption, repayment or acceleration of its stated maturity an amount less than its principal amount will be payable. If an original issue discount note is redeemed, repaid or accelerated prior to its stated maturity, the amount payable to the holder of such a note will be determined in accordance with the terms of the note, but will be an amount less than the amount payable at the stated maturity of such a note. Original issue discount notes and other notes may be treated as issued with original issue discount for U.S. federal income tax purposes. See Certain Federal Income Tax Considerations in this prospectus supplement.

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Business Day Convention

As used herein, *business day* means (1) any day that is (a) neither a Saturday or Sunday, nor a day on which banking institutions in The City of New York are authorized or obligated by law, regulation or executive order to close and (b) with respect to any floating rate note for which LIBOR is an applicable base rate, a London Business Day; (2) if a note is denominated in a specified currency, currency unit or composite currency other than U.S. dollars or euros, a day that is not a day on which banking institutions are authorized or obligated by law, regulation or executive order to close in the principal financial center of the country issuing the specified currency; and (3) if the specified currency of a note is euros, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor system is open for business. *London business day* means a day on which commercial banks are open for business, including for dealings in the Designated LIBOR currency as defined under *Interest; Floating Rate Notes* LIBOR, in London.

Interest; Fixed Rate Notes

Each fixed rate note, other than zero-coupon notes, will bear interest from and including its original issue date, or from and including the last interest payment date to which interest has been paid or duly provided for, at the yearly rate specified on its face until its principal amount is paid or duly made available for payment. Unless otherwise specified in the applicable note and related pricing supplement, interest on fixed rate notes will be computed on the basis of a 360-day year of twelve 30-day months.

Unless otherwise specified in the applicable pricing supplement, we will pay interest on fixed rate notes semi-annually on March 15 and September 15 of each year and on the maturity date. The *regular record date* for each interest payment date above, other than the maturity date, will be March 1 or September 1, as the case may be, whether or not such date is a business day, immediately preceding the applicable interest payment date. If any interest payment date or the maturity date of a fixed rate note falls on a day that is not a business day, the related payment of principal, premium, if any, and interest will be made on the next succeeding business day as if it were made on the date such payment was due, and no interest will accrue for the period following the interest payment date or the maturity date, as the case may be.

General Features; Interest; Floating Rate Notes

Interest Rates. Interest on floating rate notes will be determined by reference to one or more base rates specified in the applicable note and related pricing supplement, which will include:

the CD rate,

the commercial paper rate,

the CMT rate,

LIBOR,

the prime rate,

the treasury rate,

the eleventh district cost of funds rate,

the federal funds rate or

any other domestic or foreign interest rate or exchange rate indices or other indices as we may describe in the note and applicable pricing supplement.

The related base rate will be based upon the index maturity, as defined below under General Features, if applicable, and adjusted by a spread and/or spread multiplier, if any, as specified in the applicable pricing supplement. In addition, a floating rate note may bear interest that is calculated by reference to two or more base rates determined in the same manner as the base rates are determined for the types of floating rate notes described above. Each floating rate note will specify the base rate or rates applicable to it.

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Base Rates, Spreads and Spread Multipliers. The interest rate on each floating rate note will be calculated by reference to one or more specified base rates, in either case plus or minus any applicable spread, and/or multiplied by any applicable spread multiplier. The index maturity is the period to maturity of the instrument or obligation from which the base rate or rates are calculated, if applicable, as specified in the applicable pricing supplement. The spread is the number of basis points to be added to or subtracted from the base rate or rates applicable to a floating rate note, and the spread multiplier is the percentage of the base rate or rates applicable to a floating rate note by which the base rate or rates are multiplied to determine the applicable interest rates on the floating rate note, as specified in the applicable pricing supplement. Each floating rate note will initially bear interest at the initial interest rate as described in the applicable pricing supplement.

Reset of Rates. The interest rate on each floating rate note will be reset daily, weekly, monthly, quarterly, semi-annually, annually or otherwise. Each such interest reset period will be specified in the applicable pricing supplement. Unless otherwise specified in the applicable pricing supplement, the dates on which such an interest rate will be reset will be, in the case of floating rate notes which reset

daily, each business day;

weekly, the Wednesday of each week, except weekly reset treasury rate notes, which will be reset on the Tuesday of each week, except as provided below;

monthly, the third Wednesday of each month, with the exception of eleventh district cost of funds rate notes, which will be reset on the first calendar day of the month;

quarterly, the third Wednesday of March, June, September and December of each year;

semi-annually, the third Wednesday of the two months of each year as specified in the applicable pricing supplement; and

annually, the third Wednesday of the month of each year as specified in the applicable pricing supplement.

If any interest reset date for any floating rate note is not a business day, it will be postponed to the next succeeding business day, except that, in the case of a LIBOR note, or a floating rate note for which LIBOR is an applicable base rate, if that business day is in the next succeeding calendar month, that interest reset date will be the immediately preceding business day.

Maximum and Minimum Rates. A floating rate note may also have either or both of the following:

a maximum limit, or ceiling, called the maximum interest rate, on the rate at which interest may accrue during any interest period with respect to that floating rate note from time to time and

a minimum limit, or floor, called the minimum interest rate, on the rate at which interest may accrue during any interest period with respect to that floating rate note from time to time. In addition to any maximum interest rate which may apply to any floating rate note, the interest rate on floating rate notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by federal law of general applicability. Under current New York law, the maximum rate of interest is 25% per annum on a simple interest basis, but that limit does not apply to floating rate notes in which \$2,500,000 or more has been invested.

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Determination of Reset Interest Rates. The interest rate applicable to each interest reset period commencing on the respective interest reset date will be the rate determined as of the applicable interest determination date defined below on or prior to the calculation date, as defined below under Calculation Agent.

Unless otherwise specified in the applicable pricing supplement, the interest determination date with respect to an interest reset date for

CD rate notes, commercial paper rate notes, CMT rate notes, prime rate notes and federal funds rate notes will be the second business day before the interest reset date;

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eleventh district cost of funds rate notes will be the last working day of the month before each interest reset date on which the Federal Home Loan Bank of San Francisco, or the FHLB of San Francisco, publishes the Index, as defined below under Eleventh District Cost of Funds Rate ;

LIBOR notes will be the second London banking day before the interest reset date unless the designated LIBOR currency is pounds sterling, in which case the interest determination date will be the applicable interest reset date; and

treasury rate notes will be the day of the week in which that interest reset date falls on which treasury bills, as defined below under Treasury Rate , are normally auctioned; treasury bills are normally sold at auction on the Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, but is sometimes held on the preceding Friday.

If as a result of a legal holiday a treasury bill auction is held on the Friday of the week preceding an interest reset date, the related interest determination date will be the preceding Friday; and if an auction falls on any interest reset date, then the interest reset date instead will be the first business day following the auction. The interest determination date pertaining to a floating rate note the interest rate of which is determined with reference to two or more base rates will be the first business day which is at least two business days prior to the interest reset date for that floating rate note on which each base rate is determined. Each base rate will be determined on that date and the applicable interest rate will take effect on the related interest reset date.

The interest rate in effect with respect to a floating rate note on each day that is not an interest reset date will be the interest rate determined as of the interest determination date for the immediately preceding interest reset date. The interest rate in effect on any day that is an interest reset date will be the interest rate determined as of the interest determination date for that interest reset date, subject in each case to any applicable law and maximum or minimum interest rate limitations. However, the interest rate in effect with respect to a floating rate note for the period from its original issue date to the first interest reset date, to which we refer as the initial interest rate, will be determined as specified in the applicable pricing supplement.

Interest Payment Dates. Except as provided below or as otherwise specified in the applicable pricing supplement, interest will be payable on the following interest payment dates, in the case of floating rate notes which reset

daily, weekly or monthly, on the third Wednesday of each month or on the third Wednesday of March, June, September and December of each year, as specified in the applicable pricing supplement (except for eleventh district cost of funds rate notes, which reset on the first calendar day of each of March, June, September and December of each year);

quarterly, on the third Wednesday of March, June, September and December of each year;

semi-annually, on the third Wednesday of the two months of each year specified in the applicable pricing supplement; and

annually, on the third Wednesday of the month of each year specified in the applicable pricing supplement.

In each case, interest will also be paid at stated maturity, or, if applicable, upon redemption or repayment. Unless otherwise specified in the applicable pricing supplement, the regular record date for floating rate notes with respect to an interest payment date other than a maturity date is the fifteenth calendar day, whether or not a business day, prior to that interest payment date. If any interest payment date other than the maturity date for any floating rate note falls on a day that is not a business day, such interest payment date will be postponed to the following business day, except that, in the case of a LIBOR note or a floating rate note for which LIBOR is an applicable base rate, if that business day falls in the

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next succeeding calendar month, the interest payment date will be the immediately preceding business day. If the maturity date of any floating rate note falls on a day that is not a business day, the related payment of principal, premium, if any, and interest will be made on the next business day as if it were made on the date that payment was due, and no interest will accrue for the period from that maturity date to the date of payment.

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Accrued Interest. With respect to a floating rate note, accrued interest for any interest period will be calculated by multiplying the principal amount of such floating rate note by an accrued interest factor. That accrued interest factor will be computed by adding the interest factor calculated for each day in the applicable interest period. The interest factor for each day will be computed by dividing the interest rate applicable to that day by 360, or, in the case of CMT rate notes, treasury rate notes or a floating rate note for which the CMT rate or the treasury rate is an applicable base rate, by the actual number of days in the year.

Calculation Agent. Unless otherwise specified in the applicable pricing supplement, we will be the calculation agent and will calculate the interest rate applicable to a floating rate note on or before any calculation date. Upon the request of the holder of any floating rate note, the calculation agent will provide the interest rate then in effect and, if determined, the interest rate as determined for the then most recent interest reset date with respect to that floating rate note. Unless otherwise specified in the applicable pricing supplement, the calculation date pertaining to any interest determination date will be the earlier of

the tenth calendar day after that interest determination date or, if that day is not a business day, the next succeeding business day, or

the business day immediately preceding the applicable interest payment date or maturity date, as the case may be.

All percentages resulting from any calculation on floating rate notes will be rounded, if necessary, to the nearest one-hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward, *e.g.*, 9.876545%, or 0.09876545, will be rounded upward to 9.87655%, or 0.0987655, and all dollar amounts used in or resulting from that calculation on floating rate notes will be rounded to the nearest cent, or in the case of a foreign currency or composite currency, to the nearest corresponding unit, with one-half cent being rounded upward.

As mentioned above, the initial interest rate in effect with respect to a floating rate note from and including the original issue date to but excluding the first interest reset date will be specified in the applicable note and related pricing supplement. The interest rate for each subsequent interest reset date will be determined by the calculation agent as set forth below, plus or minus any spread and/or multiplied by any spread multiplier, and subject to any maximum interest rate and/or minimum interest rate, as specified in the applicable note and related pricing supplement.

CD Rate

Unless otherwise specified in the applicable pricing supplement, CD rate means, with respect to any interest determination date relating to a CD rate note or any floating rate note for which the CD rate is an applicable base rate, which date we refer to as a CD rate interest determination date, the rate on that date for negotiable U.S. dollar certificates of deposit having the index maturity specified in the applicable pricing supplement as published in H.15(519), as defined below, under the heading CDs (Secondary Market). If the CD rate cannot be determined in this manner, the following procedures will apply:

If the rate described above is not published by 3:00 p.m., New York City time, on the relevant calculation date, then the CD rate will be the rate on that CD rate interest determination date for negotiable U.S. dollar certificates of deposit having the specified index maturity as published in H.15 Daily Update, as defined below, or other recognized electronic sources used for the purpose of displaying the applicable rate, under the caption CDs (Secondary Market).

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If by 3:00 p.m., New York City time, on the applicable calculation date, that rate is not published in either H.15(519), H.15 Daily Update or another recognized electronic source, the CD rate for that CD rate interest determination date will be calculated by the calculation agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on that CD rate interest determination date, of three leading non-bank dealers in negotiable U.S. dollar certificates of

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deposit in The City of New York, which may include one or more of the agents or their affiliates, selected by the calculation agent, after consultation with us, for negotiable U.S. dollar certificates of deposit of major U.S. money center banks of the highest credit standing, in the market for negotiable certificates of deposit with a remaining maturity closest to the index maturity specified in the applicable pricing supplement in an amount that is representative for a single transaction in that market at that time.

If the dealers selected as described above by the calculation agent are not quoting rates as set forth above, the CD rate for that CD interest rate determination date will be the CD rate in effect for the immediately preceding interest reset period, or if there was no interest reset period, then the rate of interest payable will be the initial interest rate.

H.15(519) means the weekly statistical publication designated Statistical Release H.15(519), Selected Interest Rates, or any successor publication, published by the Board of Governors of the Federal Reserve System.

H.15 Daily Update means the daily update of H.15(519), available through the world-wide-web site of the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/h15/update>, or any successor site or publication. All references to this website are inserted as inactive textual references to the uniform resource locator, or URL, and are for your informational reference only. Information on that website is not incorporated by reference in this prospectus supplement or the accompanying prospectus.

Commercial Paper Rate

Unless otherwise specified in the applicable pricing supplement, commercial paper rate means, for any interest determination date relating to a commercial paper rate note or any floating rate note for which the commercial paper rate is an applicable base rate, to which we refer as a commercial paper rate interest determination date, the money market yield on that date of the rate for commercial paper having the index maturity specified in the applicable pricing supplement as published in H.15(519) under the caption Commercial Paper Nonfinancial. If the commercial paper rate cannot be determined as described above, the following procedures will apply:

If the rate described above is not published by 3:00 p.m., New York City time, on the relevant calculation date, then the commercial paper rate will be the money market yield of the rate on that commercial paper rate interest determination date for commercial paper of the specified index maturity as published in H.15 Daily Update, or in another recognized electronic source used for the purpose of displaying the applicable rate, under the caption Commercial Paper Nonfinancial.

If by 3:00 p.m., New York City time, on the calculation date, the rate described is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source, the commercial paper rate for the applicable commercial paper rate interest determination date will be calculated by the calculation agent and will be the money market yield of the arithmetic mean of the offered rates as of 11:00 a.m., New York City time, on that commercial paper rate interest determination date of three leading dealers of United States dollar commercial paper in The City of New York, which may include one or more of the agents or their affiliates, selected by the calculation agent, after consultation with us, for commercial paper of the index maturity specified in the applicable pricing supplement placed for a non-financial issuer whose bond rating is Aa, or the equivalent, from a nationally recognized statistical rating agency.

If the dealers selected as described above by the calculation agent are not quoting as set forth above, the commercial paper rate with respect to that commercial paper rate interest determination date will be the commercial paper rate in effect for the immediately preceding interest reset period, or if there was no interest reset period, the rate of interest payable will be the initial interest rate.

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Money market yield means the yield, expressed as a percentage, calculated in accordance with the following formula:

$$\text{Money market yield} = \frac{360 \times D}{360 \times (D \times M)} \times 100$$

where *D* is the annual rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and *M* is the actual number of days in the applicable interest period.

CMT Rate

Unless otherwise specified in the applicable pricing supplement, *CMT rate* means for any interest determination date relating to a CMT rate note or any floating rate note for which the CMT rate is an applicable base rate, to which we refer as a *CMT rate interest determination date*, the following rate displayed on the designated CMT Reuters page, as defined below, under the caption *Treasury Constant Maturities* Federal Reserve Board Release H.15 Mondays approximately 3:45 P.M., under the column for the designated CMT maturity index:

if the designated CMT Reuters page is FRBCMT, the rate for the relevant interest determination date; or

if the designated CMT Reuters page is FEDCMT, the weekly or monthly average, as specified in the applicable pricing supplement, for the week or the month, as applicable, ended immediately preceding the week or month, as applicable, in which the related CMT rate interest determination date falls. If the CMT rate cannot be determined in this manner, the following procedures will apply.

If the applicable rate described above is no longer displayed on the relevant page, or if not displayed by 3:00 p.m., New York City time, on the related calculation date, then the CMT rate for that CMT rate interest determination date will be the treasury constant maturity rate for the designated CMT maturity index as published in H.15(519).

If the rate described in the prior paragraph is no longer published, or if not published by 3:00 p.m., New York City time, on the related calculation date, then the CMT rate for that CMT rate interest determination date will be the treasury constant maturity rate for the designated CMT maturity index, or other treasury rate for the designated CMT maturity index, for the CMT rate interest determination date with respect to that interest reset date that:

is published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury; and

determined by the calculation agent to be comparable to the rate formerly displayed on the designated CMT Reuters page and published in H.15(519).

If the rate described in the prior paragraph is not provided by 3:00 p.m., New York City time, on the related calculation date, then the CMT rate for the CMT rate interest determination date will be calculated by the calculation agent and will be a yield to maturity, based on the arithmetic mean of the secondary market offered rates as of approximately 3:30 p.m., New York City time, on the CMT rate interest determination date reported, according to their written records, by three leading primary United States government securities dealers in The City of New York, which may include one or more of the agents or their affiliates, to which we refer as

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reference dealers, selected by the calculation agent, from five such reference dealers selected by the calculation agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation, or, in the event of equality, one of the lowest, for the most recently issued direct noncallable fixed rate obligations of the United States, to which we refer as treasury notes, with an original maturity of approximately the designated CMT maturity index and a remaining term to maturity of not less than such designated CMT maturity index minus one year.

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If the calculation agent is unable to obtain three treasury note quotations as described above, the CMT rate for that CMT rate interest determination date will be calculated by the calculation agent and will be a yield to maturity based on the arithmetic mean of the secondary market offered rates as of approximately 3:30 p.m., New York City time, on the CMT rate interest determination date of three reference dealers in The City of New York, from five such reference dealers selected by the calculation agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation, or, in the event of equality, one of the lowest, for treasury notes with an original maturity of the number of years that is the next highest to the designated CMT maturity index and a remaining term to maturity closest to the designated CMT maturity index and in an amount of at least \$100 million.

If three or four, and not five, of such reference dealers are quoting as set forth above, then the CMT rate will be based on the arithmetic mean of the offered rates obtained and neither the highest nor lowest of such quotes will be eliminated. However, if fewer than three reference dealers selected by the calculation agent are quoting as set forth above, the CMT rate with respect to that CMT rate interest determination date will be the CMT rate for the immediately preceding interest reset period, or if there was no interest reset period, the rate of interest payable will be the initial interest rate. If two treasury notes with an original maturity as described in the second preceding sentence have remaining terms to maturity equally close to the designated CMT maturity index, then the quotes for the treasury note with the shorter remaining term to maturity will be used.

Designated CMT maturity index means the original period to maturity of the U.S. treasury securities (1, 2, 3, 5, 7, 10, 20 or 30 years) specified in the applicable pricing supplement with respect to which the CMT rate will be calculated or, if no such maturity is specified in the applicable pricing supplement, two years.

Designated CMT Reuters page means the display on Reuters 3000 Xtra Service, or Reuters , or any successor service, on the page specified in the applicable pricing supplement, or any successor page on that service, for the purpose of displaying treasury constant maturities as reported in H.15(519), or, if no such page is specified in the applicable pricing supplement, page FEDCMT.

LIBOR

Unless otherwise specified in the applicable pricing supplement, *LIBOR* means the rate determined by the calculation agent in accordance with the following provisions:

- (a) For an interest determination date relating to a LIBOR note or any floating rate note for which LIBOR is an applicable base rate, to which we refer as a *LIBOR interest determination date*, *LIBOR* will be the arithmetic mean of the offered rates, unless the Designated LIBOR page, as defined below, by its terms provides only for a single rate, in which case that single rate shall be used, for deposits in the designated LIBOR currency having the index maturity specified in the applicable pricing supplement, commencing on the applicable interest reset date, that appear, or, if only a single rate is required as aforesaid, appears, on the designated LIBOR page as of 11:00 a.m., London time, on that LIBOR interest determination date.
- (b) For a LIBOR interest determination date on which fewer than two offered rates appear, or no rate appears, as the case may be, on the designated LIBOR page as specified in clause (a) above, the calculation agent will request the principal London offices of each of four major reference banks, which may include one or more of the agents or their affiliates, in the London interbank market, as selected by the calculation agent, after consultation with us, to provide its offered quotation for deposits in the designated LIBOR currency for the period of the index maturity specified in the applicable pricing supplement, commencing on the applicable interest reset date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR interest determination date and in a principal amount that is representative for a single transaction in the designated LIBOR currency in that market at that time.

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If the reference banks provide at least two such quotations, then LIBOR for that LIBOR interest determination date will be the arithmetic mean of such quotations. If fewer than two quotations are

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provided, then LIBOR for that LIBOR interest determination date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in the applicable principal financial center, as defined below, on that LIBOR interest determination date by three major banks, which may include one or more of the agents or their affiliates, in that principal financial center selected by the calculation agent, after consultation with us, for loans in the designated LIBOR currency to leading European banks, having the index maturity specified in the applicable pricing supplement and in a principal amount that is representative for a single transaction in that designated LIBOR currency in that market at that time.

If the banks selected by the calculation agent are not quoting as set forth above, LIBOR with respect to that LIBOR interest determination date will be LIBOR for the immediately preceding interest reset period, or if there was no interest reset period, the rate of interest payable will be the initial interest rate.

Designated LIBOR currency means the currency specified in the applicable pricing supplement as to which LIBOR will be calculated. If no such currency is specified in the applicable pricing supplement, the designated LIBOR currency shall be United States dollars.

Designated LIBOR page means the display on Reuters, or any successor service, on the page specified in the applicable pricing supplement, or any successor page on that service, for the purpose of displaying the London interbank rates of major banks for the designated LIBOR currency.

Principal financial center means the capital city of the country to which the designated LIBOR currency relates, or the capital city of the country issuing the specified currency, as applicable, except that with respect to United States dollars, Australian dollars, Canadian dollars, South African rands and Swiss francs, the principal financial center means The City of New York, Sydney, Toronto, Johannesburg and Zurich, respectively, and with respect to euros the principal financial center means London.

Prime Rate

Unless otherwise specified in the applicable pricing supplement, *prime rate* means, with respect to any interest determination date relating to a prime rate note or any floating rate note for which the prime rate is an applicable base rate, to which we refer as a *prime rate interest determination date*, the rate set forth on such date in H.15(519) under the caption *Bank Prime Loan*. If the prime rate cannot be determined as described above, the following procedures will apply:

If the rate described above is not published by 3:00 p.m., New York City time, on the related calculation date, then the rate on such prime rate interest determination date as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying that rate, under the caption *Bank Prime Loan* will be the prime rate.

If the rate described above is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related calculation date, then the prime rate will be determined by the calculation agent and will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen US PRIME 1 page, as defined below, as that bank's prime rate or base lending rate as of 11:00 a.m., New York City time, on that prime rate interest determination date.

If fewer than four of these rates appear on the Reuters Screen US PRIME 1 page for that prime rate interest determination date, then the prime rate will be determined by the calculation agent and will be the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on that prime rate

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interest determination date by three major banks in New York City, which may include one or more of the agents or their affiliates, selected by the calculation agent, after consultation with the Company.

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If the banks selected by the calculation agent are not quoting as set forth above, the prime rate with respect to that prime rate interest determination date will remain the prime rate for the immediately preceding interest reset period, or if there was no interest reset period, the rate of interest payable will be the initial interest rate.

Reuters Screen US PRIME 1 page means the display on Reuters, or any successor service, on the US PRIME 1 page, or such other page as may replace the US PRIME 1 page on that service, for the purpose of displaying prime rates or base lending rates of major United States banks.

Treasury Rate

Unless otherwise specified in the applicable pricing supplement, *treasury rate* means, with respect to any interest determination date relating to a treasury rate note or any floating rate note for which the treasury rate is an applicable base rate, to which we refer as a *treasury rate interest determination date*, the rate from the auction held on such treasury rate interest determination date of direct obligations of the United States, or treasury bills, having the index maturity specified in the applicable pricing supplement under the caption *INVEST RATE* on the display on Reuters or any successor service, on page USAUCTION10, or any other page as may replace that page on that service, to which we refer as *Reuters Page USAUCTION10*, or page USAUCTION11, or any other page as may replace that page on that service, or *Reuters Page USAUCTION11*. If the treasury rate cannot be determined in this manner, the following procedures will apply:

If the rate described above is not so published by 3:00 p.m., New York City time, on the related calculation date, the bond equivalent yield of the rate for those treasury bills as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying that rate, under the caption *U.S. Government Securities/Treasury Bills/Auction High*, will be the treasury rate.

If the rate described in the prior paragraph is not so published by 3:00 p.m., New York City time, on the related calculation date, the bond equivalent yield, as defined below, of the auction rate of such treasury bills as announced by the United States Department of the Treasury.

If the auction rate described in the prior paragraph is not so announced by the United States Department of the Treasury, or if no such auction is held, then the treasury rate will be the bond equivalent yield of the rate on that treasury rate interest determination date of treasury bills having the index maturity specified in the applicable pricing supplement as published in H.15(519) under the caption *U.S. Government Securities/Treasury Bills/Secondary Market* or, if not yet published by 3:00 p.m., New York City time, on the related calculation date, the rate on that treasury rate interest determination date of those treasury bills as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying that rate, under the caption *U.S. Government Securities/Treasury Bills/Secondary Market*.

If the rate described in the prior paragraph is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source, then the treasury rate will be calculated by the calculation agent and will be the bond equivalent yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on that treasury rate interest determination date, of three leading primary United States government securities dealers, which may include one or more of the agents or their affiliates, selected by the calculation agent, after consultation with us, for the issue of treasury bills with a remaining maturity closest to the index maturity specified in the applicable pricing supplement.

If the dealers selected as described above by the calculation agent are not quoting as set forth above, the treasury rate with respect to that treasury rate interest determination date will be the treasury rate for the immediately preceding interest reset period, or if there was no interest reset period, the rate of interest payable will be the initial interest rate.

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Bond equivalent yield means a yield, expressed as a percentage, calculated in accordance with the following formula:

$$\text{Bond equivalent yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where *D* is the applicable per annum rate for treasury bills quoted on a bank discount basis, *N* refers to 365 or 366, as the case may be, and *M* is the actual number of days in the applicable interest reset period.

Eleventh District Cost of Funds Rate

Unless otherwise specified in the applicable pricing supplement, *eleventh district cost of funds rate* means, with respect to any interest determination date relating to an eleventh district cost of funds rate note or any floating rate note for which the eleventh district cost of funds rate is an applicable base rate, to which we refer as an *eleventh district cost of funds rate interest determination date*, the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which that eleventh district cost of funds rate interest determination date falls as set forth under the caption *11th Dist COFI* on the display on Reuters, or any successor service, on page COFI/ARMS, or any other page as may replace that page on that service to which we refer as *Reuters Page COFI/ARMS*, as of 11:00 a.m., San Francisco time, on that eleventh district cost of funds rate interest determination date. If the eleventh district cost of funds rate cannot be determined in this manner, the following procedures will apply:

If that rate does not appear on Reuters Page COFI/ARMS on that eleventh district cost of funds rate interest determination date, then the eleventh district cost of funds rate for that eleventh district cost of funds rate interest determination date will be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced, to which we refer as the *index*, by the FHLB of San Francisco as that cost of funds for the calendar month immediately preceding that eleventh district cost of funds rate interest determination date.

If the FHLB of San Francisco fails to announce the index on or prior to that eleventh district cost of funds rate interest determination date for the calendar month immediately preceding that eleventh district cost of funds rate interest determination date, the eleventh district cost of funds rate with respect to that eleventh district cost of funds rate interest determination date will be the eleventh district cost of funds rate for the immediately preceding interest reset period, or if there was no interest reset period, the rate of interest payable will be the initial interest rate.

Federal Funds Rate

Unless otherwise specified in the applicable pricing supplement, *federal funds rate* means, with respect to any interest determination date relating to a federal funds rate note or any floating rate note for which the federal funds rate is an applicable base rate, to which we refer as a *federal funds rate interest determination date*, the rate on that date for United States dollar federal funds as published in H.15(519) under the heading *Federal Funds (Effective)* as that rate is displayed on Reuters, or any successor service, on page FEDFUNDS1, or any other page as may replace that page on that service, to which we refer as *Reuters Page FEDFUNDS1*. If the federal funds rate cannot be determined in this manner, the following procedures will apply:

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If the rate described above does not appear on Reuters Page FEDFUNDS1 by 3:00 p.m., New York City time, on the related calculation date, then the federal funds rate will be the rate on that federal funds rate interest determination date for United States dollar federal funds as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying that rate, under the caption Federal Funds (Effective).

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If the rate described above does not appear on Reuters Page FEDFUNDS1 or is not yet published in H.15(519), H.15 Daily Update or another electronic source by 3:00 p.m., New York City time, on the related calculation date, then the federal funds rate for that federal funds rate interest determination date will be calculated by the calculation agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of United States dollar federal funds transactions in The City of New York, which may include one or more of the agents or their affiliates, selected by the calculation agent, after consultation with us, prior to 9:00 a.m., New York City time, on that federal funds rate interest determination date.

If the brokers selected as described above by the calculation agent are not quoting as set forth above, the federal funds rate with respect to that federal funds rate interest determination date will be the federal funds rate for the immediately preceding interest reset period, or if there was no interest reset period, the rate of interest payable will be the initial interest rate.

Redemption at Our Option

We may at our option redeem any notes, in whole or in part, if one or more redemption dates, or range of redemption dates, is specified in a pricing supplement, all as described in that pricing supplement, on any redemption date, or during any range of redemption dates, upon not less than 30 days nor more than 60 days prior written notice, at the redemption price or prices specified in that pricing supplement, together with interest accrued to the redemption date.

If less than the entire principal amount of a note is redeemed, the principal amount that remains outstanding after the redemption must be an authorized denomination, which may not be less than the minimum authorized denominations, for the notes. If fewer than all the notes subject to redemption are to be redeemed, the notes to be redeemed will be selected by the trustee by any method the trustee deems fair and reasonable.

Repayment at the Option of Holder

If one or more repayment dates, or range of repayment dates, is specified in a pricing supplement, the applicable notes will be subject to repayment, in whole or in part, as specified in that pricing supplement, on any repayment date, or during any range of repayment dates, at the option of the holder upon not less than 30 days nor more than 60 days prior written notice, at a price equal to 100% of the principal amount to be repaid, together with interest accrued to the date fixed for repayment. A holder may exercise that option with respect to less than the entire principal amount of a note, if the portion remaining outstanding after such repayment is an authorized denomination.

Unless otherwise specified in the applicable pricing supplement, notice of a holder's option to elect repayment of a note consists of delivery to the trustee of either

that note with the form entitled "Option to Elect Repayment" duly completed, with signature guaranteed; or

a telegram, facsimile transmission or a letter from a member of a national securities exchange, or of the Financial Industry Regulatory Authority, Inc., or FINRA, or a commercial bank or trust company in the United States, setting forth the name of the holder, the principal amount of the related note, the principal amount to be repaid, the certificate number or a description of the tenor and terms of that note, and a statement that the option to elect repayment is being exercised thereby and a guarantee that the note to be repaid, together with the duly completed form, with signature guaranteed, entitled "Option to Elect Repayment" on the reverse of the note will be received by the trustee, in each case, not later than the fifth business day after the date of that telegram, facsimile transmission or

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letter. However, that telegram, facsimile transmission or letter is only effective if that note and that form, duly completed, are received by the trustee by that fifth business day.

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Unless otherwise specified in the applicable pricing supplement, exercise of a repayment option by a holder will be irrevocable.

If a note is a book-entry note that is represented by a global note, the nominee of DTC will be the holder entitled to exercise any right of repayment. In order to ensure that DTC's nominee will timely exercise any right of repayment with respect to a particular note, the beneficial owner of an interest in the related global note must instruct the broker or other direct or indirect participant through which it holds such interest to notify DTC of its desire to exercise any right of repayment. Different firms have different cut-off times for accepting instructions from their customers and, accordingly, each beneficial owner should consult the participant through which it owns that interest in the related global note for the cut-off times for that participant. All notices must be executed by a duly authorized officer of a DTC-participant, with signature guaranteed, and will be irrevocable. In addition, the beneficial owners are deemed to have effected delivery of the related book-entry notes at the time those notices of election are given to DTC by causing the participant to transfer such beneficial owner's interest in the global note or notes representing those book-entry notes, on DTC's records, to the trustee. Conveyances of notices and other communications by DTC to participants, by participants to indirect participants and by participants and indirect participants to beneficial owners of the global notes will be governed by agreements among them, subject to any applicable statutory or regulatory requirements as may be in effect from time to time.

Indexed Notes

We may issue indexed notes which will provide that the amount of interest payable on an interest payment date and/or the amount of principal payable at maturity will be determined by reference to:

one or more securities;

one or more commodities; and/or

any other financial, economic or other measures or instruments, including the occurrence or non-occurrence of any event or circumstances.

The applicable pricing supplement will include information about the relevant index or indices and how amounts that are to become payable will be determined by reference to that index or those indices. See also "Risk Factors." An investment in indexed notes entails significant risks not associated with a similar investment in fixed or conventional floating rate debt securities.

Amortizing Notes

We may from time to time offer notes on which we pay principal and interest in installments over the life of the notes. Interest on amortizing notes will be computed on the basis of a 360-day year of twelve 30-day months. Unless otherwise specified in the applicable pricing supplement, payments with respect to the amortizing notes will be applied first to interest due and payable and then to the reduction of the unpaid principal amount. We will provide a table with repayment information with respect to each amortizing note to its original purchaser and we will make this information available, upon request, to the subsequent noteholders.

Extendible Notes

We may also issue from time to time notes with a maturity date that will be automatically extended for the periods and at the times set forth in the applicable pricing supplement unless the holder of such an extendible note elects to terminate the automatic extension. The applicable pricing supplement will set forth the periods and times for which the maturity of such an extendible note is to be automatically extended, the date beyond which the maturity may not be so extended, the procedures for noteholders to elect repayment in the event of an extension and other details of the extendible notes.

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Further Issues

We may from time to time, without the consent of any holder of any notes, create and issue additional notes that have the same terms and conditions as notes previously issued, or the same except for the issue date, the first payment of interest or the issue price. These additional notes may be consolidated with the outstanding notes to form a single series.

Other Provisions; Addenda

Any provisions with respect to the determination of a base rate, the specification of a base rate, calculation of the interest rate applicable to a floating rate note, the interest payment dates or any other matter relating thereto may be modified by the terms specified under Other Provisions on the face of the note or in an addendum relating thereto and described in the applicable pricing supplement, if so specified on the face of the note.

Book-Entry Notes

DTC

DTC has advised us as follows: DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, or the Exchange Act.

Upon issuance, all book-entry notes with the same original issue dates and other terms and provisions will be represented by one or more global notes.

Each global note representing book-entry notes will be deposited with, or on behalf of, DTC and will be registered in the name of DTC's nominee, Cede & Co.

Ownership of Book-Entry Notes

Ownership of beneficial interests in a global note representing book-entry notes will be limited to institutions that have accounts with DTC or its nominee or persons that may hold interests through those participants in DTC. Ownership of beneficial interests in the global notes will be shown on, and the transfer of that ownership will be effected through, records maintained by DTC, with respect to interests of participants, and the records of participants, with respect to interests of persons other than participants.

We have been advised by DTC that upon the issuance of a global note representing book-entry notes, and the deposit of that global note with or on behalf of DTC, DTC will immediately credit on its book-entry registration and transfer system the respective principal amounts of the book-entry notes represented by such global note to the accounts of participants. The accounts to be credited will be designated by the applicable agent or agents or, to the extent that the book-entry notes are offered and sold directly, by us.

Transfers of Book-Entry Notes

So long as DTC or its nominee is the registered owner or holder of a global note, DTC or the nominee, as the case may be, will be considered the sole owner or holder of the book-entry notes represented by the global note for all purposes under the senior debt securities indenture and the global note. No beneficial owner of an interest in a global note will be able to transfer that interest except in accordance with DTC's applicable procedures. Transfers between participants in DTC will be effected in accordance with DTC rules and will be settled in same-day funds. The laws of some states, however, require that certain persons take physical delivery of securities in definitive form, and investors subject to these requirements may not be permitted to invest in notes sold in book-entry form.

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Payments on Global Notes

Payments in respect of the global notes will be made to DTC, or its nominee, as the registered owner. Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that DTC or its nominee, upon receipt of any payment in respect of a global note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of that global note as shown on the records of DTC or its nominee. We also expect that payments by participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Those payments, however, will be the responsibility of those participants. Street name or other indirect holders should consult their banks or brokers for information on how they will receive payment.

DTC will take any action permitted to be taken by a holder of notes, including the presentation of notes for exchange as described below, only at the direction of one or more participants to whose account interests in the global notes are credited and only in respect of that portion of the aggregate principal amount of the global note or notes as to which such participant or participants has or have given such direction. However, only in those certain circumstances described in the following paragraph, will DTC exchange the global notes for certificated notes in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof, which it will distribute to its participants.

Exchange of Book-Entry Notes for Certificated Notes

If any of the following happens:

DTC or any successor depositary notifies us that it is unwilling or unable to continue as depositary for global notes or ceases to be a clearing agency registered in good standing under the Exchange Act or other applicable statute or regulation and we do not appoint a successor depositary within 90 days after we receive notice of such inability, unwillingness or cessation,

an event of default, as described under *Description of Debt Securities We May Offer* *Default and Related Matters* in the accompanying prospectus, under the notes has occurred and is continuing, or

we, in our sole discretion and subject to the procedures of the depositary, determine that any or all of the book-entry notes will no longer be represented by global notes,

then we will issue, to participants that hold interests in those global notes through DTC, certificated notes in exchange for the related book-entry notes and such participants will then become the registered holders of those certificated notes. Those global notes will be cancelled and be of no further force or effect. The registered holder of a certificated note may transfer that note as described above under *General*.

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CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

This section describes the material United States federal income tax consequences of owning notes. It applies only to notes held as capital assets by initial purchasers that acquire notes at the original offering price.

This section does not apply to special classes of holders that are subject to special rules, such as dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, banks, life insurance companies, tax-exempt organizations, persons that own notes that are a hedge or that are hedged against interest rate risks, persons that own notes as part of a straddle or conversion transaction for tax purposes, or persons whose functional currency for tax purposes is not the U.S. dollar.

This section deals only with notes that are due to mature 30 years or less from the date on which they are issued. The United States federal income tax consequences of owning notes that are due to mature more than 30 years from their date of issue will be discussed in an applicable pricing supplement. This section is based on the Internal Revenue Code of 1986, as amended (the Code), its legislative history, existing and proposed regulations under the Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If a partnership holds the notes, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the notes should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the notes.

Prospective purchasers of notes should consult their own tax advisors concerning the consequences, in their particular circumstances, under the Code and the laws of any other taxing jurisdiction, of the ownership of notes.

United States Holders

This subsection describes the tax consequences to a United States holder. A United States holder is a beneficial owner of a note that is

a citizen or resident of the United States,

a domestic corporation,

an estate whose income is subject to United States federal income tax regardless of its source, or

a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

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This section does not apply to holders that are not United States holders. Such holders should read *Non-United States Holders* in this prospectus supplement.

Payments of Interest

Except as described below in the case of interest on a discount note that is not qualified stated interest, each as defined below under *Original Issue Discount - General*, any interest on a note, whether payable in U.S. dollars or a foreign currency, including a composite currency or basket of currency other than U.S. dollars, will be taxable to a United States holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes.

Cash Basis Taxpayers. If a United States holder that uses the cash receipts and disbursements method of accounting for tax purposes receives an interest payment that is denominated in, or determined by reference to, a foreign currency, such holder must recognize income equal to the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the holder actually converts the payment into U.S. dollars.

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Accrual Basis Taxpayers. A United States holder that uses an accrual method of accounting for tax purposes may determine the amount of recognized income with respect to an interest payment denominated in, or determined by reference to, a foreign currency by using one of two methods. Under the first method, the United States holder will determine the amount of income accrued based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, that part of the period within the taxable year.

If the holder elects the second method, such holder would determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period, or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, under this second method, if the United States holder receives a payment of interest within five business days of the last day of its accrual period or taxable year, such holder may instead translate the interest accrued into U.S. dollars at the exchange rate in effect on the day that the holder actually receives the interest payment. If the holder elects the second method, it will apply to all debt instruments that it holds at the beginning of the first taxable year to which the election applies and to all debt instruments that it subsequently acquires. A holder may not revoke this election without the consent of the Internal Revenue Service.

When a holder actually receives an interest payment, including a payment attributable to accrued but unpaid interest upon the sale or retirement of a note, denominated in, or determined by reference to, a foreign currency for which such holder accrued an amount of income, the holder will recognize ordinary income or loss measured by the difference, if any, between the exchange rate that such holder used to accrue interest income and the exchange rate in effect on the date of receipt, regardless of whether the holder actually converts the payment into U.S. dollars.

Original Issue Discount

General. A note, other than a short-term note with a term of one year or less, will be treated as a discount note issued at an original issue discount if the amount by which the note's stated redemption price at maturity exceeds its issue price is more than a *de minimis* amount.

Generally, a note's issue price will be the first price at which a substantial amount of notes included in the issue of which the note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, agents, or wholesalers. A note's stated redemption price at maturity is the total of all payments provided by the note that are not payments of qualified stated interest. In the case of a fixed rate note, an interest payment generally will be qualified stated interest if it is one of a series of stated interest payments on a note that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, applied to the outstanding principal amount of the note. Special rules that apply in the case of variable rate debt instruments, which include floating rate notes, are discussed below under Variable Rate Notes.

In general, a note is not a discount note if the amount by which its stated redemption price at maturity exceeds its issue price is less than the *de minimis* amount of 1/4 of 1 percent of its stated redemption price at maturity multiplied by the number of complete years to its maturity. A note will have *de minimis* original issue discount if the amount of the excess is less than the *de minimis* amount. If a note has *de minimis* original issue discount, a United States holder must include the *de minimis* amount in income as stated principal payments are made on the note, unless the holder makes the election described below under Election to Treat All Interest as Original Issue Discount. The includible amount with respect to each such payment can be determined by multiplying the total amount of a note's *de minimis* original issue discount by a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the note.

United States holders of discount notes having a maturity of more than one year from their date of issue generally must include original issue discount, or OID, in income before they receive cash attributable to that

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income. The amount of OID that must be included in a United States holder's income is calculated using a constant-yield method, and generally will result in increasingly greater amounts of OID being included in the holder's income over the life of the note. The amount of OID that a United States holder must include in income can be calculated by adding the daily portions of OID with respect to the discount note for each day during the taxable year or portion of the taxable year that the holder holds the discount note. The daily portion is determined by allocating to each day in any accrual period a *pro rata* portion of the OID allocable to that accrual period. A United States holder may select an accrual period of any length with respect to its discount note and may vary the length of each accrual period over the term of the discount note. However, no accrual period may be longer than one year and each scheduled payment of interest or principal on the discount note must occur on either the first or final day of an accrual period.

The amount of OID allocable to an accrual period can be calculated by (a) multiplying a discount note's adjusted issue price at the beginning of the accrual period by the note's yield to maturity, and then (b) subtracting from this figure the sum of the payments of qualified stated interest on the note allocable to the accrual period. The discount note's yield to maturity must be determined on the basis of compounding at the close of each accrual period and adjusting for the length of each accrual period. The adjusted issue price of a discount note at the beginning of any accrual period is calculated by

adding the discount note's issue price and any accrued OID for each prior accrual period, and then

subtracting any payments previously made on the discount note that were not qualified stated interest payments.

If an interval between payments of qualified stated interest on a discount note contains more than one accrual period, then, when determining the amount of OID allocable to an accrual period, a United States holder must allocate the amount of qualified stated interest payable at the end of the interval, including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval, *pro rata* to each accrual period in the interval based on their relative lengths. In addition, the holder must increase the adjusted issue price at the beginning of each accrual period in the interval by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. The amount of OID allocable to an initial short accrual period may be computed by using any reasonable method if all other accrual periods, other than a final short accrual period, are of equal length. The amount of OID allocable to the final accrual period is equal to the difference between

the amount payable at the maturity of a note, other than any payment of qualified stated interest, and

the note's adjusted issue price as of the beginning of the final accrual period.

All payments on a discount note (other than payments of qualified stated interest) will generally be viewed first as payments of previously-accrued OID (to the extent thereof), with payments attributed first to the earliest-accrued OID, and then as payments of principal.

In the case of a discount note that is denominated in, or determined by reference to, a foreign currency, a United States holder should determine the U.S. dollar amount includible in income as OID for each accrual period by (a) calculating the amount of OID allocable to each accrual period in the foreign currency using the constant-yield method described above, and (b) translating the amount of the foreign currency so derived at the average exchange rate in effect during that accrual period (or portion thereof within a United States holder's taxable year) or, at the United States holder's election (as described above under "Payments of Interest"), at the exchange rate on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the exchange rate on the date of receipt, if such date is within five business days of the last day of the accrual period. Because exchange rates may fluctuate, a United States holder of a discount note that is denominated in, or determined by reference to, a foreign currency may recognize a different amount of OID income in each accrual period than would the holder of an otherwise similar discount note that is denominated in, and determined by reference to, U.S. dollars.

Upon the

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receipt of an amount attributable to OID (whether in connection with a payment of an amount that is not qualified stated interest or the sale or retirement of the discount note), a United States holder will recognize ordinary income or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate in effect on the date of receipt or on the date of disposition of the discount note, as the case may be) and the amount accrued (using the exchange rate applicable to such previous accrual).

Pre-Issuance Accrued Interest. An election may be made to decrease the issue price of a note by the amount of pre-issuance accrued interest if

a portion of the initial purchase price of the note is attributable to pre-issuance accrued interest,

the first stated interest payment on the note is to be made within one year of the note's issue date and

the payment will equal or exceed the amount of pre-issuance accrued interest.

If this election is made, a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on the note.

Election to Treat All Interest as Original Issue Discount. A United States holder may elect to include in gross income all interest that accrues on a note using the constant-yield method described above under General, with the modifications described below. For purposes of this election, interest will include stated interest, OID, de minimis original issue discount and unstated interest, as adjusted by any amortizable bond premium, described below under Notes Purchased at a Premium.

If a United States holder makes this election for a note, then for purposes of applying the constant-yield method:

the issue price of the note will equal the holder's cost,

the issue date of the note will be the date the holder acquired it, and

no payments on the note will be treated as payments of qualified stated interest.

Generally, this election will apply only to the note for which the election is made; however, if the note has amortizable bond premium, the holder will be deemed to have made an election to apply amortizable bond premium against interest for all debt instruments with amortizable bond premium, other than debt instruments the interest on which is excludible from gross income, that the holder holds as of the beginning of the taxable year to which the election applies or any taxable year thereafter. The election to apply the constant-yield method to all interest on a note or the deemed election with respect to amortizable bond premium may not be revoked without the consent of the Internal Revenue Service.

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Variable Rate Notes. Floating rate notes generally will be treated as variable rate notes, which are subject to special rules discussed below. A floating rate note will be a variable rate note if

the note's issue price does not exceed the total noncontingent principal payments by more than the lesser of

0.015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date, or

15 percent of the total noncontingent principal payments, and

the note provides for stated interest, compounded or paid at least annually, only at

one or more qualified floating rates,

a single fixed rate and one or more qualified floating rates,

a single objective rate, or

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a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A note will have a variable rate that is a qualified floating rate if

variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the note is denominated, or

the rate is equal to such a rate multiplied by either

a fixed multiple that is greater than 0.65 but not more than 1.35 or

a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, and

the value of the rate on any date during the term of the note is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a note provides for two or more qualified floating rates that are within 0.25 percentage points of each other on the issue date or can reasonably be expected to have approximately the same values throughout the term of the note, the qualified floating rates together constitute a single qualified floating rate.

A note will not have a qualified floating rate, however, if the rate is subject to certain restrictions, including caps, floors, governors, or other similar restrictions, unless such restrictions are fixed throughout the term of the note or are not reasonably expected to significantly affect the yield on the note.

A note will have a variable rate that is a single objective rate if

the rate is not a qualified floating rate,

the rate is determined using a single, fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the issuer or a related party, and

the value of the rate on any date during the term of the note is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

A note will not have a variable rate that is an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of the note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the note's term.

An objective rate as described above is a qualified inverse floating rate if

the rate is equal to a fixed rate minus a qualified floating rate and

the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds.

A note will also have a single qualified floating rate or an objective rate if interest on the note is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period, and either

the fixed rate and the qualified floating rate or objective rate have values on the issue date of the note that do not differ by more than 0.25 percentage points or

the value of the qualified floating rate or objective rate is intended to approximate the fixed rate.

In general, if a floating rate note that is treated as a variable rate note provides for stated interest at a single qualified floating rate or objective rate, or in certain cases one of those rates after a single fixed rate for an initial period of one year or less, all stated interest on the note is qualified stated interest. In this case, the amount of

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OID, if any, is determined by using, in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or, for any other objective rate, a fixed rate that reflects the yield reasonably expected for the note.

If a floating rate note that is treated as a variable rate note does not provide for stated interest at a single qualified floating rate or a single objective rate, and also does not provide for interest payable at a fixed rate other than a single fixed rate for an initial period, interest and OID accruals on the note are generally determined by

determining a fixed rate substitute for each variable rate provided under the note,

constructing the equivalent fixed rate debt instrument, using the fixed rate substitute described above,

determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument, and

adjusting for actual variable rates during the applicable accrual period.

When determining the fixed rate substitute for each variable rate provided under the note, a United States holder generally will use the value of each variable rate as of the issue date or, for an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on the note.

If a floating rate note that is treated as a variable rate note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate, and also provides for stated interest at a single fixed rate other than at a single fixed rate for an initial period, interest and OID accruals generally must be determined using the method described in the previous paragraph. However, the floating rate note will be treated, for purposes of the first three steps of the determination, as if the note had provided for a qualified floating rate, or a qualified inverse floating rate, rather than the fixed rate. The qualified floating rate, or qualified inverse floating rate, that replaces the fixed rate must be such that the fair market value of the note as of the issue date approximates the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate, or qualified inverse floating rate, rather than the fixed rate.

Short-Term Notes. In general, a cash basis United States holder of a short-term note is not required to accrue OID, as specially defined below for the purposes of this paragraph, for United States federal income tax purposes unless the holder elects to do so, although such a holder will generally be required to include any stated interest in income as the interest is received. An accrual basis taxpayer, a taxpayer in a special class, including, but not limited to, a regulated investment company, common trust fund, or a certain type of pass-through entity, or a cash basis taxpayer who so elects, will be required to accrue OID on short-term notes on either a straight-line basis or under the constant-yield method, based on daily compounding.

In the case of a United States holder not required and not electing to include OID in income currently, any gain realized on the sale or retirement of a short-term note will be ordinary income to the extent of the accrued OID, which will be determined on a straight-line basis, unless an election is made to accrue the OID under the constant-yield method, through the date of sale or retirement. United States holders who are not required and do not elect to accrue OID on their short-term notes will be required to defer deductions for interest on borrowings allocable to the short-term notes in an amount not exceeding the deferred income until the deferred income is realized.

When determining the amount of OID subject to these rules, a United States holder must include all interest payments on a short-term note, including stated interest, in the short-term note's stated redemption price at maturity.

Notes Purchased at a Premium

If a United States holder purchases a note for an amount in excess of its principal amount, the holder may elect to treat the excess as amortizable bond premium. A holder that makes this election must reduce the amount

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required to be included in its income each year with respect to interest on the note by the amount of amortizable bond premium allocable to that year, based on the note's yield to maturity. If the note is denominated in, or determined by reference to, a foreign currency, a United States holder will compute the amortizable bond premium in units of the foreign currency and such amortizable bond premium will reduce the holder's interest income in units of the foreign currency. Gain or loss recognized that is attributable to changes in exchange rates between the time the amortized bond premium offsets interest income and the time of the acquisition of the note is generally taxable as ordinary income or loss. The election to amortize bond premium will apply to all debt instruments, other than debt instruments the interest on which is excludible from gross income, that the holder holds at the beginning of the first taxable year to which the election applies or that the holder thereafter acquires, and the election may not be revoked without the consent of the Internal Revenue Service. We also refer you to the discussion under "Original Issue Discount Election to Treat All Interest as Original Issue Discount."

Purchase, Sale and Retirement of the Notes

A United States holder's tax basis in a note will generally be the U.S. dollar cost, as defined below, of the note, adjusted by

adding any OID or *de minimis* original issue discount previously included in income with respect to the note, and then

subtracting any payments on the note that are not qualified stated interest payments and any amortizable bond premium applied to reduce interest on the note.

If a United States holder purchases a note with foreign currency, the U.S. dollar cost of such note will generally be the U.S. dollar value of the purchase price on the date of purchase. However, if the holder is a cash basis taxpayer, or an accrual basis taxpayer if the holder so elects, and the note is traded on an established securities market, as defined in the applicable treasury regulations, the U.S. dollar cost of such note will be the U.S. dollar value of the purchase price on the settlement date of the purchase.

A United States holder will generally recognize gain or loss on the sale or retirement of a note equal to the difference between the amount realized on the sale or retirement and the holder's tax basis in the note. If a note is sold or retired for an amount in foreign currency, the amount realized will be the U.S. dollar value of such amount on the date the note is disposed of or retired, except that in the case of a note that is traded on an established securities market, as defined in the applicable treasury regulations, a cash basis taxpayer, or an accrual basis taxpayer that so elects, will determine the amount realized based on the U.S. dollar value of the foreign currency on the settlement date of the sale. Such gain or loss generally will be capital gain or loss, except to the extent

described above under "Original Issue Discount Short-Term Notes,

attributable to accrued but unpaid interest,

the rules governing contingent payment obligations apply, or

attributable to changes in exchange rates as described below.

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Capital gain of a noncorporate United States holder that is recognized in taxable years beginning before January 1, 2013 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year. For taxable years beginning on or after January 1, 2013, the maximum rate is scheduled to increase to 20%.

A United States holder must treat any portion of the gain or loss recognized on the sale or retirement of a note as ordinary income or loss to the extent attributable to changes in exchange rates. However, the holder takes exchange gain or loss into account only to the extent of the total gain or loss realized on the transaction.

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Exchange of Amounts in Other Than U.S. Dollars

If a United States holder receives foreign currency as interest on a note or on the sale or retirement of a note, the holder's tax basis in the foreign currency will equal its U.S. dollar value when the interest is received or at the time of the sale or retirement. If the holder purchases foreign currency, the holder's tax basis will generally be equal to the U.S. dollar value of the foreign currency on the date of the purchase. Upon the sale or disposition of a foreign currency, including if the holder uses it to purchase notes or exchange it for U.S. dollars, any gain or loss recognized generally will be ordinary income or loss.

Indexed, Extendible and Amortizing Notes

The applicable pricing supplement will discuss any special United States federal income tax rules with respect to notes the payments on which are determined by reference to any index and other notes that are subject to the rules governing contingent payment obligations which are not subject to the rules governing variable rate notes and with respect to extendible notes and with respect to any notes providing for the periodic payment of principal over the life of the note.

Non-United States Holders

This subsection describes the tax consequences to a non-United States holder. This subsection does not apply to United States holders. A non-United States holder is a beneficial owner of a note that is, for United States federal income tax purposes,

a nonresident alien individual,

a foreign corporation,

a foreign partnership or

an estate or trust that in either case is not subject to United States federal income tax on a net basis on income or gain from a note.

This discussion assumes that the notes are not subject to the rules of Section 871(h)(4)(A) of the Code, relating to interest payments that are determined by reference to the income, profits, changes in the value of property or other attributes of the debtor or a related party.

Under United States federal income tax law, and subject to the discussion of backup withholding below, the Company and other U.S. payors generally will not be required to deduct United States withholding tax from payments of principal, premium, if any, and interest, including original issue discount, on a note to a non-United States holder if, in the case of payments of interest:

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- I. the holder does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote,
- II. the holder is not a controlled foreign corporation that is related to the Company through stock ownership,
- III. the U.S. payor does not have actual knowledge or reason to know that the holder is a United States person and:
 - A. the holder has furnished to the U.S. payor an Internal Revenue Service Form W-8BEN or an acceptable substitute form upon which it certifies, under penalties of perjury, that a holder is, or in the case of a non-United States holder that is a partnership or an estate or trust, such forms certifying that each partner in the partnership or beneficiary of the estate or trust is, not a United States person,
 - B. the holder has furnished to the U.S. payor an Internal Revenue Service Form W-8ECI or an acceptable substitute form upon which it certifies, under penalties of perjury, that such payments are effectively connected with such holder's trade or business in the U.S.

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- C. in the case of payments made outside the United States to the holder at an offshore account, generally, an account maintained by the holder at a bank or other financial institution at any location outside the United States, the holder has furnished to the U.S. payor documentation that establishes its identity and its status as the beneficial owner of the payment for United States federal income tax purposes and that it is not a United States person,

- D. the U.S. payor has received a withholding certificate, furnished on an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form, from a person claiming to be:
 - 1) a withholding foreign partnership, generally a foreign partnership that has entered into an agreement with the Internal Revenue Service to assume primary withholding responsibility with respect to distributions and guaranteed payments it makes to its partners,

 - 2) a qualified intermediary, generally a non-United States financial institution or clearing organization or a non-United States branch or office of a United States financial institution or clearing organization that is a party to a withholding agreement with the Internal Revenue Service, or

 - 3) a U.S. branch of a non-United States bank or of a non-United States insurance company, and the withholding foreign partnership, qualified intermediary or U.S. branch, as applicable, has received documentation upon which it may rely to treat the payment as made to a non-United States person or other person that is exempt from withholding (or, in the case of a qualified intermediary, has complied with its agreement with the Internal Revenue Service and applicable U.S. treasury regulations) that is, for United States federal income tax purposes, the beneficial owner of payments on the notes in accordance with U.S. treasury regulations, or, in the case of a qualified intermediary, in accordance with its agreement with the Internal Revenue Service,

- E. the U.S. payor receives a statement from a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business,
 - 1) certifying to the U.S. payor under penalties of perjury that an Internal Revenue Service Form W-8BEN or an acceptable substitute form has been received from the holder by it or by a similar financial institution between it and the holder, and

 - 2) to which is attached a copy of the Internal Revenue Service Form W-8BEN or acceptable substitute form, or

- F. the U.S. payor otherwise possesses documentation upon which it may rely to treat the payment as made to a non-United States person that is, for United States federal income tax purposes, the beneficial owner of payments on the notes in accordance with U.S. treasury regulations, and

- IV. in the case of payments made after December 31, 2013 on notes issued on or after January 1, 2013, the holder has provided any required information with respect to its direct and indirect United States owners and, if the notes are held through a foreign financial institution, the institution has entered into an agreement with the United States government to collect and provide to the United States tax authorities information about its direct and indirect United States accountholders and investors, and the holder has provided any required information to the institution.

If a non-United States holder cannot satisfy the requirements described above, payments of interest generally will be subject to a 30% U.S. federal withholding tax unless a tax treaty applies. If a tax treaty applies, a non-United States holder may be eligible for a reduction of or exemption from U.S. federal withholding tax. To claim any exemption from or reduction in the 30% withholding tax, the non-United States holder must provide a properly executed IRS Form W-8BEN or an acceptable substitute form claiming a reduction of or an exemption from

withholding tax under an applicable tax treaty.

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A non-United States holder that is engaged in a trade or business in the U.S. (and, if a tax treaty applies, maintains a permanent establishment within the U.S.) and receives interest on a note that is effectively connected with the conduct of such trade or business (and, if a tax treaty applies, attributable to such permanent establishment) will be subject to U.S. federal income tax on such interest on a net income basis in generally the same manner as a United States holder. In addition, in certain circumstances, a non-United States holder that is a foreign corporation may be subject to a 30% (or, if a tax treaty applies, such lower rate as provided) branch profits tax.

If a non-United States holder is subject to withholding at a rate in excess of a reduced rate for which the non-United States holder is eligible under a tax treaty or otherwise, such holder may be able to obtain a refund of or credit for any amounts withheld in excess of the applicable rate. Investors are encouraged to consult with their own tax advisors regarding the possible implications of these withholding requirements on their investment in the notes.

Sale, Exchange or Retirement of the Notes

A non-United States holder of a note will not be subject to United States federal income or withholding tax on any gain realized on the sale or exchange of a note.

unless:

such gain is effectively connected with the conduct of the non-United States holder's trade or business in the United States (and, where an applicable tax treaty so provides, is also attributable to a U.S. permanent establishment maintained by the non-United States holder); or

the non-United States holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

A non-United States holder of a note will generally not be subject to United States federal withholding tax on the gross proceeds realized on the sale or exchange of a note, so long as, in the case of a sale or exchange of notes issued on or after January 1, 2013 that occurs after December 31, 2014, the conditions set forth in clause IV under "Non-United States Holders" are met.

Federal Estate Taxes

A note held by an individual who at death is not a citizen or resident of the United States will not be includible in the individual's gross estate for United States federal estate tax purposes if

the decedent did not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote at the time of death and

the income on the note would not have been effectively connected with a United States trade or business of the decedent at the same time.

Backup Withholding and Information Reporting

Payments of Interest on the Notes

In general, the Company and other payors are required to report to the Internal Revenue Service all payments of principal, any premium and interest on notes held by noncorporate United States holders, and the accrual of original issue discount on discount notes held by such holders. In addition, the Company and other payors are required to report to the Internal Revenue Service any payment of proceeds of the sale of a note before maturing in the United States. Additionally, backup withholding will apply to any payments, including payments of original issue discount, on a note held by a noncorporate United States holder if such holder fails to provide an

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accurate taxpayer identification number on Internal Revenue Service Form W-9, or is notified by the Internal Revenue Service that it has failed to report all interest and dividends required to be shown on its federal income tax returns.

In general, payments of principal, premium or interest, including original issue discount, made by the Company and other payors to a non-United States holder will not be subject to backup withholding and information reporting, provided that the certification requirements described above under *non-United States Holders* are satisfied or the holder otherwise establishes an exemption. However, the Company and other payors are required to report on Internal Revenue Service Form 1042-S payments of interest to a non-United States holder of a note even if the payments are not otherwise subject to information reporting requirements.

Sale of the Notes

In general, payment of the proceeds from the sale of notes effected at a United States office of a broker is subject to both United States backup withholding and information reporting rules. If, however, the seller is a non-United States holder, backup withholding and information reporting will not apply to such a sale provided that

the broker does not have actual knowledge or reason to know that the seller is a United States person and the seller has furnished to the broker

an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form upon which it certifies, under penalties of perjury, that it is not a United States person, or

other documentation upon which the broker may rely to treat the payment as made to a non-United States person in accordance with U.S. treasury regulations, or

the seller otherwise establishes an exemption.

If the seller fails to establish an exemption and the broker does not possess adequate documentation of the seller's status as a non-United States person, the payments may be subject to information reporting and backup withholding. However, backup withholding will not apply with respect to payments made outside the United States to an offshore account maintained by the seller unless the payor has actual knowledge that the seller is a United States person.

In general, payment of the proceeds from the sale of notes effected at a foreign office of a broker will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker will be subject to information reporting and backup withholding if

the proceeds are transferred to an account maintained by the seller in the United States,

the payment of proceeds or the confirmation of the sale is mailed to the seller at a United States address or

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the sale has some other specified connection with the United States as provided in U.S. treasury regulations,

unless the broker does not have actual knowledge or reason to know that the seller is a United States person and the documentation requirements described above, relating to a sale of notes effected at a United States office of a broker, are met or the seller otherwise establishes an exemption.

In addition, payment of the proceeds from the sale of notes effected at a foreign office of a broker will be subject to information reporting if the broker is:

a United States person,

a controlled foreign corporation for United States tax purposes,

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a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period or

a foreign partnership, if at any time during its tax year:

one or more of its partners are U.S. persons, as defined in U.S. treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or

such foreign partnership is engaged in the conduct of a United States trade or business,

unless the broker does not have actual knowledge or reason to know that the seller is a United States person and the documentation requirements described above, relating to a sale of notes effected at a United States office of a broker, are met or the seller otherwise establishes an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that the seller is a United States person.

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CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the notes by (i) employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA), (ii) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, Similar Laws), and (iii) entities whose underlying assets are considered to include plan assets of any such plan, account or arrangement (each, a Plan).

This summary is based on the fiduciary responsibility provisions of ERISA, relevant regulations issued by the United States Department of Labor, and on the pertinent provisions of the Code and regulations issued thereunder. No assurance can be given that future legislation, administrative regulations or rulings or court decisions will not significantly modify the requirements summarized herein. Any such changes may be retroactive and thereby apply to transactions entered into prior to the date of their enactment or release.

The following summary is not intended to be exhaustive. Prior to making an investment in the notes of a portion of the assets of any Plan, the fiduciaries of the Plan should consult with independent counsel regarding whether an investment in the notes is appropriate and as to the consequences under ERISA, the Code and other applicable laws of an investment in the notes.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code related to standards of conduct and the management and disposition of Plan assets and prohibit certain transactions involving the assets of a Plan and its fiduciaries or other *parties in interest* or *disqualified persons* (as those terms are defined in ERISA and the Code). Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of a Plan or the management or disposition of the assets of a Plan, or who renders investment advice for a fee or other compensation to such a Plan, is generally considered to be a fiduciary of the Plan.

In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary, taking into account the facts and circumstances of the Plan, should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

A fiduciary can be personally liable for losses incurred by a Plan resulting from a breach of fiduciary duties and can be subject to other adverse consequences.

Prohibited Transaction Issues

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Section 406 of ERISA and Section 4975 of the Code prohibit Plans from engaging in specified transactions involving plan assets with persons or entities who are parties in interest, within the meaning of ERISA, or disqualified persons, within the meaning of Section 4975 of the Code (including, without limitation, loans or other extensions of credit between a Plan and any such person or entity), unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, a fiduciary of the Plan that engages in a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of notes by a Plan with respect to which we (or any of our affiliates) are considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited

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transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor (the *DOL*) has issued prohibited transaction class exemptions, or *PTCEs*, that may apply to the acquisition and holding of the notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers, although there can be no assurance that all of the conditions of any such exemptions will be satisfied. In addition, ERISA Section 408(b)(17) and Code Section 4975(d)(20) provide a limited exemption for the purchase and sale of securities and related lending transactions, *provided* that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of the Plan involved in the transaction, and *provided* further that the Plan pays no more than adequate consideration in connection with the transaction (the so-called *service provider exemption*).

Because of the foregoing, the notes should not be purchased or held by any person investing plan assets of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA or the Code or a similar violation of any applicable Similar Laws.

Representation

By acceptance of a note, each purchaser and subsequent transferee of a note will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the notes constitutes assets of any Plan or (ii) the purchase, holding and, to the extent relevant, disposition of the notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the notes. Purchasers of the notes have exclusive responsibility for ensuring that their purchase and holding of the notes do not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any Similar Laws. The sale of any notes to a Plan is in no respect a representation by us or any of our affiliates or representatives that such investment meets all relevant legal requirements with respect to investments by any such Plan generally or any particular Plan, or that such investment is appropriate for such Plans generally or any particular Plan.

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SUPPLEMENTAL PLAN OF DISTRIBUTION

We and the agents have entered into a distribution agreement with respect to the notes. We are offering the notes on a continuing basis to or through the agents, who may purchase notes, as principal, from us for resale to investors and other purchasers, at varying prices relating to prevailing market prices as determined by the applicable agent or agents at the time of resale, or, if so agreed, at a fixed offering price set forth in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, any note sold to an agent as principal will be purchased by that agent at a price equal to 100% of the principal amount of that note less the commission, as described below, payable to that agent. If agreed to by us and the applicable agent, that agent may utilize its reasonable efforts on an agency basis to solicit offers to purchase the notes at 100% of the principal amount of the notes, unless otherwise specified in the applicable pricing supplement. In addition, we may sell notes directly and we may sell notes through agents as described below. We will have the sole right to accept offers to purchase the notes from us and may reject any such offer in whole or in part. The agents will have the right to reject any offer to purchase the notes, as a whole or in part.

As compensation for each agent's services hereunder, we will pay each agent a commission, which may be in the form of a discount or otherwise, and which will be negotiated between the applicable agent and us at the time of sale and disclosed in the applicable pricing supplement.

An agent may sell notes it has purchased from us as principal to other dealers for resale to investors and other purchasers, and that agent may re-allow all or any portion of the discount received in connection with purchases from us to those dealers. After the initial offering of any note, the offering price, in the case of notes to be resold at a fixed offering price, the concession and the discount may be changed.

We may from time to time engage a dealer other than an agent to solicit a specific purchase of notes if (a) that dealer is engaged on terms substantially similar, including the same commission schedule, to the applicable terms of the distribution agreement entered into between us and the agents and (b) the agents are given notice of the purchase, including the terms thereof, promptly after the purchase has been agreed to. Each such dealer will act individually in connection with the notes and not collectively or jointly with the agents.

In connection with an offering of notes purchased by one or more agents as principal on a fixed price basis, those agent(s) will be permitted to engage in certain transactions that stabilize the price of those notes. Those transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of those notes. If the agent or agents creates or create, as the case may be, a short position in those notes, that is, if it sells or they sell notes in an aggregate principal amount exceeding that set forth in the applicable pricing supplement, those agent(s) may reduce that short position by purchasing notes in the open market. In general, purchases of notes for the purpose of stabilization or to reduce a short position could cause the price of notes to be higher than it might be in the absence of such purchases.

We may enter into derivative transactions with third parties, or sell notes not covered by this prospectus to third parties in privately negotiated transactions. If the applicable pricing supplement so indicates, in connection with those derivatives, the third parties may sell notes covered by this prospectus supplement, including in short sale transactions. If so, the third party may use notes pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use notes received from us in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter and will be identified in the applicable pricing supplement.

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Neither we nor any of the agents makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the agents makes any representation that the agents will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice.

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Each agent, whether acting as agent or principal, may be deemed to be an underwriter within the meaning of the Securities Act of 1933, as amended, or the Securities Act. We have agreed to indemnify the agents against certain liabilities, including liabilities under the Securities Act or to contribute to payments that the agents may be required to make in respect of such liabilities.

If the agents sell notes to dealers who resell to investors and the agents pay the dealers all or part of the discount or commission they receive from us, those dealers may also be deemed to be underwriters within the meaning of the Securities Act.

The notes are a new issue of securities, and there will be no established trading market for any note before its original issue date. We do not plan to list the notes on a securities exchange or quotation system. We have been advised by J.P. Morgan Securities LLC that it or the other agents may make a market in the notes. However, neither J.P. Morgan Securities LLC, the other agents nor any other agent named in a pricing supplement that makes a market is obligated to do so and any of them may stop doing so at any time without notice. No assurance can be given as to the liquidity or trading market for the notes.

We may use this prospectus supplement and the accompanying prospectus in the initial sale of any note. In addition, we or any of our affiliates may use this prospectus supplement and the accompanying prospectus in a remarketing or other resale transaction involving any note after its initial sale. These transactions may be executed at negotiated prices that are related to market prices at the time of purchase or sale or at other prices. Information about the trade and settlement dates, as well as the purchase price, for a remarketing or other resale transaction will be provided to the purchaser in a separate confirmation of sale. Notes that may be resold in remarketing and other resale transactions include notes that we may issue in the future as well as notes we have previously issued.

The agents and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the agents and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the agents and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The agents and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In the ordinary course of their respective businesses, certain of the agents and dealers or their affiliates and associates may engage in commercial banking, investment banking and/or other financial service transactions with us and our affiliates. In addition, BNY Mellon Capital Markets, LLC is an affiliate of the trustee for the notes.

SMBC Nikko Capital Markets Limited is not a U.S. registered broker-dealer and, therefore, intends to participate in any offering outside of the United States and, to the extent that the offering is within the United States, as facilitated by an affiliated U.S. registered broker-dealer, SMBC Nikko Securities America, Inc. (SMBC Nikko-SI), as permitted under applicable law. To that end, SMBC Nikko Capital Markets Limited and SMBC Nikko-SI have entered into an agreement pursuant to which SMBC Nikko-SI provides certain advisory and/or other services with respect to any offering. In return for the provision of such services by SMBC Nikko-SI, SMBC Nikko Capital Markets Limited will pay to SMBC Nikko-SI a mutually-agreed fee.

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SETTLEMENT

Settlement will be made in immediately available funds, generally three business days after the trade date. However, settlement may occur on a different date.

VALIDITY OF THE NOTES

Unless otherwise specified in the applicable pricing supplement, the validity of the notes will be passed upon for Prudential Financial, Inc. by corporate counsel for Prudential Financial, Inc., who may be any one of Susan L. Blount, Esq., John M. Cafiero, Esq. or Brian J. Morris, Esq., and for the agents by Cleary Gottlieb Steen & Hamilton LLP. The opinion of such corporate counsel for Prudential Financial, Inc. will be based on assumptions about future actions required to be taken by Prudential Financial, Inc. and the trustee in connection with the issuance and sale of each note, about the specific terms of each note and about other matters that may affect the validity of the notes but which cannot be ascertained on the date of his or her opinion. As of the date of this prospectus supplement, each such corporate counsel for Prudential Financial, Inc. owned less than 1% of the common stock of Prudential Financial, Inc. Cleary Gottlieb Steen & Hamilton LLP regularly provides legal services to us and our subsidiaries.

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PROSPECTUS

Prudential Financial, Inc.

Senior Debt Securities

Subordinated Debt Securities

Preferred Stock

Depository Shares

Common Stock

Warrants

Stock Purchase Contracts

Units

Prudential Financial Capital Trust II

Prudential Financial Capital Trust III

Preferred Securities

guaranteed by Prudential Financial, Inc.

to the extent set forth in this prospectus

We or either of the trusts named above may offer these securities, or any combination thereof, from time to time in amounts, at prices and on other terms to be determined at the time of the offering. We or either of the trusts named above may sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. In addition, selling securityholders may sell these securities, from time to time, on terms described in the applicable prospectus supplement.

This prospectus describes some of the general terms that may apply to these securities and the general manner in which they may be offered. The specific terms of any securities to be offered, and the specific manner in which they may be offered, will be described in a supplement to this prospectus.

Prudential Financial, Inc.'s common stock, other than the Class B Stock, is listed on the New York Stock Exchange under the symbol PRU . There is no established public trading market for Prudential Financial, Inc.'s Class B Stock.

Investing in the securities involves risks. See the section entitled Risk Factors beginning on page 2 and, if applicable, any risk factors described in any accompanying prospectus supplement or in our Securities and Exchange Commission filings that are incorporated by reference into this prospectus.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

This prospectus and applicable prospectus supplement may be used in the initial sale of the securities or in resales by selling securityholders. In addition, Prudential Financial, Inc., either of the trusts named above or any of their respective affiliates may use this prospectus and the applicable prospectus supplement in a remarketing or other resale transaction involving the securities after their initial sale. These transactions may be executed at negotiated prices that are related to market prices at the time of purchase or sale, or at other prices, as determined from time to time.

Prospectus dated March 9, 2012.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, which we refer to as the SEC, utilizing a shelf registration or continuous offering process. Under this shelf registration or continuous offering process, we or the trusts may sell any combination of the securities described in this prospectus in one or more offerings.

This prospectus describes some of the general terms that may apply to the securities that we or the trusts may offer and the general manner in which the securities may be offered. Each time we or the trusts sell securities, we or the trusts will provide a prospectus supplement containing specific information about the terms of the securities being offered and the manner in which they may be offered. We and any underwriter or agent that we may from time to time retain may also provide you with other information relating to an offering, which we refer to as other offering material. A prospectus supplement or any such other offering material provided to you may include a discussion of any risk factors or other special considerations applicable to those securities or to us and may also include, if applicable, a discussion of material United States federal income tax considerations and considerations under the Employee Retirement Income Security Act of 1974, as amended, which we refer to as ERISA. A prospectus supplement or such other offering material may also add, update or change information in this prospectus. If there is any inconsistency between the information in this prospectus and the applicable prospectus supplement or other offering material, you must rely on the information in the prospectus supplement or other offering material. Throughout this prospectus, where we indicate that information may be supplemented in an applicable prospectus supplement or supplements, that information may also be supplemented in other offering material provided to you. You should read this prospectus and any prospectus supplement or other offering material together with additional information described under the heading Where You Can Find More Information.

The registration statement containing this prospectus, including exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The registration statement can be read at the SEC's web site or at the SEC's public reference room mentioned under the heading Where You Can Find More Information.

We are responsible for the information provided in this prospectus and in the applicable prospectus supplement, including the information incorporated by reference, and in other offering material, if any, provided by us or any underwriter or agent that we may from time to time retain. Reference to a prospectus supplement means the prospectus supplement describing the specific terms of the securities you purchase. The terms used in your prospectus supplement will have the meanings described in this prospectus, unless otherwise specified. Neither we nor the trusts, nor any underwriters or agents that we may from time to time retain, have authorized anyone to provide you with different information and we take no responsibility for any other information that others may give you. Neither we nor the trusts are offering the securities in any jurisdiction where the offer is prohibited. You should not assume that the information in this prospectus, any prospectus supplement, any document incorporated by reference, or any other offering material is truthful or complete at any date other than the date mentioned on the cover page of these documents.

We or the trusts may sell securities to underwriters who will sell the securities to the public on terms fixed at the time of sale. In addition, the securities may be sold by us or the trusts directly or through dealers or agents designated from time to time. If we or the trusts, directly or through agents, solicit offers to purchase the securities, we and the trusts reserve the sole right to accept and, together with any agents, to reject, in whole or in part, any of those offers. In addition, selling securityholders may sell securities on terms described in the applicable prospectus supplement.

Any prospectus supplement will contain the names of the underwriters, dealers or agents, if any, together with the terms of offering, the compensation of those underwriters and the net proceeds to us. Any underwriters, dealers or agents participating in the offering may be deemed underwriters within the meaning of the Securities Act of 1933, as amended, which we refer to as the Securities Act.

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References in this prospectus to the Company, Prudential Financial, Inc., Prudential Financial, we, us or our refer to Prudential Financial, only and do not include its consolidated subsidiaries.

Unless otherwise stated, currency amounts in this prospectus and any prospectus supplement are stated in United States dollars, or \$.

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RISK FACTORS

Investing in the securities described herein involves risk. We urge you to carefully consider the risk factors described in our filings with the SEC that are incorporated by reference in this prospectus and, if applicable, in any prospectus supplement, pricing supplement or free writing prospectus used in connection with an offering of our securities, as well as the information relating to us identified herein in Note Regarding Forward-Looking Statements and Certain Risks, before making an investment decision. Although we discuss key risks in our risk factor descriptions, new risks may emerge in the future, which may prove to be important. Our subsequent filings with the SEC may contain amended and updated discussions of significant risks. We cannot predict future risks or estimate the extent to which they may affect our financial performance.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our Common Stock is traded on the New York Stock Exchange under the symbol PRU. You may inspect the reports, proxy statements and other information concerning us at the offices of the New York Stock Exchange, 11 Wall Street, New York, New York 10005.

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. Information furnished under the applicable items of our Current Reports on Form 8-K is not incorporated by reference in this registration statement and prospectus, unless specifically stated in a prospectus supplement. We incorporate by reference the documents listed below and filings that we will make after the date of filing the initial registration statement and prior to the effectiveness of the registration statement, and any future filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act :

Annual Report on Form 10-K for the year ended December 31, 2011;

Definitive proxy statement filed on March 22, 2011, pursuant to Section 14 of the Exchange Act;

Definitive additional materials filed on April 29, 2011 pursuant to Section 14 of the Exchange Act; and

Current Reports on Form 8-K filed on May 11, 2011, October 12, 2011, January 13, 2012 and February 15, 2012.

You may request a copy of these filings at no cost, by writing or telephoning us at the following address:

Corporate Secretary

Prudential Financial, Inc.

751 Broad Street

Newark, New Jersey 07102

(973) 802-6000

We have not included or incorporated by reference in this prospectus any separate financial statements of the trusts. We do not believe that these financial statements would provide holders of preferred securities with any important information for the following reasons:

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we will own all of the voting securities of the trusts;

the trusts do not and will not have any independent operations other than to issue securities and to purchase and hold our debt securities; and

we are fully and unconditionally guaranteeing the obligations of the trusts as described in this prospectus.

We do not expect that the trusts will be required to file information with the SEC on an ongoing basis, for as long as we continue to file our information with the SEC.

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NOTE REGARDING FORWARD-LOOKING STATEMENTS AND CERTAIN RISKS

Certain of the statements included in this prospectus may constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as expects, believes, anticipates, includes, plans, assumes, estimates, projects, should, will, shall or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management's current expectations and beliefs concerning future developments and their potential effects upon Prudential Financial, Inc. and its subsidiaries. There can be no assurance that future developments affecting Prudential Financial, Inc. and its subsidiaries will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including, among others:

general economic, market and political conditions, including the performance and fluctuations of fixed income, equity, real estate and other financial markets;

the availability and cost of additional debt or equity capital or external financing for our operations;

interest rate fluctuations or prolonged periods of low interest rates;

the degree to which we choose not to hedge risks, or the potential ineffectiveness or insufficiency of hedging or risk management strategies we do implement, with regard to variable annuity or other product guarantees;

any inability to access our credit facilities;

reestimates of our reserves for future policy benefits and claims;

differences between actual experience regarding mortality, morbidity, persistency, surrender experience, interest rates or market returns and the assumptions we use in pricing our products, establishing liabilities and reserves or for other purposes;

changes in our assumptions related to deferred policy acquisition costs, value of business acquired or goodwill;

changes in assumptions for retirement expense;

changes in our financial strength or credit ratings;

statutory reserve requirements associated with term and universal life insurance policies under Regulation XXX and Guideline AXXX;

investment losses, defaults and counterparty non-performance;

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competition in our product lines and for personnel;

difficulties in marketing and distributing products through current or future distribution channels;

changes in tax law;

economic, political, currency and other risks relating to our international operations;

fluctuations in foreign currency exchange rates and foreign securities markets;

regulatory or legislative changes, including the Dodd-Frank Wall Street Reform and Consumer Protection Act;

inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others;

adverse determinations in litigation or regulatory matters and our exposure to contingent liabilities, including in connection with our divestiture or winding down of businesses;

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domestic or international military actions, natural or man-made disasters including terrorist activities or pandemic disease, or other events resulting in catastrophic loss of life;

ineffectiveness of risk management policies and procedures in identifying, monitoring and managing risks;

effects of acquisitions, divestitures and restructurings, including possible difficulties in integrating and realizing the projected results of acquisitions, including risks associated with the acquisition of certain insurance operations in Japan;

interruption in telecommunication, information technology or other operational systems or failure to maintain the security, confidentiality or privacy of sensitive data on such systems;

changes in statutory or U.S. GAAP accounting principles, practices or policies;

Prudential Financial, Inc.'s primary reliance, as a holding company, on dividends or distributions from its subsidiaries to meet debt payment obligations and the ability of the subsidiaries to pay such dividends or distributions in light of our ratings objectives and/or applicable regulatory restrictions; and

risks due to the lack of legal separation between our Financial Services Businesses and our Closed Block Business.

Prudential Financial, Inc. does not intend, and is under no obligation, to update any particular forward-looking statement included in this document.

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PRUDENTIAL FINANCIAL, INC.

Business

Prudential Financial, Inc., a financial services leader with approximately \$901 billion of assets under management as of December 31, 2011, has operations in the United States, Asia, Europe and Latin America. Through our subsidiaries and affiliates, we offer a wide array of financial products and services, including life insurance, annuities, retirement-related services, mutual funds and investment management. We offer these products and services to individual and institutional customers through proprietary and third party distribution networks.

We are a holding company, and our principal asset is investments in subsidiaries. As a holding company, the principal sources of funds available to meet our obligations are dividends, returns of capital, loans or advances, or other intercompany transfers of funds from our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due under our obligations or to make any funds available for such payment. Because we are principally a holding company, our right to participate in any distribution of assets of any of our subsidiaries, including The Prudential Insurance Company of America, upon the subsidiary's liquidation or reorganization or otherwise, is subject to the prior claims of its creditors, except to the extent we may be recognized as a creditor of that subsidiary. Accordingly, our obligations under the debt securities will be effectively subordinated to all existing and future indebtedness and liabilities of our subsidiaries, including liabilities under contracts of insurance and annuities written by our insurance subsidiaries, and you, as holders of debt securities, should look only to our assets for payment thereunder.

Prudential Financial has two classes of common stock outstanding: our Class A Common Stock, which we refer to as our Common Stock in this prospectus and which began trading on December 13, 2001 on the New York Stock Exchange under the symbol PRU, reflects the performance of the Financial Services Businesses, while our Class B Stock, which was issued through a private placement and does not trade on any exchange, reflects the performance of the Closed Block Business. On December 18, 2001, our date of demutualization, The Prudential Insurance Company of America converted from a mutual life insurance company owned by its policyholders to a stock life insurance company and became an indirect, wholly owned subsidiary of Prudential Financial.

We are incorporated under the laws of the State of New Jersey.

Our Executive Offices

Our registered office and principal executive offices are located at 751 Broad Street, Newark, New Jersey 07102. Our telephone number is (973) 802-6000.

PRUDENTIAL FINANCIAL CAPITAL TRUSTS

Prudential Financial Capital Trust II and Prudential Financial Capital Trust III are statutory trusts created under Delaware law. Each trust exists only for the purposes of:

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issuing the preferred securities, which represent preferred undivided beneficial ownership interests in each trust's assets;

issuing the common securities, which represent common undivided beneficial ownership interests in each trust's assets, to us;

using the proceeds from the issuances to purchase one or more series of securities issued by us, including senior debt securities, subordinated debt securities and warrants;

maintaining each trust's status as a grantor trust for federal income tax purposes; and

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engaging in only those other activities necessary, advisable or incidental to these purposes, such as registering the transfer of preferred securities.

Any senior or subordinated, convertible or non-convertible, debt securities or any warrants that we sell to each trust will be its sole assets, and, accordingly, payments under those securities will be its sole revenues and such trust's ability to distribute shares of our Common Stock or other securities upon conversion of the preferred securities, if convertible, will depend solely on our performance under the warrants sold by us to such trust.

We will acquire and own all of the common securities of each trust. The common securities will rank equally with, and payments will be made on the common securities *pro rata* with, the preferred securities, except that upon an event of default under the amended and restated declaration of trust resulting from an event of default under the senior or subordinated debt securities, our rights as holder of the common securities to distributions and payments upon liquidation or redemption will be subordinated to the rights of the holders of the preferred securities. We will guarantee distributions on the preferred and the common securities to the extent of available trust funds. See Effect of Obligations Under the Debt Securities and the Trust Guarantees .

Each trust will dissolve on a date certain, but may dissolve earlier, in either case, as provided in its respective amended and restated declaration of trust. Each trust's business and affairs are conducted by the trustees. The trustees for the trusts are The Bank of New York Mellon, a New York banking corporation, as successor to JPMorgan Chase Bank, N.A., as property trustee, BNY Mellon Trust of Delaware, a Delaware corporation, as successor to Chase Bank USA, N.A., as the Delaware trustee, and three regular trustees or administrative trustees who are officers of us. The Bank of New York Mellon, as property trustee, acts as sole indenture trustee under each declaration of trust, and also acts as guarantee trustee under the guarantees and as indenture trustee under the senior and subordinated debt indentures. The duties and obligations of each trustee are governed by the amended and restated declaration of trust for each trust.

As issuer of the debt securities to be purchased by each trust and as sponsor of each trust, we will pay all fees, expenses, debts and obligations (other than the payment of distributions and other payments on the preferred securities) related to each trust and any offering of each trust's preferred securities and will pay, directly or indirectly, all ongoing costs, expenses and liabilities of each trust. The registered offices of the trusts in Delaware are c/o BNY Mellon Trust of Delaware, 100 White Clay Center, Suite 102, Newark, Delaware 19711, and their telephone number is (302) 283-8905.

The accounting treatment of the trusts will be specified in the applicable prospectus supplement.

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USE OF PROCEEDS

We intend to use the net proceeds from the sale or resale of the securities referenced in this prospectus for (a) general corporate purposes, which may include, among other things, working capital, contributions of capital or loans to our insurance underwriting and other subsidiaries, capital expenditures, the repurchase of shares of Common Stock, the repayment of short-term borrowings or other debt or acquisitions, or (b) any other purpose disclosed in the applicable prospectus supplement or pricing supplement. Unless otherwise indicated in an accompanying prospectus supplement or pricing supplement, the trusts will use all proceeds received from the sale of their preferred securities to purchase our senior or subordinated debt securities.

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DESCRIPTION OF DEBT SECURITIES WE MAY OFFER

The following briefly summarizes some provisions of our senior debt indenture and our subordinated debt indenture that would be important to holders of debt securities. The following description may not be complete, may be supplemented in prospectus supplements, and is subject to, and qualified in its entirety by reference to, the terms and provisions of our senior debt indenture and our subordinated debt indenture that are exhibits to the registration statement that contains this prospectus.

Overview

We may issue senior or subordinated debt securities. Neither the senior debt securities nor the subordinated debt securities will be secured by any of our property or assets. Thus, by owning a debt security, you are one of our unsecured creditors.

The senior debt securities will constitute part of our senior debt, will be issued under a senior debt indenture described below and will rank equally with all of our other unsecured and unsubordinated obligations.

The subordinated debt securities will constitute part of our subordinated debt, will be issued under a subordinated debt indenture described below and will be subordinate in right of payment to all of our senior indebtedness, as defined in the subordinated debt indenture. Neither indenture limits our ability to incur additional senior indebtedness.

In this prospectus, debt securities refers to both the senior debt securities and the subordinated debt securities.

We are a Holding Company

Because we are a holding company, our right to participate in any distribution of assets of any of our subsidiaries, including The Prudential Insurance Company of America, upon the subsidiary's liquidation or reorganization or otherwise, is subject to the prior claims of its creditors, except to the extent we may be recognized as a creditor of that subsidiary. Accordingly, our obligations under the debt securities will be effectively subordinated to all existing and future indebtedness and liabilities of our subsidiaries, including liabilities under contracts of insurance and annuities written by our insurance subsidiaries, and you, as holders of debt securities, should look only to our assets for payment thereunder.

Indentures and Trustees

Our senior debt securities and our subordinated debt securities each are governed by a document called an indenture—the senior debt indenture, in the case of the senior debt securities, and the subordinated debt indenture, in the case of the subordinated debt securities. The senior debt indenture is a contract between us and The Bank of New York Mellon, as successor to JPMorgan Chase Bank, N.A., which acts as trustee. The

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subordinated debt indenture is a contract between us and The Bank of New York Mellon (formerly known as The Bank of New York), which acts as trustee. The indentures are substantially identical, except for the covenant described below under Restrictive Covenants Limitation on Liens and Other Encumbrances on Voting Stock of Designated Subsidiary , which is included only in the senior debt indenture, and the event of default described below relating to sinking fund obligations and the provisions relating to subordination, which are included only in the subordinated debt indenture.

Reference to the indenture or the trustee with respect to any debt securities means the indenture under which those debt securities are issued and the trustee under that indenture.

The trustee has two main roles:

First, the trustee can enforce your rights against us if we default on our obligations under the terms of the applicable indenture or the debt securities. There are some limitations on the extent to which the

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trustee acts on your behalf, described later under [Default and Related Matters](#) [Events of Default](#) [Remedies if an Event of Default Occurs](#) ; and

Second, the trustee performs administrative duties for us, such as sending you interest payments, transferring your debt securities to a new holder if you sell them and sending you notices.

The indentures and their associated documents contain the full legal text of the matters described in this section. A copy of the senior debt indenture, the second and third supplemental indentures to the senior debt indenture and the subordinated debt indenture appear as exhibits to our registration statement. See [Where You Can Find More Information](#) for information on how to obtain a copy.

Different Series of Debt Securities

We may issue as many distinct series of debt securities under either indenture as we wish. The provisions of each indenture allow us not only to issue debt securities with terms different from those of debt securities previously issued under that indenture, but also to reopen a previously issued series of debt securities and issue additional debt securities of that series. This section summarizes the material terms of the debt securities that are common to all series, although the prospectus supplement which describes the terms of each series of debt securities will also describe any differences with the material terms summarized here.

Because this section is a summary, it does not describe every aspect of the debt securities. This summary is subject to and qualified in its entirety by reference to all the provisions of the indentures, including definitions of some of the terms used in the indentures. We discuss only the more important terms in this prospectus. Whenever we refer to the defined terms of the indentures in this prospectus or in a prospectus supplement, those defined terms are incorporated by reference here or in the prospectus supplement. You must look to the indentures for the most complete description of what we describe in summary form in this prospectus.

This summary also is subject to and qualified by reference to the description of the particular terms of your series described in the prospectus supplement. Those terms may vary from the terms described in this prospectus. The prospectus supplement relating to each series of debt securities will be attached to the front of this prospectus. There may also be a further prospectus supplement, known as a pricing supplement, which contains the precise terms of debt securities you are offered.

Tax Treatment of Original Issue Discount and Other Debt Securities

The prospectus supplement relating to specific debt securities will describe the U.S. federal income tax considerations applicable to such specific debt securities. We may issue debt securities as original issue discount securities, which are securities that are offered and sold at a substantial discount to their stated principal amount and which may provide that, upon redemption or acceleration of maturity, an amount less than their principal amounts will be payable. An original issue discount debt security may be a zero-coupon debt security. A debt security issued at a discount to its principal may, for U.S. federal income tax purposes, be considered an original issue discount debt security, regardless of the amount payable upon redemption or acceleration of maturity. The prospectus supplement relating to original issue discount securities will describe U.S. federal income tax consequences and other special considerations applicable to them. We also may issue debt securities as indexed securities or securities denominated in foreign currencies, currency units or composite currencies, which may trigger special U.S. federal income tax, accounting and other consequences, all as described in more detail in the prospectus supplement relating to any of the particular debt securities.

A Prospectus Supplement Will Describe the Specific Terms of a Series of Debt Securities

The specific financial, legal and other terms particular to a series of debt securities will be described in the prospectus supplement and the pricing supplement relating to the series. The prospectus supplement relating to a series of debt securities will describe the following terms of the series:

the title of the series of debt securities;

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whether it is a series of senior debt securities or a series of subordinated debt securities;

if the series of debt securities are subordinated debt securities, whether the subordination provisions summarized below or different subordination provisions will apply;

the aggregate principal amount of the series of debt securities and any limit thereon;

the person to whom interest on a debt security is payable, if that person is not a holder on the regular record date;

the date or dates on which the series of debt securities will mature;

the price at which we originally issue your debt security, expressed as a percentage of the principal amount, and the original issue date;

the rate or rates, which may be fixed, variable or indexed, per annum at which the series of debt securities will bear interest, if any, and the date or dates from which that interest, if any, will accrue;

the place or places where the principal of (and premium, if any) and interest on the debt securities is payable;

the dates on which interest, if any, on the series of debt securities will be payable and the regular record dates for the interest payment dates;

if the series of debt securities are subordinated debt securities, the right, if any, to defer payment of interest or extend the interest payment periods and the duration of any such deferral or extension period, including the maximum consecutive period during which interest payment periods may be extended;

any mandatory or optional sinking funds or analogous provisions or provisions for redemption at our option or the option of the holder;

the date, if any, on or after which and the price or prices at which the series of debt securities may, in accordance with any optional or mandatory redemption provisions, be redeemed and the other detailed terms and provisions of those optional or mandatory redemption provisions, if any;

if the debt securities may be converted into or exercised or exchanged for our Common Stock or preferred stock or any other of our securities, or of securities of any third party, the terms on which conversion, exercise or exchange may occur, including whether conversion, exercise or exchange is mandatory, at the option of the holder or at our option, the date on or the period during which conversion, exercise or exchange may occur, the initial conversion, exercise or exchange price or rate and the circumstances or manner in which the amount of Common Stock or preferred stock or such other securities issuable upon conversion, exercise or exchange may be adjusted;

whether the debt securities are subject to mandatory or optional remarketing or other mandatory or optional resale provisions, and, if applicable, the date or period during which a resale may occur, any conditions to the resale and any right of a holder to substitute securities for the securities subject to resale;

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the denominations in which the series of debt securities will be issuable, including if other than in denominations of \$1,000 and any integral multiple thereof;

if other than the principal amount thereof, the portion of the principal amount of the series of debt securities which will be payable upon the declaration of acceleration of the maturity of that series of debt securities;

the currency or currencies, including currency units or composite currencies, of payment of principal, premium, if any, and interest on the series of debt securities and any special considerations relating to that currency or those currencies;

if the currency or currencies, including currency units or composite currencies, of payment for principal, premium, if any, and interest on the series of debt securities is subject to our or a holder's election, the

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currency or currencies in which payment can be made and the period within which, and the terms and conditions upon which, the election can be made;

any index, formula or other method used to determine the amount of payment of principal or premium, if any, and interest, if any, on the series of debt securities;

the applicability of the provisions described below under Restrictive Covenants and Defeasance ;

any event of default under the series of debt securities if different from those described below under Default and Related Matters Events of Default What Is an Event of Default? ;

if the series of debt securities will be issuable only in the form of a global security, as described below under Legal Ownership Global Securities , the depository or its nominee with respect to the series of debt securities and the circumstances under which the global security may be registered for transfer or exchange in the name of a person other than the depository or its nominee;

if applicable, a discussion of U.S. federal income tax considerations applicable to specific debt securities;

any proposed listing of the series of debt securities on any securities exchange; and

any other special feature of the series of debt securities.

Those terms may vary from the terms described here. Accordingly, this summary also is subject to and qualified by reference to the description of the terms of the series described in the applicable prospectus supplement.

Legal Ownership

Street Name and Other Indirect Holders

We generally will not recognize investors who hold debt securities in accounts at banks or brokers in street name as legal holders of debt securities. Instead, we would recognize only the bank or broker, or the financial institution the bank or broker uses to hold its debt securities. These intermediary banks, brokers and other financial institutions pass along principal, interest and other payments on the debt securities, either because they agree to do so in their customer agreements or because they are legally required to do so. If you hold debt securities in street name, you are responsible for checking with your own institution to find out:

how it handles securities payments and notices;

how it would handle a request for the holders consent if ever required;

whether it imposes fees or charges;

how it would handle voting if ever required;

whether and how you can instruct it to send you debt securities registered in your own name so you can be a direct holder as described below; and

how it would pursue rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests.

Direct Holders

Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, run only to persons or entities who are the direct holders of debt securities, which means those who are registered as holders of debt securities. As noted above, we will not have obligations to you if you hold in street name or through other indirect means, either because you choose to hold debt securities in that manner or

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because the debt securities are issued in the form of global securities as described below. For example, once we make payment to the registered holder, we will have no further responsibility for that payment even if that registered holder is legally required to pass the payment along to you as a street name holder but does not do so.

Global Securities

What Is a Global Security? A global security is a special type of indirectly held security, as described above under [Street Name and Other Indirect Holders](#) .

If we choose to issue debt securities in the form of global securities, the ultimate beneficial owners can only be indirect holders. We do this by requiring that the global security be registered in the name of a financial institution we select and by requiring that the debt securities included in the global security not be transferred to the name of any other direct holder unless the special circumstances described below occur. The financial institution that acts as the sole direct holder of the global security is called the depositary.

Any person wishing to own a debt security included in the global security must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with the depositary. The prospectus supplement will indicate whether your series of debt securities will be issued only in the form of global securities.

Special Investor Considerations for Global Securities. As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depositary, as well as general laws relating to securities transfers. We will not recognize this type of investor as a registered holder of debt securities and instead deal only with the depositary that holds the global security.

If you are an investor in debt securities that are issued only in the form of global securities, you should be aware that:

you cannot get debt securities registered in your own name except in certain limited circumstances as described below under [Special Situations When Global Security Will Be Terminated](#) ;

you cannot receive physical certificates for your interest in the debt securities;

you will be a street name holder and must look to your own bank or broker for payments on the debt securities and protection of your legal rights relating to the debt securities. See [Street Name and Other Indirect Holders](#) ;

you may not be able to sell interests in the debt securities to some insurance companies and other institutions that are required by law to own their securities in the form of physical certificates;

the depositary's policies will govern payments, transfers, exchange and other matters relating to your interest in the global security. We and the trustee have no responsibility for any aspect of the depositary's actions or for its records of ownership interests in the global

security. We and the trustee also do not supervise the depositary in any way; and

the depositary will require that interests in a global security be purchased or sold within its system using same-day funds for settlement.

Special Situations When Global Security Will Be Terminated. In a few special situations described below, the global security will terminate and interests in it will be exchanged for physical certificates representing debt securities. After that exchange, the choice of whether to hold debt securities directly or in street name will be up to you. You must consult your own bank or broker to find out how to have your interests in debt securities transferred to your own name, so that you will be a direct holder.

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The special situations for termination of a global security are:

when the depositary notifies us that it is unwilling, unable or no longer qualified to continue as depositary;

when we notify the trustee that we wish to terminate (subject to the procedures of the depositary) the global security; or

when an event of default on the debt securities has occurred and has not been cured.

Defaults are discussed later under **Default and Related Matters** .

The prospectus supplement may also list additional situations for terminating a global security that would apply only to the particular series of debt securities covered by the prospectus supplement. When a global security terminates, the depositary, not we or the trustee, is responsible for deciding the names of the institutions that will be the initial direct holders.

In the remainder of this description, you means direct holders and not street name or other indirect holders of debt securities. Indirect holders should read the previous subsection entitled **Street Name and Other Indirect Holders .**

Overview of the Remainder of this Description

The remainder of this description summarizes:

additional mechanics relevant to our debt securities under normal circumstances, such as how you transfer ownership and where we make payments;

your rights under several special situations, such as if we merge with another company or if we want to change a term of the debt securities;

subordination provisions in the subordinated debt indenture that may prohibit us from making payments on those securities;

a restrictive covenant contained in the senior debt indenture that restricts our ability to incur liens and other encumbrances on the common stock of some of our subsidiaries. A particular series of debt securities may have additional, fewer or different restrictive covenants;

situations in which we may invoke the provisions relating to defeasance;

your rights if we default or experience other financial difficulties;

conversion or exchange rights;

redemption; and

our relationship with the trustee.

Additional Mechanics

Form, Exchanges and Transfer of our Debt Securities

Form. The debt securities will be issued:

only in fully registered form;

without interest coupons; and

unless otherwise indicated in the applicable prospectus supplement, in denominations that are integral multiples of \$1,000.

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You may have your debt securities broken into more debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed. This is called an exchange. You may not exchange your debt securities for securities of a different series or having different terms, unless your prospectus supplement says you may.

Exchanges and Transfers. You may exchange or transfer debt securities at the office of the trustee. You may also replace lost, stolen, destroyed or mutilated debt securities at that office. The trustee acts as our agent for registering debt securities in the names of holders and transferring debt securities. We may change this appointment to another entity or perform the service ourselves. The entity performing the role of maintaining the list of registered direct holders is called the security registrar. It will also register transfers of the debt securities.

You will not be required to pay a service charge to transfer or exchange debt securities, but you may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange will only be made if the security registrar is satisfied with your proof of ownership.

If we designate additional transfer agents, they will be named in the prospectus supplement. We may cancel the designation of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If the debt securities are redeemable and we redeem less than all of the debt securities of a particular series, we may block the transfer or exchange of debt securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of debt securities selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any debt security being partially redeemed.

Payment and Paying Agents

We will pay interest to you if you are a direct holder listed in the trustee's records at the close of business on a particular day, called the regular record date, in advance of each due date for interest, even if you no longer own the debt security on the interest due date. The regular record date is usually about two weeks in advance of the interest due date and is stated in the prospectus supplement. Holders buying and selling debt securities must work out between them how to compensate for the fact that we will pay all the interest for an interest period to the one who is the registered holder on the regular record date. The most common manner is to adjust the sales price of the debt securities to prorate interest fairly between buyer and seller. This prorated interest amount is called accrued interest.

We will pay interest, principal and any other money due on the debt securities at the corporate trust office of the trustee in The City of New York. That office is currently located at 101 Barclay Street, 8W, New York, New York 10286. You must make arrangements to have your payments picked up at or wired from that office. We may also choose to pay interest by mailing checks.

If you are a street name holder or other indirect holder, you should consult your bank or your broker for information on how you will receive payments.

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We may also arrange for additional payment offices, and may cancel or change these offices, including our use of the trustee's corporate trust office. These offices are called paying agents. We may also choose to act as our own paying agent. We must notify you of changes in the paying agents for any particular series of debt securities.

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Notices

We and the trustee will send notices regarding the debt securities only to direct holders, using their addresses as listed in the trustee's records.

Unclaimed Payments

Regardless of who acts as paying agent, all money paid by us to a paying agent that remains unclaimed at the end of one year after the amount is due to direct holders will be repaid to us. After that one-year period, you may look only to us for payment and not to the trustee, any other paying agent or anyone else.

Special Situations

Mergers and Similar Events

We are generally permitted to consolidate or merge with another company or firm. We are also permitted to sell or lease substantially all of our assets to another company or firm, or to buy or lease substantially all of the assets of another company or firm. However, we may not take any of these actions unless the following conditions, among others, are met:

If we merge out of existence or sell or lease substantially all our assets, the other company or firm may not be organized under a foreign country's laws; that is, it must be a corporation, partnership or trust organized under the laws of a State of the United States or the District of Columbia or under federal law, and it must agree to be legally responsible for the debt securities.

The merger, sale of assets or other transaction must not cause a default on the debt securities, and we must not already be in default, unless the merger or other transaction would cure the default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured. A default for this purpose would also include any event that would be an event of default if the requirements for giving us notice of our default or our default having to exist for a specific period of time were disregarded.

It is possible that the merger, sale of assets or other transaction would cause some of our property to become subject to a mortgage or other legal mechanism giving lenders preferential rights in that property over other lenders, including the direct holders of the senior debt securities, or over our general creditors if we fail to pay them back. We have promised in our senior debt indenture to limit these preferential rights on voting stock of any designated subsidiary, called liens, as discussed under **Restrictive Covenants - Limitation on Liens and Other Encumbrances on Voting Stock of Designated Subsidiary**. If a merger or other transaction would create any liens on the voting stock of our designated subsidiary, we must comply with that restrictive covenant. We would do this either by deciding that the liens were permitted, or by following the requirements of the restrictive covenant to grant an equivalent or higher-ranking lien on the same voting stock to the direct holders of the senior debt securities.

Modification and Waiver

There are four types of changes we can make to either indenture and the applicable series of debt securities issued under that indenture.