WHIRLPOOL CORP /DE/
Form 424B3
February 23, 2009
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Registration No. 333-157392

PROSPECTUS SUPPLEMENT

(To Prospectus dated February 19, 2009)

Whirlpool Corporation

$1,000,000,000 Notes

The notes will be our senior unsecured obligations, will rank equally in right of payment with all of our existing and future senior unsecured debt and will rank senior in right of payment to all of our existing and future subordinated debt.

We may offer to sell the notes from time to time. The specific terms of the notes will be set prior to the time of sale and described in a pricing supplement. You should read this prospectus supplement, the accompanying prospectus and the applicable pricing supplement carefully before you invest in the notes.

We may offer the notes to or through agents for resale. The amount we expect to receive if all of the notes are sold to or through the agents is from $991,200,000 to $999,000,000, after paying agent discounts and commissions of between $1,000,000 and $8,800,000. Discounts and commissions payable in connection with sales of notes to or through agents will be set forth in the applicable pricing supplement. We also may offer the notes directly. We have not set a date for termination of our offering.

The agents who offer the notes for resale may, from time to time, purchase and sell notes in the secondary market, but they are not obligated to make a market in the notes and may suspend or completely cease market-making activities at any time. Unless otherwise specified in the applicable pricing supplement, we do not intend to list the notes on any securities exchange. Currently, there is no public market for the notes.

Investing in the notes involves certain risks, including those described in the Risk Factors section beginning on page S-4 of this prospectus supplement.

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

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Prospectus Supplement

Prospectus

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About this Prospectus Supplement

This document contains two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference that are described under Where You Can Find More Information and Incorporation of Certain Information by Reference in the accompanying prospectus. You should also read the applicable pricing supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, as well as the information contained in the applicable pricing supplement. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making, nor will we make, an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference and the applicable pricing supplement is accurate only as of the respective dates of those documents in which the information is contained. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus supplement contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to in this prospectus supplement will be made available to prospective investors at no cost upon request to us.

Persons participating in the offering made by this prospectus supplement and the accompanying prospectus, the applicable pricing supplement and/or other offering material may engage in transactions that stabilize, maintain or otherwise affect the price of the offered notes in connection with the offering, including over-allotment, stabilizing and short-covering transactions in the notes and the imposition of a penalty bid. These actions, if commenced, may be discontinued at any time.

Unless the context requires otherwise, the terms Whirlpool, we, our, and us refer to Whirlpool Corporation, including its subsidiaries.

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Summary

This section summarizes the legal and financial terms of the notes that are described in more detail in Description of Notes. Final terms of any particular notes will be determined at the time of sale and will be contained in the pricing supplement relating to those notes. The terms in that pricing supplement may vary from and supersede the terms contained in this summary and in Description of Notes. In addition, you should read the more detailed information appearing elsewhere in this prospectus supplement, the accompanying prospectus and in the applicable pricing supplement.

Issuer	Whirlpool Corporation
Title of Notes	$1,000,000,000 Notes
Amount	We may issue up to $1,000,000,000 of notes under this prospectus supplement. Additional notes may be issued in the future without the consent of note holders. The notes will not contain any limitations on our ability to issue additional indebtedness in the form of these notes or otherwise.
Denominations	The notes will be issued and sold in denominations of $1,000 and multiples of $1,000 (unless otherwise stated in the applicable pricing supplement).
Ranking	The notes will be our senior unsecured obligations, will rank equally in right of payment with all of our existing and future senior unsecured debt and will rank senior in right of payment to all of our existing and future subordinated debt. See Description of Notes in this prospectus supplement.
Maturities	Each note will mature nine months or more from its date of original issuance. Specific maturity dates will be set forth in the pricing supplements.
Interest	Other than with respect to zero coupon notes, each note will bear interest from its date of original issuance at a fixed or floating rate that may be determined by reference to one or more base interest rates or one or more indices, 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: LIBOR; the prime rate; the treasury rate; the federal funds rate; and any other domestic or foreign interest rate we may describe in the applicable note and the applicable pricing supplement.

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	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 applicable note and the applicable pricing supplement.
	Interest on each note will be payable monthly, quarterly, semi-annually or annually (as specified in the applicable note and the applicable pricing supplement) on each interest payment date and on the stated maturity date. Interest also will be paid on the date of redemption or repayment if a note is redeemed or repurchased prior to its stated maturity in accordance with its terms.
Principal	The principal amount of each note will be payable on its stated maturity date or upon earlier redemption or repayment at the corporate trust office of the paying agent or at any other place we may designate.
Redemption and Repayment	Unless otherwise stated in the applicable pricing supplement, a note will not be redeemable at our option or be repayable at the option of the holder prior to its stated maturity date. The notes will not be subject to any sinking fund.
Mandatory Offer to Repurchase	If indicated in the notes, if a Change of Control Repurchase Event occurs, we will be required to make an offer to each holder of notes to repurchase the notes at a purchase price equal to 101% of the principal amount of the notes, plus any accrued and unpaid interest thereon to the date of repurchase. See Description of Notes Repurchase Upon a Change of Control.
Form	The notes are being issued in fully registered form and will be represented by one or more master notes or one or more global notes deposited with The Depository Trust Company, or DTC, or its nominee and registered in book-entry form in the name of Cede & Co., DTC s nominee. Beneficial interests in the master notes or global notes will be shown on, and transfers will only be made through, the records maintained by DTC and its participants. See Description of Notes Global Notes.
Risk Factors	For a discussion of factors you should carefully consider before deciding to purchase the notes, see Risk Factors in this prospectus supplement and those described in our periodic filings with the Securities and Exchange Commission, or SEC, which are incorporated by reference into this prospectus supplement, including our most recent annual report on Form 10-K, as updated by our quarterly reports on Form 10-Q, current reports on Form 8-K and other filings we make with the SEC.

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Certain Covenants	The indenture contains certain covenants that will, among other things, limit our ability and the ability of our restricted subsidiaries to: create liens; and enter into sale and leaseback transactions. These covenants are subject to a number of important qualifications and limitations. See Description of Notes Certain Covenants.
Events of Default	For a discussion of events that will permit acceleration of the payment of the principal of and accrued interest on the notes, see Description of Notes Events of Default.
Additional Issues	We may create and issue additional notes ranking equally with the notes offered herein (other than the payment of interest accruing prior to the issue date of such additional notes or except for the first payment of interest following the issue date of such additional notes). Such notes, if issued, may be consolidated and form a single series with the notes of the corresponding series.
Governing Law	The notes and the indenture will be governed by, and construed in accordance with, the laws of the State of New York.
Sale and Clearance	We will sell notes in the United States only. Notes will be issued in book-entry only form and will clear through DTC. We do not intend to issue notes in certificated form.
Trustee	The trustee for the notes is U.S. Bank National Association (as successor to Citibank, N.A.), under an indenture dated as of March 20, 2000 (as may be amended, supplemented or amended and restated from time to time).
Selling Group	The agents who will offer the notes are broker-dealers and securities firms. The agents will enter into a selling agent agreement with us prior to any sale of the notes. The agents will agree to market and sell the notes in accordance with the terms of the selling agent agreement and all other applicable laws and regulations.

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Risk Factors

You should carefully consider the following risk factors and the information under the heading Risk Factors in the documents incorporated by reference into the accompanying prospectus, as well as the other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, before making an investment decision with respect to the notes. You should also note that these risks are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may have a negative impact on our business operations. The risks described could affect our business, financial condition or results of operations. In such a case, you may lose all or part of your investment in the notes.

If your notes bear interest at a fixed rate, an increase in market interest rates could result in a decrease in the value of your notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value. Consequently, if you purchase fixed-rate notes and market interest rates increase, the market value of your notes may decline. We cannot predict the future level of market interest rates.

If your notes bear interest at a floating rate, you will be exposed to risks, including that the interest rate on your notes will decrease, resulting in you receiving less interest income than when the floating-rate notes were issued.

If your notes bear interest at a floating rate, they will be subject to significant risks not associated with a conventional fixed rate debt security. These risks include fluctuation of the interest rates and the possibility that you will receive a lower amount of interest than you may have expected at the time of the notes issuance. We have no control over matters such as economic, financial and political events that are important in determining the existence, magnitude and longevity of these risks and their results. In recent years, values of certain interest rates have been volatile, and volatility in those and other interest rates may be expected in the future.

Ratings of each series of notes may not reflect all of the risks of an investment in the notes.

Each series of notes will be rated by at least one nationally recognized statistical rating organization. The ratings of our notes will primarily reflect our financial strength and will change in accordance with the rating of our financial strength. Any rating is not a recommendation to purchase, sell or hold any particular security, including the notes. These ratings do not comment as to market price or suitability for a particular investor. In addition, ratings at any time may be lowered or withdrawn in their entirety. The ratings of our notes may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading value of, your notes. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a potential downgrade, could affect the market value of the notes and increase our corporate borrowing costs.

There may be no public trading market for the notes.

There is no existing market for the notes and we have not applied and do not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system. As a result, a market for the notes may not develop or, if one does develop, it may not be maintained. If an active market for the notes fails to develop or be sustained, the trading price and liquidity of the notes could be adversely affected.

If you are able to resell your notes, many factors may affect the price you receive, which may be lower than you believe to be appropriate.

If you are able to resell your notes, the price you receive will depend on many factors that may vary over time, including:

- our financial performance;
- the market for similar securities;
- the level, direction and volatility of market interest rates;
- outstanding amount of the notes;
- the redemption and repayment features of the notes to be sold; and
- the time remaining to maturity of your notes.

As a result of these factors, you may only be able to sell your notes at prices below those you believe to be appropriate, including prices below the price you paid for them.

Effective subordination of the notes may reduce amounts available for payment of the notes.

While we are not a holding company, we conduct some of our operations through our subsidiaries. As of December 31, 2008, our subsidiaries had indebtedness of $731 million. Holders of the notes will be effectively subordinated to the indebtedness and other liabilities of our subsidiaries, including trade creditors. In the event of a default by a subsidiary under any credit arrangement or other indebtedness, its creditors could accelerate such debt, prior to such subsidiary distributing amounts to us that we could have used to make payments on the notes.

In addition, the notes will be unsecured. As of December 31, 2008, we had no significant secured debt outstanding. If in the future, we default on our then-existing secured debt, the holders thereof may cause the trustee to foreclose on the assets securing our debt, reducing the cash flow from the foreclosed property available for payment of unsecured debt. The holders of any of our secured debt outstanding at the time of an event of default also would have priority over unsecured creditors in the event of our liquidation, bankruptcy or similar proceeding. In the event of such a proceeding, the holders of our secured debt, if any, would be entitled to proceed against our pledged collateral, and that collateral will not be available for payment of unsecured debt, including the notes. As a result, the notes will be effectively subordinated to any secured debt that we may have now or in the future.

The notes do not restrict our ability to incur additional debt or prohibit us from taking other action that could have a negative impact on holders of the notes.

We are not restricted under the terms of the indenture or the notes from incurring additional indebtedness. The terms of the indenture limit our ability to secure additional debt without also securing the notes and to enter into sale and leaseback transactions. However, these limitations are subject to certain exceptions. See Description of Notes Limitations on Liens and Description of Notes Restriction on Sales and Leasebacks. In addition, the notes do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. Our ability to recapitalize, secure existing or future debt or take a number of other actions that are not limited by the terms of the indenture and the notes, including repurchasing subordinated indebtedness or common stock or transferring assets to our parent if we were to form a holding company, could have the effect of diminishing our ability to make payments on the notes when due.

Our financial performance and other factors could adversely impact our ability to make payments on the notes.

Our ability to make scheduled payments with respect to our indebtedness, including the notes, will depend on our financial and operating performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond our control.

Even if we are able to maintain a favorable credit rating, the market value of the notes may decline due to other factors.

The credit ratings assigned to the notes reflect the rating agencies opinion of our ability to make payments on the notes when such payments are due. However, the ratings do not take into account fluctuations in the market value of the notes as a result of changes in prevailing interest rates or other factors.

If we redeem notes when prevailing interest rates are lower than the rate borne by the notes, you likely would not be able to reinvest the redemption proceeds in a comparable security at as high an effective interest rate.

If the applicable pricing supplement states that 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 likely would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as then-current interest rate on the notes being redeemed. Our redemption right also may adversely impact your ability to sell your notes as the stated optional redemption date or period approaches.

We may not have the funds to repurchase the notes upon a Change of Control Repurchase Event as may be required by the notes.

If indicated in the notes, upon the occurrence of a Change of Control Repurchase Event (as defined below under Description of Notes Certain Definitions), subject to certain conditions, we will be required to make an offer to each holder of notes to repurchase the notes at a purchase price equal to 101% of the principal amount of the notes, plus any accrued and unpaid interest thereon to the date of repurchase. The source of funds for that repurchase of notes will be our available cash or cash generated from our subsidiaries operations or other potential sources, including borrowings, sales of assets or sales of equity. We cannot assure you that sufficient funds from those sources will be available at the time a Change of Control Repurchase Event occurs, requiring us to repurchase the notes tendered.

Accordingly, it is possible that we will not have sufficient funds at the time of the Change of Control Repurchase Event to make the required repurchase of the notes or our other debt securities. It is also possible that restrictions in our credit agreement will not allow such repurchases. See Description of Notes Repurchase Upon a Change of Control for additional information.

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CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by us or on our behalf. Certain statements contained in this prospectus supplement, the accompanying prospectus, the applicable pricing supplement, the information incorporated herein by reference, and other written and oral statements made from time to time by us or on our behalf are based on current projections about operations, industry conditions, financial condition, and liquidity, may not relate strictly to historical or current facts and may contain forward-looking statements that reflect our current views with respect to future events and financial performance. As such, they are considered forward-looking statements which provide current expectations or forecasts of future events. Words that identify forward-looking statements include words such as may, will, should, plan, predict, potential, anticipate, estimate, expect, project, intend, b track, and words and terms of similar substance used in connection with any discussion of future operating or financial performance, a merger, or our businesses. In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Those statements are not guarantees and are subject to risks, uncertainties, and assumptions that are difficult to predict. Therefore, actual results could differ materially and adversely from these forward-looking statements.

Forward-looking statements in this document or in the information incorporated herein by reference include, but are not limited to, statements regarding expected earnings per share, cash flow, productivity and material and oil-related prices. Many risks, contingencies and uncertainties could cause actual results to differ materially from our forward-looking statements. Among these factors are: (1) changes in economic conditions which affect demand for our products, including the strength of the building industry and the levels of interest rates; (2) the effects of the global financial crisis on our customers, suppliers and the availability of credit; (3) our ability to continue our relationship with significant trade customers, including Sears Holding Corporation in North America (accounting for approximately 11% of our 2008 consolidated net sales) and the ability of these trade customers to maintain or increase market share; (4) intense competition in the home appliance industry reflecting the impact of both new and established global competitors, including Asian and European manufacturers; (5) our ability to manage foreign currency fluctuations; (6) litigation including product liability and product defect claims; (7) our ability to achieve our business plans, productivity improvements, cost control, leveraging of our global operating platform, and acceleration of the rate of innovation; (8) fluctuations in the cost of key materials (including steel, oil, plastic, resins, copper and aluminum) and components and our ability to offset cost increases; (9) the ability of suppliers of critical parts, components and manufacturing equipment to deliver sufficient quantities to us in a timely and cost-effective manner; (10) health care cost trends and regulatory changes that could increase future funding obligations for pension and post retirement benefit plans; (11) our ability to obtain and protect intellectual property rights; (12) global, political and/or economic uncertainty and disruptions, especially in Whirlpool s significant geographic regions, including uncertainty and disruptions arising from natural disasters or terrorist attacks; (13) the effects of governmental investigations or related actions by other third parties; (14) the impact of labor relations; (15) our ability to attract, develop and retain executives and other qualified employees; and (16) the cost of compliance with environmental and health and safety regulations.

We undertake no obligation to update any forward-looking statement, and investors are advised to review disclosures in our filings with the SEC. It is not possible to foresee or identify all factors that could cause actual results to differ from expected or historic results. Therefore, investors should not consider the foregoing factors to be an exhaustive statement of all risks, uncertainties, or factors that could potentially cause actual results to differ from forward-looking statements. Additional information concerning these factors can be found in our periodic filings with the SEC, including our most recent annual report on Form 10-K, as updated by our quarterly reports on Form 10-Q, current reports on Form 8-K and other filings we make with the SEC.

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WHIRLPOOL CORPORATION

Whirlpool is the world s leading manufacturer of major home appliances with revenues of $18.9 billion and net earnings of $418 million for the year ended December 31, 2008. We are a leading producer of major home appliances in North America and Latin America and have a significant presence throughout Europe and India. We conduct our business through four reportable segments, which we define based on geography. Our reportable segments consist of North America (57% of revenue), Europe (21% of revenue), Latin America (19% of revenue), and Asia (3% of revenue).

We market and distribute major home appliances and portable appliances under a variety of brand names. In North America, we market and distribute products under the *Whirlpool*, *Maytag*, *KitchenAid*, *Jenn-Air*, *Roper*, *Estate*, *Admiral*, *Magic Chef*, *Amana*, *Inglis*, *Acros*, and *Supermatic* brand names. In Europe, we market and distribute our major home appliances under the *Whirlpool*, *Maytag*, *Amana*, *Bauknecht*, *Ignis*, *Laden*, and *Polar* brand names, and major and portable appliances under the *KitchenAid* brand name. In Latin America, we market major home appliances primarily under the *Whirlpool*, *Maytag*, *KitchenAid*, *Brastemp*, *Consul*, and *Eslabon de Lujo* brand names. In Asia, we market major home appliances primarily under the *Whirlpool*, *Maytag*, *KitchenAid*, *Bauknecht*, and *Ignis* brand names. Whirlpool has manufacturing facilities in North America, Europe, Latin America, and Asia.

Our principal executive offices are located at 2000 North M-63, Benton Harbor, Michigan 49022-2692 and our telephone number is (269) 923-5000.

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DESCRIPTION OF NOTES

The following description is a summary of the material provisions of the notes and the indenture. It does not restate those instruments and agreements in their entirety. We urge you to read those instruments and agreements because they, and not this description, define your rights as holders of notes. You may obtain a copy of the indenture from us by writing to us at Whirlpool Corporation, 2000 North M-63, Benton Harbor Michigan 49022, Attn: Investor Relations. Unless otherwise specified in a pricing supplement, the notes will have the terms described below. Capitalized terms used but not defined below or under Certain Definitions have the meanings given to them in the indenture relating to the notes.

The notes being offered by this prospectus supplement, the accompanying prospectus and the applicable pricing supplement will be issued under an indenture between us and U.S. Bank National Association (as successor to Citibank, N.A.), as trustee, dated March 20, 2000 (as may be amended, supplemented or amended and restated from time to time). This prospectus supplement refers to U.S. Bank National Association as the trustee. The indenture is subject to and governed by the Trust Indenture Act of 1939.

The indenture and the notes do not limit the amount of indebtedness which may be incurred or the amount of securities which may be issued by us, and contain no financial or similar restrictions on us subject to certain limited exceptions. See Limitations on Liens and Restrictions on Sales and Leasebacks.

Notes issued in accordance with this prospectus supplement and the accompanying prospectus will have the following general characteristics:

- the notes will be our senior unsecured obligations, will rank equally in right of payment with all of our existing and future senior unsecured debt and will rank senior in right of payment to all of our existing and future subordinated debt;
- the notes will be effectively junior in right of payment to our existing and future secured indebtedness (to the extent of the value of our assets securing that indebtedness), and to the indebtedness of our subsidiaries;
- the notes may be offered from time to time by us through agents and each note will mature on a day that is at least nine months from its date of original issuance;
- the notes will not be subject to any sinking fund; and
- the minimum denomination of the notes will be $1,000 and multiples of $1,000 (unless otherwise stated in the applicable pricing supplement).

In addition, the applicable pricing supplement relating to each offering of notes will describe specific terms of the notes, including:

- the price, which may be expressed as a percentage of the aggregate initial public offering price of the notes, at which the notes will be issued to the public;
- the date on which the notes will be issued to the public;
- the stated maturity date of the notes;

whether the notes pay interest at a fixed or a floating rate and the interest rate or interest rate formula pursuant to which interest is to be paid on the notes;

the interest payment frequency;

the purchase price, the related agent s discount and net proceeds to us;

- if the notes may be redeemed at our option or repaid at the option of the holder prior to its stated maturity date, the provisions relating to any such redemption or repayment; and

- any other significant terms of the notes not inconsistent with the provisions of the indenture.

We may at any time repurchase notes at any price or prices in the open market or otherwise. Notes so repurchased by us may, at our discretion, be held, resold or surrendered to the trustee for cancellation.

Payment of Principal and Interest

Payment of principal of and interest on beneficial interests in the notes will be made in accordance with the arrangements then in place between the paying agent and The Depository Trust Company (referred to as DTC) and its participants as described under Registration, Transfer and Payment of Notes and Global Notes . Payments in respect of any notes in certificated form will be made as described under Registration, Transfer and Payment of Notes.

Interest on each note will be payable either monthly, quarterly, semi-annually or annually on each interest payment date and at the note s stated maturity or on the date of redemption or repayment if a note is redeemed or repaid prior to maturity. Interest is payable to the person in whose name a note is registered at the close of business on the regular record date before each interest payment date. Interest due at a note s stated maturity or on a date of redemption or repayment will be payable to the person to whom principal is payable.

Interest and Interest Rates

Fixed-Rate Notes

Each fixed-rate note will begin to accrue interest on its issue date until its stated maturity date or earlier redemption or repayment. The applicable pricing supplement will specify a fixed interest rate per year payable monthly, quarterly, semi-annually or annually. Interest on the fixed-rate notes will be computed on the basis of a 360-day year of twelve 30-day months.

Floating-Rate Notes

Interest Rate Bases. Each floating-rate note will have an interest rate basis or formula, which may be based on:

- the federal funds rate, in which case the note will be a federal funds rate note ;

- the London interbank offered rate, in which case the note will be a LIBOR note ;

- the prime rate, in which case the note will be a prime rate note ;

- the treasury rate, in which case the note will be a treasury rate note ; or

- any other interest rate formula specified in the applicable pricing supplement.

The specific terms of each floating-rate note, including the initial interest rate in effect until the first interest reset date, will be specified in the applicable pricing supplement. Thereafter, the interest rate will be determined by reference to the specified interest rate basis or formula, plus or minus the spread, if any, or multiplied by the spread multiplier, if any. The spread is the number of basis points we specify on the floating-rate note to be added to or subtracted from the base rate. The spread multiplier is the percentage we specify on the floating-rate note by which the base rate is multiplied in order to calculate the applicable interest rate.

Interest Reset Dates. The interest rate of each floating-rate note may be reset daily, weekly, monthly, quarterly, semi-annually or annually, as we specify in the applicable pricing supplement. We refer to the period during which an interest rate is effective as an interest reset period and the date in each such period on which

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the interest is reset as an interest reset date. The interest reset date will be specified in the applicable pricing supplement.

However, the interest rate in effect from the issue date to the first interest reset date for a floating-rate note will be the initial interest rate, as specified in the applicable pricing supplement.

If any interest reset date for any floating-rate note would otherwise be a day that is not a Business Day for the floating-rate note, the interest reset date for the floating-rate note will be the next day that is a Business Day for the floating-rate note. However, in the case of a LIBOR note, if the next Business Day is in the next succeeding calendar month, the interest reset date will be the immediately preceding Business Day.

Interest Determination Dates. Unless otherwise specified in the applicable pricing supplement, the interest determination date for an interest reset date will be:

- for a federal funds rate note or a prime rate note, the Business Day immediately preceding the interest reset date;

- for a LIBOR note, the second London Banking Day immediately preceding the interest reset date; and

- for a treasury rate note, the day of the week in which the interest reset date falls on which Treasury bills, as defined below, of the applicable index maturity would normally be auctioned.

The index maturity is the period to maturity of the instrument for which the interest rate basis is calculated.

Treasury bills usually are sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction usually is held on the following Tuesday, except that the auction may be held on the preceding Friday. If, as a result of a legal holiday, an auction is held on the preceding Friday, that preceding Friday will be the interest determination date pertaining to the interest reset date occurring in the next succeeding week. Each base rate will be determined as of that date, and the applicable interest rate will take effect on the applicable interest reset date.

For a floating-rate note for which the interest rate is determined by reference to two or more base rates, the interest determination date will be the most recent Business Day that is at least two Business Days prior to the applicable interest reset date for the floating-rate note on which each applicable base rate is determinable.

Calculation Date. Unless otherwise specified in the applicable pricing supplement, the calculation date for any interest determination date will be the date by which the calculation agent computes the amount of interest owed on a floating-rate note for the related interest reset period. Unless otherwise specified in the applicable pricing supplement, the calculation date will be the earlier of:

- the tenth calendar day after the related 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, the maturity date or the date of redemption or prepayment, as the case may be.

Interest Payments. Except as provided below and unless otherwise provided in the applicable pricing supplement, interest on floating-rate notes will be payable, in the case of floating-rate notes with an interest reset date that resets:

- daily, weekly or monthly on a date that occurs in each month, as specified in the applicable pricing supplement;

quarterly on a date that occurs in each third month, as specified in the applicable pricing supplement;

- semi-annually on a date that occurs in each of two months of each year, as specified in the applicable pricing supplement; or

- annually on a date that occurs in one month of each year, as specified in the applicable pricing supplement.

Accrued interest on a floating-rate note is calculated by multiplying the principal amount of a note by an accrued interest factor. This accrued interest factor is the sum of the interest factors calculated for each day in the period for which accrued interest is being calculated. Unless otherwise indicated in the applicable pricing supplement, the accrued interest factor will be computed and interest will be paid (including payments for partial periods) as follows:

- for federal funds rate notes, LIBOR notes, prime rate notes or any other floating-rate notes other than treasury rate notes, the daily interest factor will be computed by dividing the interest rate in effect on that day by 360; and

- for treasury rate notes, the daily interest factor will be computed by dividing the interest rate in effect on that day by 365 or 366, as applicable.

All dollar amounts used in or resulting from any calculation on floating-rate notes will be rounded to the nearest cent, with one-half cent being rounded upward. Unless otherwise specified in the applicable pricing supplement, all percentages resulting from any calculation with respect to a floating-rate note will be rounded, if necessary, to the nearest one hundred-thousandth of a percent, with five one-millionths of a percentage point rounded upwards, e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655).

The calculation agent, upon the request of the holder of any floating-rate note, will provide the interest rate then in effect and, if different, the interest rate that will become effective on the next interest reset date as a result of a determination made on the most recent interest determination date with respect to the floating-rate note.

LIBOR Notes

Each LIBOR note will bear interest at the LIBOR base rate, adjusted by any spread or spread multiplier, as specified in the applicable pricing supplement. The LIBOR base rate will be the London interbank offered rate for deposits in U.S. dollars, as specified in the applicable pricing supplement. Except as provided below, LIBOR for each interest reset period will be calculated on the interest determination date for the related interest reset date.

Unless otherwise set forth in the applicable note and the related pricing supplement, *LIBOR* will be determined by the calculation agent in accordance with the following provisions:

(1) With respect to any interest determination date, LIBOR will be the rate for deposits in U.S. dollars having a maturity of three months commencing on the first day of the applicable interest period that appears on Reuters Page LIBOR01 as of 11:00 a.m., London time, on that interest determination date. If no rate appears, LIBOR for that interest determination date will be determined in accordance with the provisions described in (2) below.

(2) With respect to an interest determination date on which no rate appears on Reuters Page LIBOR01, as specified in (1) above, the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the calculation agent (after consultation with us), to provide the calculation agent with its offered quotation for deposits in U.S. dollars for the period of three months, commencing on the first day of the applicable interest period, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that interest determination date and in a principal amount equal to an amount not less than U.S. $1,000,000 that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then LIBOR on that interest determination date will be the arithmetic mean of those quotations. If fewer than two

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quotations are provided, then LIBOR on the interest determination date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in The City of New York, on the interest determination date by three major banks in The City of New York selected by the calculation agent (after consultation with us) for loans in U.S. dollars to leading European banks, having a three-month maturity and in a principal amount equal to an amount of not less than $1,000,000 that is representative for a single transaction in that market at that time. If, however, the banks selected by the calculation agent are not providing quotations in the manner described by the previous sentence, LIBOR determined as of that interest determination date will be LIBOR in effect on that interest determination date.

Reuters Page LIBOR01 means the display page designated as Page LIBOR01 on Reuters, or any successor service or services as may be nominated by the British Bankers Association, for the purpose of displaying the London interbank rates of major banks for U.S. dollars.

Treasury Rate Notes

Each treasury rate note will bear interest at the treasury rate plus or minus any spread and multiplied by any spread multiplier described in the applicable pricing supplement. Except as provided below, the treasury rate for each interest reset period will be calculated on the interest determination date for the related interest reset date.

Unless otherwise set forth in the applicable note and the related pricing supplement, the *treasury rate* for any interest determination date is the rate set at the auction of direct obligations of the United States (Treasury bills) having the index maturity described in the applicable pricing supplement, as specified under the caption Investment Rate and which appears on either Reuters Page USAUCTION10 or Page USAUCTION11 under the heading INVESTRATE, or any other page as may replace the applicable page.

If the rate cannot be determined as described above, the treasury rate will be determined as follows:

(1) If the rate is not displayed on either Reuters Page USAUCTION10 or Page USAUCTION11 by 3:00 P.M., New York City time on the related calculation date, the treasury rate will be the rate of Treasury bills as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying the applicable rate, under the caption U.S. Government Securities/Treasury Bills/Auction High.

(2) If the rate referred to in (1) above is not published by 3:00 P.M., New York City time on the related calculation date, the treasury rate will be the bond equivalent yield, as defined below, of the auction rate of the applicable Treasury bills as announced by the United States Department of the Treasury.

(3) If the rate referred to in (2) above is not announced by the United States Department of the Treasury, or if the auction is not held, the treasury rate will be the bond equivalent yield of the rate on the particular interest determination date of the applicable Treasury bills as published in H.15(519) under the caption U.S. Government Securities/Treasury Bills/Secondary Market.

(4) If the rate referred to in (3) above is not published by 3:00 P.M., New York City time on the related calculation date, the treasury rate will be the rate on the particular interest determination date of the applicable Treasury bills as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying the applicable rate, under the caption U.S. Government Securities/Treasury Bills/Secondary Market.

(5) If the rate referred to in (4) above is not published by 3:00 P.M., New York City time on the related calculation date, the treasury rate will be the rate on the particular interest determination date calculated by the calculation agent as 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 interest determination date, of three primary United States government securities dealers, which may include the agents or their affiliates, selected by the calculation agent, for the issue of Treasury bills with a remaining maturity closest to the particular index maturity.

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(6) If the dealers selected by the calculation agent are not quoting as mentioned in (5) above, the treasury rate will be the treasury rate in effect on the particular interest determination date.

The bond equivalent yield will be calculated using the following formula:

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

where D refers to the applicable annual rate for Treasury bills quoted on a bank discount basis and expressed as a decimal, N refers to 365 or 366, as the case may be, and M refers to the actual number of days in the applicable interest reset period.

H.15(519) means the weekly statistical release designated as H.15(519), 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 website of the Board of Governors of the Federal Reserve System at www.federalreserve.gov/releases/h15/update, or any successor site or publication.

Federal Funds Rate Notes

Each federal funds rate note will bear interest at the federal funds rate plus or minus any spread and multiplied by any spread multiplier described in the applicable pricing supplement. Except as provided below, the federal funds rate for each interest reset period will be calculated on the interest determination date for the related interest reset date.

Unless otherwise set forth in the applicable note and the related pricing supplement, the *federal funds rate* for any interest determination date is the rate on that date for federal funds, as published in H.15(519) prior to 3:00 P.M., New York City time, on the calculation date for that interest determination date under the heading Federal Funds (Effective) and displayed on Reuters Page FEDFUNDS1 under the heading EFFECT, or any successor service or page.

The following procedures will be followed if the federal funds rate cannot be determined as described above:

- If the rate is not published in H.15(519) by 3:00 P.M., New York City time, on the calculation date or does not appear on Reuters Page FEDFUNDS1, the federal funds rate will be the rate on that interest determination date, as published in H.15 Daily Update, or any other recognized electronic source for the purposes of displaying the applicable rate, under the caption Federal Funds (Effective).

- If the alternative rate described above is not published in H.15 Daily Update by 3:00 P.M., New York City time, on the calculation date, then the calculation agent will determine the federal funds rate to be the average of the rates for the last transaction in overnight federal funds quoted by three leading brokers of federal funds transactions in New York City, selected by the calculation agent, prior to 9:00 A.M., New York City time, 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 be the federal funds rate then in effect on that interest determination date.

Prime Rate Notes

Each prime rate note will bear interest at the prime rate plus or minus any spread and multiplied by any spread multiplier described in the applicable pricing supplement. Except as provided below, the prime rate for each interest reset period will be calculated on the interest determination date for the related interest reset date.

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Unless otherwise set forth in the applicable note and the related pricing supplement, the *prime rate* for any interest determination date is the prime rate or base lending rate on that date, as published in H.15(519) prior to 3:00 P.M., New York City time, on the calculation date for that interest determination date under the heading Bank Prime Loan.

The following procedures will be followed if the prime rate cannot be determined as described above:

- If the rate is not published in H.15(519) by 3:00 P.M., New York City time on the calculation date, then the prime rate will be the rate as published in H.15 Daily Update, or any other recognized electronic source used for the purpose of displaying the applicable rate, under the caption Bank Prime Loan.

- If the alternative 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 the calculation date, then the calculation agent will determine the prime rate to be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen US PRIME 1, as defined below, as that bank s prime rate or base lending rate as in effect as of 11:00 A.M., New York City time, on that interest determination date.

- If fewer than four rates appear on the Reuters Screen US PRIME 1 for that interest determination date, by 3:00 P.M., New York City time, then the prime rate will be the average of the prime rates or base lending rates furnished in New York City by three substitute banks or trust companies (all organized under the laws of the United States or any of its states and having total equity capital of at least $500,000,000) selected by the calculation agent on the interest determination date. These selected banks or trust companies may include our subsidiaries or affiliates, or affiliates of the agents.

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

Reuters Screen US PRIME 1 means the display designated as page US PRIME 1 on the Reuters Monitor Money Rates Service (or any 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).

Indexed Notes

We may issue indexed notes, in which the amount of principal, premium, if any, interest, or other amounts payable, if any, is determined by reference, either directly or indirectly, to the price, performance or levels of one or more:

- securities;

- currencies or composite currencies;

- commodities;

- interest rates;

- inflation rates; or

- other indices or formulae;

in each case as specified in the applicable pricing supplement.

An example of indexed notes that we may offer is consumer price index linked notes. The monthly rate of interest on those notes is determined, in part, by a change in the Consumer Price Index published by the Bureau of Labor and Statistics of the U.S. Department of Labor.

Holders of some types of indexed notes may receive a principal amount at maturity that is greater than or less than the face amount of the notes, depending upon the relative value at maturity of the reference asset or underlying obligation.

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An indexed note may provide either for cash settlement or for physical settlement by delivery of the indexed security or securities, or other securities of the types listed above. An indexed note also may provide that the form of settlement may be determined at our option or the holder s option. Some indexed notes may be exchangeable prior to maturity, at our option or the holder s option, for the related securities.

We will provide the method for determining the principal, premium, if any, interest, or other amounts payable, if any, in respect of that tranche of indexed notes, certain historical information with respect to the specified index or indexed items and specific risk factors relating to that particular type of indexed note in the applicable pricing supplement. The applicable pricing supplement also will describe the tax considerations associated with an investment in the indexed notes if they differ from those described in the section entitled United States Federal Tax Considerations.

Upon the request of the holder of an indexed note, the calculation agent will provide, if applicable, the current index, principal, premium, if any, rate of interest, interest payable, or other amounts payable, if any, in connection with the indexed note.

Redemption and Repayment

Unless we otherwise provide in the applicable pricing supplement, a note will not be redeemable or repayable prior to its stated maturity date.

If the applicable pricing supplement states that the note will be redeemable at our option prior to its stated maturity date, then on such date or dates specified in the pricing supplement, we may redeem those notes at our option either in whole or from time to time in part, upon not less than 30 nor more than 60 days written notice to the holder of those notes.

If the applicable pricing supplement states that the note will be repayable at your option prior to its stated maturity date, we will require receipt of notice of the request for repayment at least 30 but not more than 60 days prior to the date or dates specified in the pricing supplement. We also must receive the completed form entitled Option to Elect Repayment. Exercise of the repayment option by the holder of a note is irrevocable. In addition, we will not permit you to exercise the repayment option except in principal amounts of $1,000 and multiples of $1,000.

Since the notes will be represented by a master note or a global note, DTC or its nominee will be treated as the holder of the notes; therefore DTC or its nominee will be the only entity that receives notices of redemption of notes from us, in the case of our redemption of notes, and will be the only entity that can exercise the right to repayment of notes, in the case of optional repayment. See Global Notes and The Depository Trust Company.

To ensure that DTC or its nominee will timely exercise a right to repayment with respect to a particular beneficial interest in a note, the beneficial owner of the interest in that note must instruct the broker or other direct or indirect participant through which it holds the beneficial interest to notify DTC or its nominee of its desire to exercise a right to repayment. Because different firms have different cut-off times for accepting instructions from their customers, each beneficial owner should consult the broker or other direct or indirect participant through which it holds an interest in a note to determine the cut-off time by which the instruction must be given for timely notice to be delivered to DTC or its nominee. Conveyance of notices and other communications by DTC or its nominee to participants, by participants to indirect participants and by participants and indirect participants to beneficial owners of the notes will be governed by agreements among them and any applicable statutory or regulatory requirements.

The redemption or repayment of a note normally will occur on the interest payment date or dates following receipt of a valid notice. Unless otherwise specified in the pricing supplement, the redemption or repayment price will equal 100% of the principal amount of the note plus unpaid interest accrued to the date or dates of redemption or repayment.

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We may at any time purchase notes at any price or prices in the open market or otherwise. If we purchase the notes in this manner, we have the discretion to either hold, resell or surrender the notes to the trustee for cancellation.

Repurchase Upon a Change of Control

If indicated in the notes, if a Change of Control Repurchase Event occurs, unless we have exercised our right to redeem the notes as described above, holders of notes will have the right to require us to repurchase all or any part (in integral multiples of $1,000) of their notes pursuant to the offer described below (the Change of Control Offer). In the Change of Control Offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to the date of repurchase (the Change of Control Payment). Within 30 days following any Change of Control Repurchase Event, or, at our option, prior to any Change of Control, but after the public announcement of the Change of Control, we will be required to mail a notice to holders of notes describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase the notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the Change of Control Payment Date), pursuant to the procedures required by the notes and described in such notice. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice. We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the notes, we will be required to comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control provisions of the notes by virtue of such conflicts.

On the Change of Control Payment Date, we will be required, to the extent lawful, to:

- accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

- deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and