

SLM CORP
Form 424B2
May 12, 2006

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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-130584

Prospectus Supplement to Prospectus dated May 5, 2006

SLM CORPORATION
Medium Term Notes, Series A
Due 9 Months or Longer From the Date of Issue

TERMS OF SALE

The following terms apply to the medium term notes that SLM Corporation may sell from time to time. The final terms for each note will be included in a pricing supplement.

They will have maturities of 9 months or longer.

They may have a fixed or floating interest rate, be zero-coupon notes, be amortizing notes, be issued with original issue discount or be notes having combinations of these features. Floating interest rates may be based on any of the following indices or on other interest rate indices or formulas specified in a pricing supplement:

CD Rate;

CMT Rate;

Commercial Paper Rate;

Consumer Price Index-Linked Rate

Federal Funds Rate;

LIBOR;

Prime Rate; and/or

91-day Treasury Bill Rate.

They will be issued in minimum denominations of \$1,000 and multiples of \$1,000 above that amount or another denomination specified in a pricing supplement.

Any floating interest rate may be adjusted by adding or subtracting a specified spread or margin or by applying a spread multiplier.

Interest will be paid monthly, quarterly, semi-annually, annually, at maturity or as otherwise set forth in a pricing supplement.

They may be issued in book-entry or in certificated form.

They may be subject to redemption at our option or repayment at the option of the holder.

They may be denominated in U.S. dollars, in a currency other than U.S. dollars or in a composite currency.

Settlement will be in immediately available funds.

We do not plan to list the notes for trading on any securities exchange unless we specify otherwise in the pricing supplement for your notes. We generally will receive between 99.100% and 99.999% of the proceeds from the sale of the notes, after paying the agents commissions of between .10 basis points and 90 basis points of the principal amount of the notes. We may pay the agents or other dealers commissions that differ from these estimated commissions. Actual commissions and fees will be determined as of the time of the pricing of the notes and will be set forth in

the pricing supplement for each note.

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

We may sell the notes to or through one or more agents or dealers, including the agents listed below. The agents are not required to sell any particular amount of the notes. The agents have agreed to use their reasonable efforts to sell the notes. We may also sell notes without the assistance of any agent.

**Banc of America Securities LLC
ABN AMRO Incorporated
Barclays Capital
BNP PARIBAS
Citigroup
Credit Suisse
Deutsche Bank Securities
Dresdner Kleinwort Wasserstein
FTN Financial Securities Corp.
Goldman, Sachs & Co.**

**HSBC
JPMorgan
Lehman Brothers
Merrill Lynch & Co.
Morgan Stanley
RBC Capital Markets
RBS Greenwich Capital
TD Securities (USA) LLC
UBS Investment Bank
Wachovia Securities**

The date of this prospectus supplement is May 5, 2006.

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You should rely only on the information incorporated by reference or contained in this prospectus supplement, the accompanying prospectus and the applicable pricing supplement. We have not authorized anyone to provide you with different information, and if you receive any unauthorized information you should not rely on it. We are not making an offer of these securities in any place where the offer is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement, the attached prospectus or any pricing supplement is accurate as of any date other than the date on the front of the applicable document.

Offers and sales of the notes are subject to restrictions in some jurisdictions. In particular, there are restrictions on the distribution of this prospectus supplement and the accompanying prospectus and the offer or sale of the notes in the European Economic Area and the United Kingdom, and details of these restrictions are set out in the section entitled "Offering Restrictions" in this prospectus supplement. The distribution of this prospectus supplement and the accompanying prospectus and the offer or sale of the notes in certain other jurisdictions may be subject to restrictions by law. Persons who come into possession of this prospectus supplement and the accompanying prospectus or any notes must inform themselves about and observe any applicable restrictions on the distribution of this prospectus supplement and the accompanying prospectus and the offer and sale of the notes.

References in this prospectus supplement and the accompanying prospectus to "we," "us," "our" and "the Company" are to SLM Corporation and its consolidated subsidiaries unless the context requires otherwise or unless we specify otherwise.

**ABOUT THIS PROSPECTUS SUPPLEMENT
AND PRICING SUPPLEMENTS**

We intend to use this prospectus supplement, together with the accompanying prospectus, to offer our Medium Term Notes, Series A, from time to time.

This prospectus supplement provides certain terms of the notes that we may offer. It supplements the description of our debt securities contained in the accompanying prospectus.

Each time we issue notes, we will file, to the extent required, an issuer free writing prospectus containing the material terms of the notes, and we will also file a pricing supplement to this prospectus supplement. The pricing supplement will contain the specific description of the notes being offered and the terms of the offering. The pricing supplement may also add, update or change information in this prospectus supplement or the accompanying prospectus. Information in the pricing supplement will replace any inconsistent information in this prospectus supplement and the accompanying prospectus, including any changes in the method of calculating interest on any note.

If your pricing supplement is inconsistent with this prospectus supplement or the accompanying prospectus, your pricing supplement will control with regard to your note. Thus, the statements we make in this prospectus supplement or in the accompanying prospectus may not apply to your note.

It is important for you to read and consider all the information contained in this prospectus supplement, the accompanying prospectus, the pricing supplement and any issuer free writing prospectus for a particular issuance of notes in making your investment decision. You should also read and consider the information in the documents we have referred you to in the section entitled "Where You Can Find More Information" in the accompanying prospectus.

SLM CORPORATION

SLM Corporation and its subsidiaries are the nation's leading private source of funding, delivery and servicing support for higher education loans for students and their parents. We are a holding company that operates through a number of subsidiaries. We were formed in 1972 as the Student Loan Marketing Association, a federally-chartered government-sponsored enterprise ("GSE"), with the goal of furthering access to higher education by acting as a secondary market for student loans. In 2004, we completed the historic privatization process that began in 1997, which resulted in the wind-down of the GSE. We completed the wind-down by defeasing the GSE's remaining debt obligations and dissolving its federal charter on December 29, 2004.

We derive most of our income from interest earnings or "spread income" from our portfolio of student loans. As we have grown our business, fee income from loan and guarantee servicing and other operations such as debt collections has become an increasingly important source of earnings.

Our principal executive offices are located at 12061 Bluemont Way, Reston, Virginia 20190, and our telephone number is (703) 810-3000.

USE OF PROCEEDS

We intend to use the net proceeds from the sales of notes to provide additional funds for our operations and for other general corporate purposes. We will receive the net proceeds only from sales of the notes made in connection with their original issuance. We do not expect to receive any proceeds from resales of the notes by any of the agents.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the five years ended December 31, 2005.

	Years ended December 31,				
	2001	2002	2003	2004	2005
Ratio of Earnings to Fixed Charges(1)	1.27	2.00	3.24	2.76	1.68

(1) For purposes of computing this ratio, earnings represent income before income tax expense plus fixed charges. Fixed charges represent interest expense plus one-third (the proportion deemed representative of the interest factor) of rents, net of income from subleases, and capitalized interest.

DESCRIPTION OF THE NOTES WE MAY OFFER

Information About Our Medium Term Note Program

Our medium term note program provides for a separate series of notes called Medium Term Notes, Series A. We have summarized various terms that apply generally to these notes in the accompanying prospectus under the caption "Description of Debt Securities." The following description supplements that description of our debt securities.

This section summarizes the material terms that will apply to each note offered under our medium term note program. Each particular note will have financial and other terms specific to it. We will describe the specific terms of each note in a pricing supplement attached to the front of this prospectus supplement. Those terms may vary from the terms described here.

As you read this section, please remember that the specific terms of your note as described in your pricing supplement will supplement and, if applicable, may modify or replace the general terms described in this section and in the accompanying prospectus. If your pricing supplement is inconsistent with this prospectus supplement or the accompanying prospectus, your pricing supplement will control with regard to your note. Thus, the statements we make in this section or in the accompanying prospectus may not apply to your note.

When we refer to your pricing supplement, we mean the pricing supplement describing the specific terms of the note you purchase. Unless we say otherwise below, the terms we use in this prospectus supplement that we also use in the accompanying prospectus have the meanings we give them in the prospectus. Similarly, the terms we use in any pricing supplement that we also use in this prospectus supplement will have the meanings we give them in this prospectus supplement, unless we say otherwise in the pricing supplement.

The Notes Will Be Issued Under an Indenture

The notes are governed by an indenture, dated as of October 1, 2000, as amended or supplemented from time to time, between us and JPMorgan Chase Bank, National Association, formerly known as JPMorgan Chase Bank and The Chase Manhattan Bank, which acts as trustee. We have filed a copy of the indenture with the Securities and Exchange Commission ("SEC"). We urge you to read the indenture and any applicable indenture supplements which we have filed or will file with the SEC because they, and not this description nor the one in the accompanying prospectus, define your rights as a holder of a note.

Under the indenture, the trustee has two main roles:

First, the trustee can enforce your rights against us if we default. However, there are limitations on the extent to which the trustee acts on your behalf, which we describe under "Description of Debt Securities Events of Default and Remedies" in the accompanying prospectus.

Second, the trustee performs administrative duties for us, such as sending you interest payments and notices.

We May Issue Other Series of Debt Securities

The indenture permits us to issue different series of debt securities from time to time. The Series A medium term notes issued from time to time will be a single, distinct series of debt securities. We may, however, issue notes in the amounts, at the times and on the terms we wish. The notes will differ from one another, and from other series, in their terms. The indenture permits there to be more than one trustee under the indenture with respect to different series of debt securities.

When we refer to the "notes", the "Series A medium term notes" or "these notes", we mean our Medium Term Notes, Series A. When we refer to a "series" of debt securities, we mean a series, such as the notes, issued under our indenture.

Amounts We May Issue

Our indenture does not limit the aggregate amount of debt securities that we may issue. Since the inception of our medium term note program in October 2001, we have issued \$30,163,350,000 of our Series A medium term notes. These notes and any notes we issue under this prospectus supplement are a single series of debt securities.

The indenture also does not limit the number of series or the aggregate amount of any particular series that we may issue. Also, after we issue notes in a particular offering, we may "re-open" that offering at any later time without the consent of existing noteholders and offer additional notes having the same terms.

We may issue our notes in the amount specified in a pricing supplement. However, we may issue additional notes in amounts that exceed that amount, without your consent and without notifying you.

The 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 indenture, except as described under "Description of Debt Securities Covenants Contained in the Indenture" in the accompanying prospectus.

How The Notes Rank Against Other Debt

The notes will not be secured by any property or assets of SLM Corporation or its subsidiaries. Thus, by owning a note, you are one of our unsecured creditors. In a bankruptcy or liquidation proceeding against us, the notes would rank equally in right of payment with all other unsecured and unsubordinated debt of SLM Corporation.

This Section is Only a Summary

Our indenture and its associated documents, including any applicable indenture supplement and your note, contain the full legal text of the matters described in this section and your pricing supplement. Our indenture, any applicable indenture supplement and the notes are governed by New York law. A copy of our indenture has been filed with the SEC as part of our registration statement. See "Where You Can Find More Information" in the accompanying prospectus for information on how to obtain a copy.

Investors should carefully read the description of the terms and provisions of our debt securities and our indenture under "Description of Debt Securities" in the accompanying prospectus. That section, together with this prospectus supplement and your pricing supplement, summarize all material terms of our indenture, any applicable indenture supplement and your note. They do not, however, describe every aspect of our indenture, any applicable indenture supplement or your note.

FEATURES COMMON TO ALL NOTES

Currency of Notes

The notes will be payable in U.S. dollars unless a pricing supplement specifies otherwise. Before you purchase any note payable in a non-U.S. dollar currency, composite currency, basket of currencies or currency unit or units, as described in the pricing supplement for those notes, you should read carefully the section entitled "Risk Factors" in that pricing supplement.

Types of Notes

We may issue the following types of notes:

FIXED RATE NOTES. A note of this type will bear interest at a fixed rate described in the pricing supplement for those notes. This type includes zero coupon notes, which bear no interest and are issued at a price lower than the principal amount.

FLOATING RATE NOTES. A note of this type will bear interest at rates that are determined by reference to a formula or an interest rate index. In some cases, the rates may also be adjusted by adding or subtracting a spread or by applying a spread multiplier and may be subject to a minimum rate or a maximum rate. The various interest rates and these other features are described below in "Interest Rates Floating Rate Notes". If your note is a floating rate note, the formula and any adjustments that apply to the interest rate will be specified in your pricing supplement.

An indexed note provides that the principal amount payable at its maturity, and/or the amount of interest payable on an interest payment date, will be determined by reference to:

one or more securities;

one or more currencies;

one or more commodities;

any other financial, economic or other measures or instruments, including the occurrence or non-occurrence of any event or circumstance; and/or

indices or baskets of any of these items.

Other Terms

Unless the pricing supplement for a note indicates otherwise, each note will have the following terms:

Each note will mature 9 months or more from the date it is issued.

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A note may be redeemed or repaid before its maturity date only if specified in the applicable pricing supplement.

The notes of each issue will be identical.

We will not deposit funds into a sinking fund before the maturity date for any note.

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The events of default and remedies described under the caption "Description of Debt Securities Events of Default and Remedies" in the accompanying prospectus will apply to the notes. The defeasance provisions of the indenture described under the caption "Description of Debt Securities Defeasance" in the accompanying prospectus may apply to the notes.

We will sell the notes in individual issues. We and each note's agent or agents will mutually agree to the interest rate, maturity date and issue date for the note. Interest rates that we offer with respect to the notes may differ depending upon, among other factors, the aggregate principal amount of notes purchased in a single transaction. We will only pay interest and principal on the notes on business days (as defined in the glossary at the end of "Interest Rates" below).

Information in the Pricing Supplement

The pricing supplement for your note will describe the following terms of your note:

the stated maturity;

the specified currency or currencies for principal and interest, if not U.S. dollars;

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

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

if your note is a fixed rate note, the annual rate at which your note will bear interest, if any, and the interest payment dates;

if your note is a floating rate note, the interest rate index, which may be one of the rates described in "Interest Rates Floating Rate Notes" below; any applicable interest rate or currency index or maturity, spread or spread multiplier or initial, maximum or minimum rate; and the reset, determination, calculation and payment dates, all of which we describe under "Interest Rates Floating Rate Notes" below;

if your note is a floating rate note, the accrual method for your note;

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;

if applicable, whether your note will be exchangeable for or payable in cash or other property;

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

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

if applicable, any conversion features;

the depository for your note, if other than The Depository Trust Company ("DTC"), and any circumstances under which you may request notes in non-global form, if we do not issue your note only in book-entry form;

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the clearance and settlement systems for your note, if other than DTC;

any risk factors specific to your notes; and

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

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Market-Making Transactions

A market-making transaction is one in which one of our agents or an affiliate of theirs resells a note that it has previously acquired from another holder. A market-making transaction in a particular note occurs after the original sale of the note. If you purchase your note in a market-making transaction, you will receive information about the price you pay and your trade and settlement dates in a separate confirmation of sale from that agent or its affiliate.

Redemption

Unless otherwise specified in the pricing supplement for your notes, the notes will not be subject to any sinking fund. Any notes or portion of any note specified in your pricing supplement as "callable" or "redeemable" or otherwise subject to redemption will be subject to redemption upon the terms and events described in that pricing supplement. Any notes or portion of any note selected for redemption may be redeemed, on a pro rata basis, upon the terms set forth in the pricing supplement for those notes, together with interest accrued to but excluding the date fixed for redemption.

We may at any time, and from time to time, purchase notes at any price or prices in the open market or otherwise, and any such purchased notes may be canceled, resold or held by us.

Form, Denomination and Legal Ownership of Notes

Unless the pricing supplement for your notes indicates otherwise, your note will be issued in registered form, without interest coupons, in any authorized denomination. Unless stated otherwise in the pricing supplement for your note, the authorized denominations will be \$1,000 and multiples of \$1,000.

Your note will be issued in book-entry form and represented by one or more master global notes in fully registered, book-entry form unless stated otherwise in the pricing supplement for your note. This means that, in most cases, actual notes or certificates will not be issued to you. Instead, one or more global securities representing all the notes will be issued to and held by DTC or its nominee. You should read the section "Description of Notes Global Securities" in the accompanying prospectus for information about, and your rights under, this type of arrangement.

Each master global note will be deposited with, or on behalf of, DTC, acting as the depository, and registered in the name of Cede & Co. ("Cede"), its nominee. Unless and until it is exchanged in whole or in part for notes in definitive form, that master global note may be transferred only in whole. Any notes intended to be distributed solely within the United States will clear and settle through the clearing systems operated by DTC. Any notes intended to be distributed both inside and outside the United States will clear and settle through clearing systems operated by DTC, Clearstream Banking, société anonyme, Luxembourg ("Clearstream"), and the Euroclear System ("Euroclear"). The pricing supplement for your notes will specify whether the notes will clear and settle through systems other than DTC.

If specified in the pricing supplement for your notes, investors may hold interests in the notes through either DTC (in the United States) or through Clearstream or Euroclear Bank S.A./N.V., as the operator (the "Euroclear Operator") of Euroclear, if they are participants in those systems, or indirectly through organizations which are participants in these systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories, which in turn will hold such interests in customers' securities accounts in the depositories' names on the books of DTC. Citibank, N.A. acts as depository for Clearstream and JPMorgan Chase Bank, National Association, formerly known as JPMorgan Chase Bank and The Chase Manhattan Bank, acts as depository for Euroclear (in these capacities, collectively, the "U.S. Depositories").

DTC

DTC advises that it is a limited-purpose trust company organized under the New York Banking Law, a member of the Federal Reserve System, a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, a "banking organization" within the meaning of the New York Banking Law and a "clearing corporation" within the meaning of the New York Uniform Commercial Code. DTC holds securities that its participants deposit with DTC. DTC also facilitates settlement of securities transactions among its participants, such as transfers and pledges in deposited securities, through electronic computerized book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates.

"Direct participants" in DTC include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations. DTC is owned by several of DTC participants and by the New York Stock Exchange, the American Stock Exchange and the National Association of Securities Dealers, Inc. The rules applicable to DTC and its participants are on file with the SEC. Access to DTC's book-entry system is also available to others, including banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Purchases of the notes under DTC's book-entry system must be made by or through direct participants, which will receive a credit for the notes on the records of DTC. The ownership interest of each actual purchaser of the notes, whom we refer to as the "beneficial owner," is in turn to be recorded on the participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the direct participants or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in the notes will be effected only through entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the notes, except in the event that use of the book-entry system for the notes is discontinued. The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to own, transfer or pledge beneficial interests in the notes.

To facilitate subsequent transfers, all global notes deposited by participants with DTC are registered in the name of DTC's partnership nominee, Cede. The deposit of the global notes with DTC and their registration in the name of Cede effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the notes; DTC's records reflect only the identity of the direct participants to whose accounts such notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

So long as DTC or its nominee is the registered owner and holder of the global notes, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the notes represented by the global notes for all purposes under the indenture. Except as provided below, beneficial owners of interests in the global notes will not be entitled to have book-entry notes represented by the notes registered in their names, will not receive or be entitled to receive physical delivery of notes in definitive form and will not be considered the owners or holders thereof under the indenture. Accordingly, each beneficial owner must rely on the procedures of DTC and, if the person is not a participant, on the procedures of the participants through which such person owns its interest, to exercise any rights of a holder under the indenture. We understand that under existing industry practices, in the event that we request any action of holders of notes or that an owner of a beneficial interest in the notes desires to give or take any action which a holder is entitled to give or take under

the indenture, DTC would authorize the participants holding the relevant beneficial interests to give or take the action, and each participant would authorize beneficial owners owning through the participant to give or to take the action or would otherwise act upon the instructions of beneficial owners. Conveyance of notices and other communications by DTC to participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Any redemption notices will be sent to Cede. If less than all of an issue of notes is being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such notes to be redeemed.

Neither DTC nor Cede will consent or vote with respect to an issue of notes. Under its usual procedures, DTC mails an omnibus proxy to us, or the trustee, as appropriate, as soon as possible after the record date. The omnibus proxy assigns Cede's consenting or voting rights to those direct participants to whose accounts the notes are credited on the record date.

Payments of principal of and interest on the notes will be made to DTC. We will send all required reports and notices solely to DTC as long as DTC is the registered holder of the global notes. Neither we, the trustee, nor any other agent of ours or agent of 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 global notes or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests. DTC's practice is to credit the accounts of the direct participants with payment in amounts proportionate to their respective holdings in principal amount of beneficial interest in a security as shown on the records of DTC, unless DTC has reason to believe that it will not receive payment on the payment date. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the participants.

Clearstream and Euroclear

Clearstream advises that it is organized under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participants and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates or other physical securities. Transactions may be settled in Clearstream in numerous currencies, including U.S. dollars. Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. In the United States, Clearstream participants are limited to securities brokers and dealers and banks, and may include the agents. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly. Clearstream is an indirect participant in DTC. Clearstream provides to Clearstream participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. Clearstream has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream and Euroclear. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute.

Euroclear advises that it was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates or other

physical securities and any risk from lack of simultaneous transfers of securities and cash. Euroclear is operated by the Euroclear Operator, under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the "Cooperative"). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries, and may include the agents. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

The Euroclear Operator is licensed by the Belgian Banking and Finance Commission and regulated by the Belgian Banking Commission.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of Euroclear, and applicable Belgian law. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the terms and conditions only on behalf of Euroclear participants, and has no record of or relationship with persons holding through Euroclear participants.

Distributions with respect to the notes held by beneficial owners through Clearstream or Euroclear will be credited to the cash accounts of Clearstream or Euroclear participants in accordance with the terms and conditions, to the extent received by the U.S. depository for Clearstream or Euroclear. Those distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations. Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a noteholder under the indenture on behalf of a Clearstream participant or Euroclear participant only in accordance with the relevant rules and procedures and subject to the relevant depository's ability to effect such actions on its behalf through DTC.

Global Clearance and Settlement Procedures

Initial settlement for the notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's applicable rules and operating procedures and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Because of time-zone differences, credits of interests in the notes received in Clearstream or Euroclear as a result of a transaction with a depository participant will be made during subsequent securities settlement processing and will be credited the business day following the DTC settlement date. Such credits or any transactions involving interests in those notes settled during such processing will be reported to the relevant Euroclear or Clearstream participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of interests in the notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

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Cross-market transfers between persons holding notes directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream or Euroclear participants, on the other, will be effected in DTC's system in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the notes to or receiving interests in the notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to DTC.

We understand that DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the notes among participants of DTC, Clearstream and Euroclear. They are under no obligation to perform or continue to perform these procedures, and these procedures or any similar ones may be discontinued at any time.

The information in this section concerning DTC, Clearstream and Euroclear and their respective systems and procedures has been obtained from sources that we believe are reliable. However, neither we nor any agent takes any responsibility for the accuracy of this information.

Interest Rates

General

This subsection describes the different kinds of interest rates that may apply to your note if it bears interest. We have provided a glossary at the end of this section to define specific terms used in this prospectus supplement. These terms appear in bold, italicized type the first time they are used.

We will pay interest on the ***Interest Payment Dates*** to registered holders of notes on the applicable ***Record Date***. Cede will be the initial registered holder of the global notes. See "Description of Notes - Global Securities" in the accompanying prospectus. We will pay interest due on a redemption date or maturity date to the same person to whom we are paying the principal amount. However, if we would have made a regular interest payment on the redemption date or maturity date, we will make that regular interest payment to the registered holder as of the applicable record date, even if it is not the same person to whom we are paying the principal amount.

Fixed Rate Notes

Fixed rate notes will bear interest at the fixed interest rate specified in the pricing supplement for those notes.

If an interest payment date (or maturity, redemption or repayment date) for any fixed rate note falls on a day that is not a ***Business Day***, we will pay the interest (or interest, principal and premium, if any) on the next business day. No interest will accrue on that payment for the period from and after the original interest payment date (or maturity, redemption or repayment date) to the date we make the payment. Unless the pricing supplement for the fixed rate note states otherwise, we will calculate the interest based on a 360-day year consisting of twelve 30-day months.

Floating Rate Notes

General Information. Each floating rate note will bear interest based on the interest rate basis or index specified in the pricing supplement for those notes. Unless we state otherwise in the applicable pricing supplement, we will be the **Calculation Agent** that calculates the interest on floating rate notes.

Each floating rate note will have the following terms, which will be set forth in the applicable pricing supplement for that note:

the interest rate index to be used to determine the note's interest rate;

the **Index Maturity**, which is the period to maturity of the instrument or obligation on which the interest rate formula is based (for example, if the applicable pricing supplement for a note specifies LIBOR as the interest rate index and three months as the index maturity, we would pay interest on the note based on LIBOR for three-month deposits for the index currency), if applicable;

the frequency of changes of the interest rate on the note (i.e., daily, weekly, monthly, quarterly, semi-annually or annually);

the **Interest Determination Dates**, which are the dates as of which the calculation agent will determine the new interest rate; and

the **Reset Dates**, which are the dates on which the interest rate will change.

Each floating rate note may also have the following terms, which will be set forth in the pricing supplement for that note, if applicable:

the **Spread**, which is the number of basis points that the calculation agent will add to or subtract from the interest rate index on a particular interest determination date;

the **Calculation Dates**, which are the dates by which the calculation agent calculates the interest rates for a floating rate note; and

any **Maximum Interest Rate** or **Minimum Interest Rate**.

Calculation of Interest. Unless otherwise set forth in this prospectus supplement or a pricing supplement for a particular type of note, the calculation agent will round all percentages resulting from any interest rate calculations to the nearest one hundred-thousandth of a percentage point, if necessary, with five millionths of a percentage point rounded upward (for example, the calculation agent will round 3.123445% to 3.12345%). The calculation agent will also round all U.S. dollar amounts used in or resulting from such calculations to the nearest cent (with one-half cent being rounded upward).

We may reset the interest rate on your floating rate notes on a daily, weekly, monthly, quarterly, semi-annual, annual or on some other basis specified in the applicable pricing supplement. If you own a floating rate note, you may ask the calculation agent to provide you with the current interest rate at any time. You may also ask the calculation agent to provide you with the interest rate that will apply as of the next reset date if the calculation agent has determined the rate at the time of your request. The calculation agent's determination of any interest rate will be final and binding unless it is clearly wrong. Unless we state otherwise in the pricing supplement for particular notes, we will be the calculation agent and will calculate the interest rate and the interest due on floating rate notes.

Payments on Floating Rate Notes. If any maturity date or redemption date falls on a day that is not a business day, we will make the required payment of principal, premium, if any, or interest on the next business day as if made on the date the payment was due. No interest will accrue on that payment for the period from and after the maturity date or redemption date to the date of payment.

If an interest payment date for any floating rate note (but not the maturity date or the redemption date) falls on a day that is not a business day, the interest period end date will be adjusted and we will make the required payment of interest on the next business day. Interest will accrue on that payment for the period from the scheduled interest payment date to the date of payment except where the interest rate on your notes is based upon the 91-day Treasury bill rate. Unless the pricing supplement for your notes indicates otherwise, if the interest rate on your notes is based upon the 91-day Treasury bill rate, there will be no adjustment to the interest payment dates and interest will be paid on the next business day as if made on the date the payment was due. In all cases, an interest payment date that falls on a maturity date will not be changed.

Accrual Methods. The pricing supplement for your note will specify the accrual method for interest. It may also incorporate one or more of the following terms:

"30/360" means that interest or any other relevant factor shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

"Actual/360" means that interest or any other relevant factor shall be calculated on the basis of the actual number of days elapsed in a year of 360 days.

"Actual/365 (Fixed)" means that interest or any other relevant factor shall be calculated on the basis of the actual number of days elapsed in a year of 365 days, regardless of whether accrual or payment occurs during a leap year.

"Actual/Actual (accrual basis)" means that interest or any other relevant factor shall be calculated on the basis of the actual number of days elapsed in a year of 365 days, or 366 days for every day in a leap year.

"Actual/Actual (payment basis)" means that interest or any other relevant factor shall be calculated on the basis of the actual number of days elapsed in a year of 365 days, or 366 days for every day in an interest period ending in a leap year.

Accrued Interest Factors. For notes where the related pricing supplement specifies an Accrued Interest Factor, accrued interest from and including the **Closing Date** or the last date through which interest has been paid to but excluding the current date, is calculated by multiplying the principal amount of notes by an accrued interest factor. This factor is calculated by adding the interest rates applicable to each day on which the notes have been outstanding since the closing date or the last date through which interest has been paid and dividing the sum by 365, or by 366 where applicable, and rounding the resulting number to nine decimal places.

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The following table sets forth the accrued interest factors that would have been applicable to any note bearing interest at the indicated rates, assuming a 365-day or a 366-day year, as applicable:

Accrued Interest Factors 365-Day Assumption

Settlement Date	Days Outstanding	Assumed Interest Rate on the Notes	Accrued Interest Receivable Factor
1st	0	5.50000%	0.000000000
2nd	1	5.50000	0.000150685
3rd	2	5.50000	0.000301370
4th	3	5.50000	0.000452055
5th (first rate adjustment)	4	5.65000	0.000602740
6th	5	5.65000	0.000753425
7th	6	5.65000	0.000912329
8th	7	5.65000	0.001067123
9th	8	5.65000	0.001221918
10th	9	5.65000	0.001376712

Accrued Interest Factors 366-Day Assumption

Settlement Date	Days Outstanding	Assumed Interest Rate on the Notes	Accrued Interest Receivable Factor
1st	0	5.00000%	0.000000000
2nd	1	5.00000	0.000136612
3rd	2	5.00000	0.000273224
4th	3	5.00000	0.000409836
5th (first rate adjustment)	4	5.15000	0.000546448
6th	5	5.15000	0.000687158
7th	6	5.15000	0.000827869
8th	7	5.15000	0.000968579
9th	8	5.15000	0.001109290
10th	9	5.15000	0.001250000

The numbers in this table are examples given for informational purposes only and are in no way a prediction of interest on any notes that will be issued.

Lock-in Periods. Any floating rate note may have a **Lock-in Period**. For the period from and including the day specified as the first day of a lock-in period to but excluding the next interest payment date (or, for the final interest period, the maturity date or date set for redemption or repayment), the interest rate in effect on that lock-in period start date will be the rate in effect for the remainder of that interest period.

Indices. The following describes the most common interest rate indices that we may use and the procedures to determine interest rates for the notes based on each index.

CD Rate. Unless otherwise specified in the pricing supplement, the "**CD Rate**" for any relevant interest determination date will be the rate on that date for negotiable certificates of deposit having the index maturity specified in the related pricing supplement, as published in **H.15(519)** prior to 3:00 p.m., New York City time, on the calculation date pertaining to that interest determination date under the heading "CDs (Secondary Market)".

The calculation agent will observe the following procedures if the CD Rate cannot be determined as described above:

If the rate described above is not published in H.15(519) by 3:00 p.m., New York City time, on that calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the CD Rate will be the rate on the relevant interest determination date for negotiable certificates of deposit of the index maturity designated in your pricing supplement as set forth in *H.15 Daily Update* or another recognized electronic source for displaying such rate for that day under the caption "CDs (Secondary Market)" in respect of certificates of deposit having the index maturity specified in your pricing supplement.

If the rate described above is not published in H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on that calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the calculation agent will determine the CD Rate to be the average of the secondary market offered rates as of 10:00 a.m., New York City time, on the relevant interest determination date, quoted by three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City for negotiable certificates of deposit of major United States money-center banks with a remaining maturity closest to the index maturity designated in the pricing supplement in an amount that is representative for a single transaction in that market at that time. The calculation agent will select the three dealers referred to above.

If fewer than three dealers are quoting rates as described above, the CD Rate will remain the CD Rate then in effect on that interest determination date. If the initial rate listed in the pricing supplement for your notes has been in effect for the prior interest period, it will remain in effect for the new interest period.

CMT Rate. Unless otherwise specified in the pricing supplement for your notes, the "**CMT Rate**" for any relevant interest determination date will be the rate displayed on the *Designated CMT Telerate Page* by 3:00 p.m., New York City time, on the calculation date pertaining to that date under the caption ". . . Treasury Constant Maturities . . . Federal Reserve Board Release H.15 . . . Mondays Approximately 3:45 p.m.," under the column for the index maturity specified in the pricing supplement for:

If the Designated CMT Telerate Page is 7051, the rate on that interest determination date; or

If the Designated CMT Telerate Page is 7052, the average for the week, or the month, as specified in the related pricing supplement, ended immediately before the week in which the related interest determination date occurs.

The following procedures will apply if the CMT Rate cannot be determined as described above:

If the rate described above is not displayed on the relevant page by 3:00 p.m., New York City time on that calculation date, unless the calculation is made earlier and the rate is available from that source at that time on the calculation date, then the CMT Rate will be the Treasury constant maturity rate having the designated index maturity, as published in H.15(519) or another recognized electronic source for displaying the rate.

If the applicable rate described above is not published in H.15(519) or another recognized electronic source for displaying such rate by 3:00 p.m., New York City time on that calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the CMT Rate will be the Treasury constant maturity rate, or other United States Treasury rate, for the index maturity and with reference to the relevant interest determination date, that is published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury and that the calculation agent

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determines to be comparable to the rate formerly displayed on the Designated CMT Telerate Page and published in H.15(519).

If the rate described in the prior paragraph cannot be determined, then the calculation agent will determine the CMT Rate to be a yield to maturity based on the average of the secondary market closing offered rates as of approximately 3:30 p.m., New York City time, on the relevant interest determination date reported, according to their written records, by leading primary United States government securities dealers in New York City. The calculation agent will select five such securities dealers and will eliminate the highest and lowest quotations or, in the event of equality, one of the highest and lowest quotations, for the most recently issued direct noncallable fixed rate obligations of the United States Treasury ("Treasury Notes") with an original maturity of approximately the designated index maturity and a remaining term to maturity of not less than the designated index maturity minus one year in a representative amount.

If the calculation agent cannot obtain three Treasury note quotations of the kind described in the prior paragraph, the calculation agent will determine the CMT Rate to be the yield to maturity based on the average of the secondary market bid rates for Treasury notes with an original maturity longer than the designated CMT index maturity which have a remaining term to maturity closest to the designated CMT index maturity and in a representative amount, as of approximately 3:30 p.m., New York City time, on the relevant interest determination date of leading primary United States government securities dealers in New York City. In selecting these offered rates, the calculation agent will request quotations from at least five such securities dealers and will disregard the highest quotation (or if there is equality, one of the highest) and the lowest quotation (or if there is equality, one of the lowest). If two treasury notes with an original maturity longer than the designated CMT index maturity have remaining terms to maturity that are equally close to the designated CMT index maturity, the calculation agent will obtain quotations for the treasury note with the shorter remaining term to maturity.

If three or four but not five leading primary United States government securities dealers are quoting as described in the prior paragraph, then the CMT Rate for the relevant interest determination date will be based on the average of the bid rates obtained and neither the highest nor the lowest of those quotations will be eliminated.

If fewer than three leading primary United States government securities dealers selected by the calculation agent are quoting as described above, the CMT Rate will remain the CMT Rate then in effect on that interest determination date.

All values used in the interest rate formula for any notes whose interest is calculated by reference to the CMT Rate will be rounded to the nearest fifth decimal place (one-one hundred thousandth of a percentage point), rounding upwards if the sixth decimal place is five or greater (e.g., 9.876555% (or .09876555) would be rounded up to 9.87656% (or .0987656) and 9.876554% (or .09876554) would be rounded down to 9.87655% (or .0987655)). All percentages resulting from any calculation of the interest rate will be rounded to the nearest third decimal place (one thousandth of a percentage point), rounding upwards if the fourth decimal place is five or greater (e.g., 9.8765% (or .098765) would be rounded up to 9.877% (or .09877) and 9.8764% (or .098764) would be rounded down to 9.876% (or .09876)). All dollar amounts used in or resulting from such calculation on the notes will be rounded to the nearest cent (with one-half cent being rounded upward).

Commercial Paper Rate. Unless otherwise specified in the pricing supplement for your notes, the "**Commercial Paper Rate**" for any relevant interest determination date will be the **Bond Equivalent Yield** of the rate for commercial paper having the index maturity specified in the pricing supplement, as published in H.15(519) prior to 3:00 p.m., New York City time, on the calculation date pertaining to that interest determination date under the heading "Commercial Paper Financial".

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The calculation agent will observe the following procedures if the commercial paper rate cannot be determined as described above:

If the rate described above is not published in H.15(519) by 3:00 p.m., New York City time, on that calculation date, unless the calculation is made earlier and the rate was available from that source at that time, then the commercial paper rate will be the bond equivalent yield of the rate on the relevant interest determination date, for commercial paper having the index maturity specified in the pricing supplement, as published in H.15 Daily Update or any other recognized electronic source used for displaying that rate under the heading "Commercial Paper Financial". Unless the pricing supplement for your notes specifies otherwise, the bond equivalent yield will be calculated as follows:

$$\text{Bond Equivalent Yield} = \frac{N \times D}{360 - (D \times 90)} \times 100$$

where "D" refers to the per annum rate determined as set forth above, quoted on a bank discount basis and expressed as a decimal and "N" refers to 365 or 366, as the case may be.

If the rate described in the prior paragraph cannot be determined, the commercial paper rate will remain the commercial paper rate then in effect on that interest determination date.

Except where stated otherwise in the pricing supplement for your note, the commercial paper rate will be subject to a lock-in period of six New York business days.

Federal Funds Rate. Unless otherwise specified in the pricing supplement for your notes, the "**Federal Funds Rate**" for any relevant interest determination date will be the rate for U.S. dollar Federal funds, as published in H.15(519) for that day opposite the caption "Federal Funds (Effective)" as that rate is displayed on the calculation date pertaining to that interest determination date on **Telerate Page** 120 under the heading "Federal Funds Rate".

The calculation agent will observe the following procedures if the Federal funds rate cannot be determined as described above:

If the rate described above does not appear on Telerate Page 120 or is not yet published in H.15(519) by 3:00 p.m., New York City time, on that calculation date, unless the calculation is made earlier and the rate was available from that source at that time, then the Federal funds rate for the relevant interest determination date will be the rate described above in H.15 Daily Update, or any other recognized electronic source used for the purpose of displaying such rate, opposite the heading "Federal Funds (Effective)".

If the rate described above does not appear on Telerate Page 120 or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source for displaying such rate by 3:00 p.m., New York City time, on that calculation date, the Federal funds rate for that interest determination date will be the arithmetic mean of the rates for the last transaction in overnight U.S. Dollar Federal funds arranged by three leading brokers of Federal funds transactions in New York City, selected by the calculation agent, on that interest determination date.

If fewer than three brokers selected by the calculation agent are quoting as described above, the Federal funds rate will remain the Federal funds rate then in effect on the relevant interest determination date.

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LIBOR. Unless otherwise specified in the pricing supplement for your notes, the calculation agent will determine "**LIBOR**," which is the London interbank offered rate for deposits in the index currency as follows:

If "**LIBOR Telerate**" is specified in the pricing supplement for your notes, LIBOR, for any interest determination date, will be the rate for deposits in the relevant index currency having the index maturity specified in your pricing supplement, as that rate appears on the **Designated LIBOR Page** as of 11:00 a.m., London time, on that relevant interest determination date.

If "**LIBOR Reuters**" is specified in the pricing supplement for your notes, LIBOR, for any interest determination date, will be the average of the offered rates for deposits in the relevant index currency having the relevant index maturity specified in your pricing supplement, as those rates appear on the designated LIBOR page as of 11:00 a.m., London time, on that interest determination date, if at least two such offered rates appear on the designated LIBOR page.

If neither LIBOR Reuters nor LIBOR Telerate is specified in the pricing supplement for your notes, LIBOR Telerate will be used. In addition, if the designated LIBOR page by its terms provides only for a single rate, that single rate will be used regardless of the foregoing provisions requiring more than one rate. If the pricing supplement for your notes does not specify the related interest determination date, the determination date for your notes will be the day that is two London and New York City business days before the relevant date.

On any interest determination date, if no rate appears on the applicable designated LIBOR page, the calculation agent will determine LIBOR by reference to the other LIBOR page. If no rate appears on that second LIBOR page, then the calculation agent will determine LIBOR as follows:

LIBOR will be determined on the basis of the offered rates at which deposits in the index currency having the relevant index maturity, beginning on the relevant reset date and in a representative amount in that market at that time are offered by four major banks in the London interbank market at approximately 11:00 a.m., London time, on that interest determination date to leading banks in the London interbank market. The calculation agent will select the four banks and request the principal London office of each of those banks to provide a quotation of its rate. If at least two quotations are provided, LIBOR for that determination date will be the average of those quotations.

If fewer than two quotations are provided as described above, LIBOR will be the average of the rates quoted by three major banks at approximately 11:00 a.m., in the principal financial center for the country of the index currency, on that interest determination date for loans to leading European banks in the LIBOR currency in the relevant index maturity, beginning on the relevant reset date and in a representative amount. The calculation agent will select the three banks referred to above.

If fewer than three banks selected by the calculation agent are quoting as mentioned above, LIBOR will remain LIBOR then in effect on that interest determination date.

Prime Rate. Unless otherwise specified in the pricing supplement for your notes, the "**Prime Rate**" for any relevant interest determination date is the prime rate or base lending rate on that date, as published in *The Wall Street Journal*, "Capital Markets" section "Money Rates" table, on the calculation date pertaining to that interest determination date under the heading "Bank Prime Loan."

The calculation agent will observe the following procedures if the Prime Rate cannot be determined as described above:

If the rate described above is not published in *The Wall Street Journal*, "Capital Markets" section "Money Rates" table, on the relevant calculation date, unless the calculation is made earlier and the rate was available from that source at that time, then the Prime Rate will be the rate for

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that interest determination date, as published in H.15 Daily Update or another recognized electronic source for displaying such rate opposite the caption "Bank Prime Loan."

If the above rate is not published in either *The Wall Street Journal*, "Capital Markets" section "Money Rates" table, H.15 Daily Update or another recognized electronic source for displaying such rate by 3:00 p.m., New York City time, on the calculation date, then the calculation agent will determine the Prime Rate to be the average of the rates of interest publicly announced by each bank that appears on the *Reuters Screen* designated as "USPRIME1" as that bank's prime rate or base lending rate as in effect on that interest determination date.

If fewer than four rates appear on the Reuters Screen USPRIME1 page on the relevant interest determination date, then the Prime Rate will be the average 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 interest determination date by three major banks in New York City selected by the calculation agent.

If the banks selected by the calculation agent are not quoting as mentioned above, the Prime Rate will remain the prime rate then in effect on that interest determination date.

91-Day Treasury Bill Rate. Unless otherwise specified in the pricing supplement for your notes, "**91-day Treasury Bill Rate**" for any relevant interest determination date will be the rate equal to the weighted average per annum discount rate (expressed as a bond equivalent yield and applied on a daily basis) for direct obligations of the United States with a maturity of thirteen weeks ("91-day Treasury Bills") sold at the applicable 91-day Treasury Bill auction, as published in H.15(519) or otherwise or as reported by the U.S. Department of the Treasury.

In the event that the results of the auctions of 91-day Treasury Bills cease to be published or reported as provided above, or that no 91-day Treasury Bill auction is held in a particular week, then the 91-day Treasury Bill Rate in effect as a result of the last such publication or report will remain in effect until such time, if any, as the results of auctions of 91-day Treasury Bills will again be so published or reported or such auction is held, as the case may be.

Except where stated otherwise in the pricing supplement for your note, the 91-day Treasury Bill Rate will be subject to a lock-in period of six New York City business days.

Amortizing Notes

We may issue amortizing notes, for which combined principal and interest payments are made in installments over the term of the notes. Payments on these amortizing notes will be applied first to interest due and then to reduce the unpaid principal amount. We will include a table setting forth repayment information in the related pricing supplement for any amortizing notes.

Indexed Notes

We may issue notes for which the amount of principal or interest that you will receive will not be known on your date of purchase. We will specify the formulas for computing the interest on or principal payments for these types of notes, which are called "indexed notes", by reference to securities, financial or non-financial indices, currencies, commodities, interest rates, or composites or baskets of any or all of the above. Examples of indexed items include a published consumer price index, a published stock index, the common stock price of a publicly traded company or the value of the U.S. dollar versus the Japanese Yen.

Specific information pertaining to the method of determining the interest payments and the principal amount will be described in the pricing supplement for those notes. In addition, the pricing

supplement may include additional risk factors unique to the indexed note, certain historical information for the specified index and additional U.S. federal tax considerations.

If you are a holder of an indexed note, you may receive a principal amount at maturity that is greater than or less than the face amount of your note depending upon the value of the applicable index at maturity. That value may fluctuate over time. If you purchase an indexed note, your pricing supplement will include information about the relevant index and about how amounts that are to become payable will be determined by reference to that index. Before you purchase any indexed note, you should read carefully the section entitled "Risk Factors" in the pricing supplement for those notes and in this prospectus supplement, if applicable.

Consumer Price Index-Linked. Unless otherwise specified in the pricing supplement for your notes, the amount of interest payable on a consumer price index-linked note on each interest payment date will be linked to changes in the "**Consumer Price Index**" or "**CPI**," which for these purposes is the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers, published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor ("BLS") and reported on Bloomberg CPURNSA or any successor service. The CPI for a particular month is published during the following month. The CPI is a measure of the average change in consumer prices over time for a fixed market basket of goods and services, including food, clothing, shelter, fuels, transportation, charges for doctors and dentists services, and drugs. In calculating the index, price changes for the various items are averaged together with weights that represent their importance in the spending of urban households in the United States. The contents of the market basket of goods and services and the weights assigned to the various items are updated periodically by the BLS to take into account changes in consumer expenditure patterns. The CPI is expressed in relative terms in relation to a time base reference period for which the level is set at 100.0. The base reference period for the Notes is the 1982-1984 average. Current and historical CPI data can be found on the BLS website at www.bls.gov.

The pricing supplement for your notes will specify the interest rate for the consumer price index-linked notes for each interest period during the term of such notes. The rate generally will be determined as of the applicable interest determination date pursuant to one of the two following formulas:

$$[(CPI_t - CPI_{t-12}) / CPI_{t-12}] + \text{Spread}$$

-or-

$$[(CPI_t - CPI_{t-12}) / CPI_{t-12}] \times \text{Multiplier}$$

Where:

CPI_t = Current Index Level of CPI, as reported on Bloomberg CPURNSA;

CPI_{t-12} = Index Level of CPI 12 months prior to CPI_t ;

Spread = as stated in the applicable pricing supplement; and

Multiplier = as stated in the applicable pricing supplement.

The pricing supplement for your notes will also specify any minimum interest rate for your consumer price index-linked notes.

CPI_t for each reset date is the CPI for the third calendar month prior to such reset date as published and reported in the second calendar month prior to such reset date or determined as set forth in the applicable pricing supplement. For example, for the interest period from and including January 1, 2006 to but excluding February 1, 2006, CPI_t will be the CPI for October 2005 and CPI_{t-12} will be the CPI for October 2004. The CPI for October 2005 was published by the BLS and reported

on Bloomberg CPURNSA in November 2005 and the CPI for October 2004 was published and reported in November 2004.

If the CPI is not reported on Bloomberg CPURNSA for a particular month by 3:00 PM on a reset date, but has otherwise been published by the BLS, we, in our capacity as the calculation agent, will determine the CPI as published by the BLS for such month using such other source as we deem appropriate.

In calculating CPI_t and CPI_{t-12} , the calculation agent will use the most recently available value of the CPI determined as described above on the applicable reset date, even if such value has been adjusted from a prior reported value for the relevant month. However, if a value of CPI_t and CPI_{t-12} used by the calculation agent on any reset date to determine the interest rate on your notes (an "Initial CPI") is subsequently revised by the BLS, the calculation agent will continue to use the Initial CPI, and the interest rate determined will not be revised.

If the CPI is rebased to a different year or period, the base reference period for your notes will continue to be the 1982-1984 reference period as long as the 1982-1984 CPI continues to be published.

If, while your notes are outstanding, the CPI is discontinued or substantially altered, as determined in the sole discretion of the calculation agent, the applicable substitute index for your notes will be that chosen by the Secretary of the Treasury for the Department of Treasury's Inflation-Indexed Securities as described at 62 Federal Register 846-874 (January 6, 1997) or, if no such securities are outstanding, will be determined by the calculation agent in accordance with general market practice at the time.

All values used in the interest rate formula for any notes whose interest is calculated by reference to the CPI will be rounded to the nearest fifth decimal place (one-one hundred thousandth of a percentage point), rounding upwards if the sixth decimal place is five or greater (e.g., 9.876555% (or .09876555) would be rounded up to 9.87656% (or .0987656) and 9.876554% (or .09876554) would be rounded down to 9.87655% (or .0987655)). All percentages resulting from any calculation of the interest rate will be rounded to the nearest third decimal place (one thousandth of a percentage point), rounding upwards if the fourth decimal place is five or greater (e.g., 9.8765% (or .098765) would be rounded up to 9.877% (or .09877) and 9.8764% (or .098764) would be rounded down to 9.876% (or .09876)). All dollar amounts used in or resulting from any calculation will be rounded to the nearest cent (with one-half cent being rounded upward).

An Investment in Notes Indexed to the Consumer Price Index Entails Significant Risks that Are Not Associated with Similar Investments in Conventional Floating Rate or Fixed Rate Debt Securities

You should consult your financial and legal advisors as to the risks entailed by an investment in consumer price index-linked notes and the suitability of an investment in consumer price index-linked notes in light of your particular circumstances.

The Interest Rate on Consumer Price Index-Linked Notes May in Some Cases Be Zero.

Interest payable on the notes is linked to changes in the level of the consumer price index (as defined above) during twelve-month measurement periods.

If the consumer price index does not increase during a relevant measurement period, which is likely to occur when there is little or no inflation, owners of consumer price index-linked notes may receive interest payments for that interest period equal to the spread (if the interest rate formula provides for a spread), which will be specified in the applicable pricing supplement for your notes, or equal to the minimum interest rate (if the interest rate formula provides for a multiplier), which may be as low as 0.00%.

If the consumer price index decreases during a relevant measurement period, which is likely to occur when there is deflation, owners of the consumer price index-linked notes will receive interest

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payments for that interest period less than the spread or equal to the minimum interest rate, which may be as low as 0.00%, as applicable.

The Interest Rate on Consumer Price Index-Linked Notes May Be Below the Rate Otherwise Payable on Similar Fixed or Floating Rate Debt Securities Issued by Us.

The interest rate on consumer price index-linked notes, including the minimum interest rate, may be below what we would expect to pay if we issued non-callable senior debt securities with a fixed or floating rate and similar maturity to that of the consumer price index-linked notes. Any interest payable in excess of the minimum interest rate on the consumer price index-linked notes will be based upon the difference in the level of the consumer price index determined as of the measurement dates specified in the formula listed above, plus the spread or multiplied by the multiplier, as applicable.

The Historical Levels of the Consumer Price Index Are Not an Indication of the Future Levels of the Consumer Price Index and Those Levels May Change Substantially.

Holders of consumer price index-linked notes will receive interest payments that will be affected by changes in the consumer price index. Such changes may be significant. Changes in the consumer price index are a function of the changes in specified consumer prices over time, which result from the interaction of many factors over which we have no control.

The historical levels of the consumer price index are not an indication of the future levels of the consumer price index during the term of the consumer price index-linked notes. In the past, the consumer price index has experienced periods of volatility, including on a monthly basis, and such volatility may occur in the future. Fluctuations and trends in the consumer price index that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur in the future.

The Consumer Price Index Itself and the Way The Bureau of Labor Statistics Calculates the Consumer Price Index May Change in the Future or the Consumer Price Index May No Longer Be Published.

There can be no assurance that the Bureau of Labor Statistics will not change the method by which it calculates the consumer price index. In addition, changes in the way the consumer price index is calculated could reduce the level of the consumer price index and lower the interest payment with respect to the consumer price index-linked notes. Accordingly, the amount of interest, if any, payable on the consumer price index-linked notes, and therefore the value of the consumer price index-linked notes, may be significantly reduced. If the consumer price index is substantially altered (as determined in the sole discretion of the calculation agent), a substitute index will be employed to calculate the interest payable on the consumer price index-linked notes.

Original Issue Discount Notes

We may issue fixed rate notes, floating rate notes or indexed notes that are also original issue discount notes. A note of this type is issued at a price lower than its stated principal amount and provides that, upon redemption or acceleration of its maturity, an amount less