

RYDER SYSTEM INC

Form 424B2

March 30, 2018

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Filed Pursuant to Rule 424(b)(2)

Registration No. 333- 224056

PROSPECTUS SUPPLEMENT

(To prospectus dated March 30, 2018)

Ryder System, Inc.

Medium-Term Notes

Due Nine Months or More From the Date of Issue

We will offer notes from time to time and specify the terms and conditions of each issue of notes in a pricing supplement.

- The notes will be unsecured unsubordinated debt securities of Ryder and will rank equally with all of our other unsecured and unsubordinated indebtedness outstanding from time to time.

- The notes will have stated maturities of nine months or more from the date they are originally issued.

- We will pay amounts due on the notes in U.S. dollars or one or more foreign currencies described in the applicable pricing supplement.

- The notes may bear interest at fixed or floating rates or may not bear any interest. If the notes bear interest at a floating rate, the floating rate may be based on one or more indices or formulas.

- We will specify in the applicable pricing supplement whether the notes can be redeemed or repaid before their maturity and whether they are subject to mandatory redemption, redemption at our option or repayment at the option of the holder of the notes.

Investing in the notes involves certain risks. See "Risk Factors" beginning on page S-2.

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

We may sell the notes to or through one or more agents, including the Agents listed below, as principals for resale at varying or fixed offering prices or through the Agents as agents using their reasonable efforts on our behalf. We may also sell the notes without the assistance of the Agents (whether acting as principal or as agent).

BB&T Capital Markets

BNP PARIBAS

BNY Mellon Capital Markets, LLC

BofA Merrill Lynch

CastleOak Securities, L.P.

Citigroup

COMMERZBANK

Fifth Third Securities

HSBC

Lloyds Securities

Mizuho Securities

Morgan Stanley

MUFG

PNC Capital Markets LLC

RBC Capital Markets

Regions Securities LLC

SunTrust Robinson Humphrey

US Bancorp

Wells Fargo Securities

The date of this prospectus supplement is March 30, 2018.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, any pricing supplement and any related offering material issued or authorized by us. Neither we nor any agent acting on our behalf has authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. Neither we nor any agent acting on our behalf is making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus, any pricing supplement and any related offering material issued or authorized by us is accurate only as of the date on the front cover of this prospectus supplement, the accompanying prospectus, the applicable pricing supplement, any applicable offering material or the document incorporated by reference, as applicable. In this prospectus supplement, the “Company,” “we,” “us” and “our” refer to Ryder System, Inc. and not any of its subsidiaries, except where the context otherwise requires or as otherwise indicated.

References in this prospectus supplement to “Agent” or “Agents” are to any or all, respectively, of BB&T Capital Markets, a division of BB&T Securities, LLC, BNP Paribas Securities Corp., BNY Mellon Capital Markets, LLC, CastleOak Securities, L.P., Citigroup Global Markets Inc., Commerz Markets LLC, Fifth Third Securities, Inc., HSBC Securities (USA) Inc., Lloyds Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Mizuho Securities USA LLC, Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., PNC Capital Markets LLC, RBC Capital Markets, LLC, Regions Securities LLC, SunTrust Robinson Humphrey, Inc., U.S. Bancorp Investments, Inc., Wells Fargo Securities, LLC or any other agent appointed by us.



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ABOUT THIS PROSPECTUS SUPPLEMENT AND THE PRICING SUPPLEMENTS

This prospectus supplement is part of a registration statement that we filed with the Securities and Exchange Commission (the “Commission”) utilizing the “shelf” registration process. Under the shelf process, we may sell the securities described in this prospectus supplement in one or more offerings. We intend to use this prospectus supplement, the accompanying prospectus and a related pricing supplement to offer our notes from time to time.

This prospectus supplement provides you with certain terms of the notes and supplements the description of the debt securities contained in the accompanying prospectus. If information in this prospectus supplement is inconsistent with the accompanying prospectus, this prospectus supplement will replace the inconsistent information in the accompanying prospectus.

Each time we issue notes, we will prepare a pricing supplement that will contain additional terms of the offering and the specific description of the notes being offered. The pricing supplement may also add, update or change information in this prospectus supplement or the accompanying prospectus, including provisions describing the calculation of interest and the method of making payments under the terms of a note. The flexibility available to us to set or negotiate individualized terms for notes means that there will be transactions, particularly with currency indexed notes, that are quite complex. Often the terms of the notes will differ from the terms described in this prospectus supplement. Any information in the pricing supplement that is inconsistent with this prospectus supplement will replace the inconsistent information in this prospectus supplement.

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RISK FACTORS

Your investment in the notes is subject to certain risks, especially if the notes involve a currency index. You should consult your own financial and legal advisors about the risks entailed by an investment in the notes and the suitability of your investment in the notes in light of your particular circumstances. You should also consider carefully the matters described below, as well as the “Risk Factors” and other factors described in the “Forward-Looking Statements” sections of documents incorporated by reference into the accompanying prospectus. Additional risks and uncertainties that are not currently known to us or that are not currently believed by us to be material may also harm our business operations and financial results.

Risk Factors Related to the Notes

Uncertainty about the future of LIBOR and the potential discontinuance of LIBOR may adversely affect the value of the notes.

In July 2017, the chief executive of the United Kingdom Financial Conduct Authority (the “FCA”), which regulates the London Interbank Offered Rate (“LIBOR”), announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR after 2021. At this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or any other reforms to LIBOR that may be implemented in the United Kingdom or elsewhere. Uncertainty as to the nature of such potential changes, alternative reference rates or other reforms may adversely affect the trading market for notes on which the interest is determined by reference to LIBOR, such as the LIBOR Notes (as defined below in “Terms of the Notes—Floating Rate Notes”).

If a published LIBOR is unavailable after 2021, the rate of interest on the LIBOR Notes will be determined using the alternative methods stated in “Terms of the Notes—Floating Rate Notes—LIBOR Notes”. These alternative methods may result in lower interest payments than would have been made if LIBOR were available in its current form, and the value of the LIBOR Notes may be adversely affected.

The notes will be unsecured, therefore your right to receive payments may be adversely affected.

The notes that we may offer will be unsecured. If we default on the notes, or after bankruptcy, liquidation or reorganization, then, to the extent that we have granted security over our assets, the assets that secure our debts will be used to satisfy the obligations under that secured debt before we could make payment on the notes. There may only be limited assets available to make payments on the notes in the event of an acceleration of the notes.

We may choose to redeem the notes when prevailing interest rates are relatively low.

If the notes are redeemable at our option, we may choose to redeem the notes at times when prevailing interest rates are relatively low. In addition, if the notes are subject to mandatory redemption, we may be required to redeem the notes also at times when prevailing interest rates are relatively low. As a result, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the notes being redeemed. Such redemption right of ours also may adversely impact your ability to sell your notes, and/or the price at which you could sell your notes, as the redemption date approaches.

Our credit ratings may not reflect all risks of an investment in the notes.

The credit ratings of the 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. In addition, real or anticipated changes in our credit ratings will generally affect any trading market for, or trading value of, your notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There is no assurance that a credit rating will remain for any given period of time or that a credit rating will not be lowered or withdrawn by the relevant rating agency if, in its judgment, circumstances so warrant. In the event that a credit rating assigned to the notes or to us is subsequently lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the notes, and the market value of the notes is likely to be adversely affected. You may not be able to sell your notes because a trading market for your notes may not develop or be maintained.

In making your evaluation of the notes, you should assume that you will be holding the notes until their maturity. The notes will not have an established trading market when issued. We may not list the notes on any securities exchange. We cannot assure you that a trading market for your notes will ever develop or be maintained. The Agents may make a market in the notes,

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but the Agents are not obligated to do so and they may discontinue market making activities at any time without notice, at their sole discretion. If liquidity is important to you, you should consider this before buying the notes. Many factors affect the trading market and market value of your notes.

In addition to our credit ratings, creditworthiness, financial condition and results of operations, many other factors may affect the market value of, and trading market for, your notes. These factors include:

- the complexity and volatility of any index or formula applicable to the notes;
- the method of calculating any principal, premium or interest to be paid on the notes;
  - the time remaining to the maturity of your notes;
- the outstanding amount of your notes and other debt securities with the same terms;
  - any redemption or repayment features of your notes;
- the supply of notes trading in the secondary market, if any;
- market rates of interest higher or lower than rates borne by your notes; and
- the level, direction and volatility of market interest rates generally.

These factors are interrelated in complex ways. As a result, the effect of any one factor may be offset or magnified by the effect of another factor. In addition, there may be a limited number of buyers when you decide to sell your notes. This may affect the price you receive for your notes or your ability to sell your notes at all. Notes that are designed for specific investment objectives or strategies often experience a more limited trading market and more price volatility than those not so designed. You should not purchase notes unless you understand and know you can bear all of the investment risks involving the notes.

Conversion of interest rate may affect the market value of the notes.

Certain fixed/floating rate notes may bear interest at a rate that we may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Our ability to convert the interest rate will affect the secondary market and the market value of the notes since we may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If we convert from a fixed rate to a floating rate, the spread on the fixed/floating rate notes may be less favorable than the then-prevailing spreads on comparable floating rate notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other notes. If we convert from a floating rate to a fixed rate, the fixed rate may be lower than the then-prevailing floating rates on the notes. There may be certain tax consequences of holding the notes.

Different holders will be treated differently depending on the terms of the notes and their own particular status and circumstances. Potential investors should consider, and consult with their own tax advisers about the U.S. federal income (as well as applicable state, local and foreign income and other) tax consequences to them of investing in, holding, and disposing of the notes. For more information, please read the section below described under the heading “Material United States Federal Income Tax Consequences.”

The notes may not be a suitable investment for all investors.

You must determine the suitability of your investment in light of your own circumstances. In particular, you should (1) have sufficient knowledge and experience to make a meaningful evaluation of the notes, the merits and risks of investing in the notes and the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus; (2) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of your particular financial situation, an investment in the notes and the impact the notes will have on the your overall investment portfolio; (3) have sufficient financial resources and liquidity to bear all of the risks of an investment in the notes; (4) understand thoroughly the terms of the notes and be familiar with the behavior of any relevant indices and financial markets; and (5) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the applicable risks.

The indenture does not restrict the amount of additional debt that we may incur.



The indenture under which the notes will be issued does not place any limitation on the amount of unsecured debt that we may incur. Our incurrence of additional debt may have important consequences for you as a holder of the notes, including

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making it more difficult for us to satisfy our obligations with respect to the notes, reducing the trading value of your notes, if any, and causing a risk that the credit rating of the notes is lowered or withdrawn.

Notes indexed to interest rate, currency or other indices or formulas may have risks not associated with a conventional debt security.

If you invest in notes indexed to one or more values of currencies (including exchange rates between currencies), commodities, securities or interest rate indices, you will be subject to significant economic risks that are not associated with similar investments in a conventional fixed-rate debt security and may be subject to extraordinary tax treatment. If the interest rate of such a note is so indexed, it may result in an interest rate that is less than that payable on a conventional fixed-rate debt security issued at the same time, including the possibility that no interest will be paid, and, if the principal amount of such a note is so indexed, the principal amount payable at maturity may be less than the original purchase price of such note if allowed pursuant to the terms of such note, including the possibility that no principal will be paid. The secondary market for such notes will be affected by a number of factors, independent of our creditworthiness and the value of the applicable currency, commodity, security or interest rate index, including the volatility of, or the price or value of, the applicable currency, commodity, security or interest rate index, the time remaining to the maturity of such notes, the amount outstanding of such notes and market interest rates. The value of the applicable currency, commodity, security or interest rate index will depend on a number of interrelated factors, including economic, financial and political events, over which we have no control. Additionally, if the formula used to determine the principal amount or interest payable with respect to such notes contains a multiple or leverage factor, the effect of any change in the applicable currency, commodity, security or interest rate index will be increased. Historical experience relating to the relevant currencies, commodities, securities or interest rate indices and their values should not be taken as an indication of future performance or values of such currencies, commodities, securities or interest rate indices during the term of any note. The particular economic and tax risks associated with the issuance of indexed notes will be set forth in the related pricing supplement.

Exchange rates and exchange controls may adversely affect your foreign currency indexed notes.

An investment in a note indexed to a currency other than U.S. dollars entails significant risks. These risks include the possibility of significant changes in rates of exchange between the U.S. dollar and such currency and the possibility of the imposition or modification of foreign exchange controls by either the United States or foreign governments, such as intervention by a country's central bank, imposition of regulatory controls or taxes, issuing a new currency to replace an existing currency or altering the exchange rate or relative exchange characteristics by the devaluation or revaluation of a currency. These risks generally depend on factors over which we have no control, such as economic and political events and the supply of and demand for the relevant currencies. In recent years, rates of exchange between the U.S. dollar and certain currencies have been highly volatile, and you should be aware that volatility may occur in the future. Depreciation of the specified currency for a note against the U.S. dollar would result in a decrease in the effective yield of such note (on a U.S. dollar basis) below its coupon rate and, in certain circumstances, could result in a loss to you on a U.S. dollar basis. There will be no adjustment or change in the terms of the currency indexed notes if exchange rates become fixed, or if any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes occur, or other developments affecting the U.S. dollar or any applicable currency occur.

To the extent we would be required to repurchase the notes upon a change of control triggering event, we may not have sufficient cash at such time to repurchase all the notes plus all other notes subject to a change of control triggering event repurchase obligation.

If specified in the terms of the applicable pricing supplement, the notes that we issue may require us to repurchase all or any part of such holder's notes upon the occurrence of a Change of Control Triggering Event, as defined herein. We have, and may in the future, issue notes and enter into additional debt instruments, that require us to repurchase or repay the principal amount of debt outstanding (plus, in certain circumstances a premium) upon the occurrence of a Change of Control Triggering Event or similar event. If such event were to occur, we may not have sufficient financial resources available to satisfy all those obligations. Consequently we may not be able satisfy our obligations to repurchase your notes upon the terms of the indenture.

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TERM OF THE NOTES

General

The notes will be issued as part of a series of the debt securities under an indenture, dated as of October 3, 2003 (the “indenture”), between Ryder and The Bank of New York Mellon Trust Company, N.A., as trustee (the, “Trustee”). The term “debt securities,” as used in this prospectus supplement, refers to all securities issued and issuable from time to time under the indenture and includes the notes. The debt securities and the indenture are more fully described in the accompanying prospectus. The pricing supplement will add specific terms for each issuance of notes and may modify or replace any information in this section and in the section entitled “Description of Debt Securities” in the accompanying prospectus. The following summary of the material provisions of the notes and of the indenture is not complete and is qualified in its entirety by reference to the indenture, a copy of which has been filed as an exhibit to the registration statement of which this prospectus supplement and the accompanying prospectus are a part. Capitalized terms used but not defined below have the meanings given to them in the accompanying prospectus, and in the indenture relating to the notes, or in the applicable pricing supplement.

The following description of notes will apply unless otherwise specified in the applicable pricing supplement.

Terms of the Notes

The notes issued and to be issued under the indenture will be unsecured and unsubordinated general obligations of Ryder and will rank equally with all the other unsecured and unsubordinated indebtedness of Ryder from time to time outstanding.

The indenture does not limit the aggregate principal amount of debt securities which we may issue. We may issue our debt securities from time to time as a single series or in two or more separate series up to the aggregate principal amount from time to time as we may authorize for each series. We may, without the consent of the holders of notes, “reopen” any tranche of notes previously issued and create and issue additional notes ranking equally with, and having the same terms and conditions as previously issued notes (except for the issue date and, in some circumstances, the issues price and the first interest payment date), provided that such additional notes shall be fungible with the previously issued notes for U.S. federal income tax purposes. Such additional notes will be consolidated and form a single tranche with, have the same CUSIP number as and trade interchangeably with such previously issued notes. We will issue notes in minimum denominations of \$2,000 and in integral multiples of \$1,000 in excess thereof.

The notes are to mature on any day nine months or more from the date of issue (the “Issue Date”) as selected by the purchaser and agreed to by us. Interest-bearing notes will bear interest at either fixed or floating rates as specified in the applicable pricing supplement. Some notes may not bear interest. Notes may be issued at significant discounts from their principal amount payable at maturity, which will be either the stated maturity date or any date before the stated maturity date on which the principal or an installment of principal of a note becomes due and payable, whether by the declaration of acceleration, call for redemption at our option, repayment at the option of the holder or otherwise. The stated maturity date or such prior date, as the case may be, is referred to as the “Maturity Date” with respect to the principal, and premium, if any, repayable on that date. For further information regarding such discount notes, see “—Original Issue Discount Notes” and “Material United States Federal Income Tax Consequences—Consequences to United States Holders—Original Issue Discount”.

The pricing supplement relating to a note will describe the following terms:

- whether the note will bear interest at a fixed rate or at a floating rate, or will not bear any interest;
- the price (expressed as a percentage of the aggregate principal amount) at which the note will be issued;
- the date on which the note will be issued;
- the date on which the note will mature;
- if the note is a fixed rate note, the rate per annum at which the note will bear interest and the interest payment dates;
- if the note is a floating rate note, the terms relating to the determination and payment of the variable interest rate and the interest payment dates;

if the note may be redeemed at our option, or repaid at the option of the holder, prior to the stated maturity, a description of the provisions relating to the redemption or repayment;  
any sinking fund or other mandatory redemption provisions applicable to the note;  
if the note will be issued as a certificated note, a statement to that effect;

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any other terms of the note not inconsistent with the provisions of the indenture;  
the minimum denominations in which any note will be issuable if other than denominations of \$2,000 and integral multiples of \$1,000 in excess thereof;  
the identity of any additional Agent through or to whom the note is being sold; and  
the amount of discounts or commissions to be paid to an Agent if different from those specifically set forth in the selling agency agreement which is filed as an exhibit to the registration statement of which this prospectus supplement and the accompanying prospectus are a part.

The interest rates we offer with respect to the notes may differ depending upon, among other things, the aggregate principal amount of notes purchased in any single transaction. We may change interest rates or formulas and other terms of the notes from time to time, but no change will affect any note already issued or as to which we have accepted an offer to purchase. We may offer notes with similar variable terms other than interest rates concurrently at any time. We may also concurrently offer notes having different variable terms to different investors.

The notes will be issued in fully registered book-entry form (“Book-Entry Notes”) and will be represented by one or more global notes without coupons (each, a “Global Note”) deposited with the Trustee and registered in the name of a nominee of The Depository Trust Company (the “Depository”) in New York, New York. Beneficial interests in notes evidenced by a Global Note will be shown on, and transfers thereof will be effected only through, records maintained by the Depository and its direct and indirect participants and any such beneficial interest may not be exchanged for notes in certificated form (“Certificated Notes”) except in the limited circumstances described herein. See “—Book-Entry Notes.”

If the notes are denominated in United States dollars, then payments of principal, premium, if any, and/or interest, if any, in respect thereof will be made in, United States dollars. References to “United States dollars,” “U.S. dollars,” “U.S.\$” or “\$” are to the lawful currency of the United States of America (the “United States”).

As used herein:

“Below Investment Grade Rating Event” means the rating on the notes is lowered by each of the Rating Agencies and the notes are rated below Investment Grade by each of the Rating Agencies on any day within the 60-day period (which 60-day period will be extended so long as the rating of the notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies) after the earlier of (1) the occurrence of a Change of Control or (2) public notice of the occurrence of a Change of Control or our intention to effect a Change of Control; provided that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Triggering Event) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the Trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Below Investment Grade Rating Event).

“Business Day” with respect to any note means, unless otherwise specified in the applicable pricing supplement, any day, other than a Saturday or Sunday, that meets each of the following applicable requirements: the day is (a) neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to be closed in The City of New York; and (b) if such note is a LIBOR Note, a London Banking Day.

“Change of Control” means the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that any “person” (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), other than the Company or its subsidiaries, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the combined voting power of our Voting Stock or other Voting Stock into which our Voting Stock is reclassified, consolidated, exchanged or changed measured by voting power rather than number of shares.

“Change of Control Triggering Event” means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

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“Discount Note” means

- (a) a note which provides for an amount less than the stated principal amount thereof to be due and payable upon declaration of acceleration of the maturity thereof pursuant to the indenture; and
- (b) any other note that for United States Federal income tax purposes would be considered an original issue discount note.

“Fitch” means Fitch, Inc., also known as Fitch Ratings.

“Interest Payment Date” with respect to any note means a date (other than the Maturity Date) on which, under the terms of such note, regularly scheduled interest shall be payable.

“Investment Grade” means a rating of BBB- (with at least a neutral outlook) or better by Fitch (or its equivalent under any successor rating category of Fitch); a rating of Baa3 (with at least a neutral outlook) or better by Moody’s (or its equivalent under any successor rating category of Moody’s); and a rating of BBB- (with at least a neutral outlook) or better by S&P (or its equivalent under any successor rating category of S&P).

“LIBOR Currency” means the currency specified in the applicable pricing supplement as to which LIBOR shall be calculated or, if no currency is specified in the applicable pricing supplement, United States dollars.

“London Banking Day” means any day on which commercial banks are open for business (including dealings in the LIBOR Currency (as defined above)) in London.

“Maturity Date” with respect to any note means the date on which such note will mature, as specified thereon.

“Moody’s” means Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors.

“Rating Agency” means (1) each of Fitch, Moody’s and S&P, and (2) if any of Fitch, Moody’s or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of our control, a “nationally recognized statistical rating organization” as defined in Section 3(a)(62) of the Exchange Act, selected by us (as certified by a resolution of our board of directors) as a replacement agency for Fitch, Moody’s or S&P, or all of them, as the case may be.

“Record Date” with respect to any Interest Payment Date for any note shall be the date (whether or not a Business Day) 15 calendar days (unless otherwise specified in the applicable pricing supplement) immediately preceding such Interest Payment Date.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., and its successors.

“Voting Stock” of any specified Person as of any date means the capital stock of such Person that is at the time entitled to vote generally in the election of the board of directors of such person.

All percentages resulting from any calculations will be rounded, if necessary, to the nearest one millionth of a percentage point (with five ten-millionths of a percentage point being rounded upward) and all amounts in U.S. dollars rounded to the nearest cent (with one-half cent being rounded upward).

Payments of Principal, Premium and Interest

Interest payable with respect to a note on any Interest Payment Date will be paid to the person in whose name such note (or one or more predecessor notes) is registered at the close of business on the Record Date immediately preceding such Interest Payment Date, provided that interest payable on the Maturity Date will be payable to the person to whom principal shall be payable. Unless otherwise specified in the applicable pricing supplement, the first payment of interest on any note will be made on the first Interest Payment Date succeeding the Issue Date to the person in whose name such note (or one or more predecessor notes) is registered at the close of business on the Record Date with respect to such Interest Payment Date; provided that if a note is originally issued between a Record Date and an Interest Payment Date, then the first payment of interest will be made on the Interest Payment Date following the next succeeding Record Date to the registered owner on such Record Date. Any such interest not so punctually paid or duly provided for on any Interest Payment Date will forthwith cease to be payable to the person in whose name such note (or one or more predecessor notes) is registered at the close of business on the relevant Record Date (or, if relevant, the person entitled to payment on an applicable Maturity Date) and may either (1) be paid to the person in whose name such note (or one or more predecessor notes) is registered at the close of business on a special





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Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof shall be given to the holders of notes by mail sent to their registered addresses not less than ten days prior to such special Record Date or (2) be paid at any time in any other lawful manner.

In the limited circumstances in which Certificated Notes are issued (see “—Book-Entry Notes”), payments of interest on Certificated Notes, other than interest payable with respect to the principal amount due on any Maturity Date with respect to a Certificated Note, will be made by check mailed to the registered holder entitled to that interest as described above. Notwithstanding the foregoing, a registered holder of not less than U.S. \$10,000,000 aggregate principal amount of Certificated Notes that have the same Interest Payment Dates may, by written notice to the Trustee on or before the Record Date preceding an Interest Payment Date, arrange to have the interest payable on all such notes, held by such holder on such Interest Payment Date, and all subsequent Interest Payment Dates until written notice to the contrary is given to the Trustee as aforesaid, made by wire transfer of immediately available funds to an account at a bank in the United States (or other bank consented to by us and the Trustee) as the holder of such notes shall have designated, provided that such bank has appropriate facilities therefor.

The principal, premium, if any, and interest on any Certificated Note that is due at a Maturity Date will be paid in immediately available funds against presentation and surrender (by overnight delivery) of such note at the office of the Trustee maintained for such purpose at The Bank of New York Mellon Trust Company, N.A., as Trustee, at 10161 Centurion Parkway, Jacksonville FL 32256, or such other office or agency of which the registered holders receive notice from the Trustee; provided, however, that if such payment is to be made by wire transfer, the Trustee shall have received, not less than fifteen (15) Business Days prior to such Maturity Date, appropriate wire transfer instructions therefor. Payment of the principal amount of each note and interest thereon that is due at maturity will be made on such Maturity Date provided that the note is surrendered to the Trustee prior to 3:00 P.M., New York City time, on such Maturity Date and the Trustee has confirmation of receipt of funds from us.

We and the Trustee and any of our or the Trustee’s agents may treat the person in whose name a note is registered at the relevant time specified above or in the note as the owner of such note for the purpose of receiving payments of principal, premium, if any, and interest on such note and for all other purposes whatsoever.

Any money deposited with the Trustee and remaining unclaimed for two years after the date upon which the last payment of principal, premium, if any, and interest on any note to which such deposit relates shall have become due and payable, shall be repaid to us by the Trustee on demand, and the holder of any note to which such deposit related entitled to receive payment shall thereafter look only to us for the payment thereof and all liability of the Trustee with respect to such money shall thereupon cease.

In the absence of a written request from us to return unclaimed funds to us, the Trustee shall from time to time deliver all unclaimed funds to or as directed by applicable escheat authorities, as determined by the Trustee in its sole discretion, in accordance with the customary practices and procedures of the Trustee. Any unclaimed funds held by the Trustee pursuant to this and the preceding paragraph shall be held uninvested and without any liability for interest.

For a description of procedures for payment of principal, premium, if any, and interest on Book-Entry Notes represented by a Global Note, see “—Book-Entry Notes.”

### Sinking Fund

Unless otherwise provided in the applicable pricing supplement, the notes will not be subject to any sinking fund.  
Redemption at the Option of Ryder

We may redeem the notes at our option prior to their stated maturity only if an initial redemption date is specified in the applicable notes and in the applicable pricing supplement or as otherwise provided therein. If so indicated in the applicable pricing supplement, on and after the initial redemption date, we may redeem the related note at any time in whole or from time to time in part at our option at the applicable redemption price referred to below together with interest on the principal of the applicable note payable to the redemption date. Unless otherwise specified in the applicable pricing supplement, we must provide notice of a redemption not more than 60 nor less than 30 days before the redemption date. We will redeem the notes in increments of \$2,000 and integral multiples of \$1,000 in excess thereof, provided that any remaining principal amount will be an authorized denomination of the applicable note.

Unless otherwise specified in the applicable pricing supplement, the redemption price with respect to a note will initially mean a percentage (i.e., the initial redemption percentage), of the principal amount of the note to be redeemed specified in the applicable pricing supplement and shall decline at each anniversary of the

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initial redemption date by a percentage specified in the applicable pricing supplement (i.e., the annual redemption percentage reduction) of the principal amount to be redeemed until the redemption price is 100% of the principal amount.

We may at any time purchase notes at any price in the open market or otherwise. Notes purchased by us may be held or resold or, at our discretion may be surrendered to the Trustee for cancellation.

### Repayment at the Option of the Holder

If so indicated in the applicable pricing supplement, we will repay the notes in whole or in part at the option of the holders of the notes on any optional repayment date specified in the applicable pricing supplement. If no optional repayment date is indicated with respect to a note, it will not be repayable at the option of the holder before its stated maturity date. Any repayment in part will be in an amount equal to \$2,000 and integral multiples of \$1,000 in excess thereof, provided that any remaining principal amount will be an authorized denomination of the applicable note. The repurchase price for any note so repurchased will be 100% of the principal amount to be repaid, together with any unpaid interest on the principal of the applicable note payable to the date of repayment. For any note to be repaid, the Trustee must receive, at its office maintained for such purpose, not more than 60 nor less than 30 days before the optional repayment date:

• in the case of a note in certificated form, the note and the form entitled “Option to Elect Repayment” duly completed, or  
• in the case of a note in book-entry form, instructions to that effect from the applicable beneficial owner of the global security representing the notes to the depository and forwarded by the depository.

Any notice of election from a holder to exercise the repayment option must be received by the Trustee by 5:00 p.m., New York City time, on the last day for giving such notice. Exercise of the repayment option by the holder of a note will be irrevocable.

Only the depository may exercise the repayment option in respect of global securities representing notes in book-entry form. Accordingly, beneficial owners that desire to have all or any portion of their notes in book-entry form represented by global securities repaid must instruct the participant through which they own their interest to direct the depository to exercise the repayment option on their behalf by forwarding the repayment instructions to the Trustee as discussed above. In order to ensure that the instructions are received by the Trustee on a particular day, the applicable beneficial owner must so instruct the participant through which it owns its interest before that participant’s deadline for accepting instructions for that day. Different firms may have different deadlines for accepting instructions from their customers. Accordingly, beneficial owners of notes in book-entry form should consult the participants through which they own their interest for the respective deadlines. All instructions given to participants from beneficial owners of notes in book-entry form relating to the option to elect repayment will be irrevocable. In addition, at the time instructions are given, each beneficial owner will cause the participant through which it owns its interest to transfer its interest in the global security or securities representing the related notes in book-entry form, on the depository’s records, to the Trustee. See “—Book-Entry Notes”.

If applicable, we will comply with the requirements of Section 14(e) of the Exchange Act and the rules promulgated thereunder and any other securities laws or regulations in connection with any repayment at the option of the holder.

### Offer to Redeem Upon Change of Control Triggering Event

If indicated in the applicable pricing supplement that a Change of Control Triggering Event will be an event that requires us to offer to redeem the notes, then upon the occurrence of a Change of Control Triggering Event, each holder of notes will have the right to require us to purchase all or a portion of such holder’s notes pursuant to the offer described below (the “Change of Control Offer”), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.

Within 30 days following the date upon which the Change of Control Triggering Event occurred, 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 deliver a notice to each holder of notes, with a copy to the Trustee, which notice will govern the terms of the Change

of Control Offer. Such notice will state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law (the “Change of Control Payment Date”). The notice, if mailed prior to the date of consummation of the Change of Control, will state that the Change of Control Offer is conditioned on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date. Holders of notes

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electing to have notes purchased pursuant to a Change of Control Offer will be required to surrender their notes, with the form entitled “Option of Holder to Elect Purchase” on the reverse of the note completed, to the paying agent at the address specified in the notice, or transfer their notes to the paying agent by book-entry transfer pursuant to the applicable procedures of the paying agent, prior to the close of business on the third business day prior to the Change of Control Payment Date.

We will not be required to make a Change of Control Offer if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by us and such third party purchases all Notes properly tendered and not withdrawn under its offer.

We will comply with the requirements of Rule 14e-1 under 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 Triggering Event. To the extent that the provisions of any such securities laws or regulations conflict with the change of control offer provisions of the notes, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the change of control offer provisions of the notes by virtue of any such conflict.

### Interest and Interest Rates

Each interest-bearing note will bear interest at either:

- a fixed rate, which may be zero in the case of Discount Notes, or
- a floating rate determined by reference to the interest rate basis or combination of interest rate bases (the “Base Rate”)
- or interest rate formulas specified in the applicable pricing supplement, which may be adjusted by a Spread or Spread Multiplier (each as defined below).

Interest rates offered by us with respect to the notes may differ depending upon, among other things, the aggregate principal amount of the notes purchased in any single transaction.

### Fixed Rate Notes

Each Fixed Rate Note will bear interest from its Issue Date or from the most recent Interest Payment Date to which interest has been paid or duly provided for, as the case may be, at the annual rate stated on its face. Unless otherwise stated in the applicable pricing supplement, interest will be payable semiannually until the principal amount of the note is paid or made available for payment or upon earlier redemption or repayment and will be computed on the basis of a 360-day year of twelve 30-day months.

Interest on Fixed Rate Notes will be payable on the Interest Payment Dates specified in the applicable pricing supplement and at the Maturity Date as to the principal amount due at such Maturity Date, unless otherwise specified in the applicable pricing supplement. Notwithstanding the foregoing, periodic payments of interest will not be made with respect to any Zero-Coupon Note.

We may change interest rates from time to time but no such change will affect any Fixed Rate Notes theretofore issued or as to which we have accepted an offer. Each payment of interest shall include interest accrued through the day preceding the Interest Payment Date or Maturity Date or date of redemption or repayment. If any Interest Payment Date or the Maturity Date or date of redemption or repayment of a Fixed Rate Note falls on a day that is not a Business Day, the payment will be made on the next Business Day as if it were made on the date payment was due, and no interest will accrue after that Interest Payment Date, Maturity Date or the date of redemption or repayment.

### Floating Rate Notes

Each Floating Rate Note will bear interest from its Issue Date at a rate per annum equal to:  
• the Initial Interest Rate set forth in the applicable pricing supplement until the first Interest Reset Date (as defined below); and  
• thereafter at rates determined by reference to the Base Rate plus or minus the Spread, if any, or multiplied by the Spread Multiplier, if any (each as specified in the applicable pricing supplement), until the principal thereof is paid or payment thereof is duly provided for.

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The “Spread” is the number of basis points (one basis point equals one-hundredth of a percentage point) specified in the applicable pricing supplement as being applicable to such note. The “Spread Multiplier” is the percentage specified in the applicable pricing supplement as being applicable to such note. Any Floating Rate Note may also have either or both of the following:

- a maximum numerical interest rate limitation, or ceiling, on the rate of interest that may accrue during any interest period (the “Maximum Interest Rate”); and
- a minimum numerical interest rate limitation, or floor, on the rate of interest that may accrue during any interest period (the “Minimum Interest Rate”).

In addition to any Maximum Interest Rate that may apply to any Floating Rate Note pursuant to the foregoing, the interest rate on Floating Rate Notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. Under present New York law, the maximum rate of interest, with certain exceptions, is 16% per annum on a simple interest basis for securities in which less than \$250,000 has been invested and 25% per annum on a simple interest basis; this limit does not apply to Floating Rate Notes in which U.S. \$2,500,000 or more has been invested.

The applicable pricing supplement will designate one or more of the following Base Rates as applicable to each Floating Rate Note:

- the CMT Rate (a “CMT Rate Note”);
- the Commercial Paper Rate (a “Commercial Paper Rate Note”);
- the Federal Funds Rate (a “Federal Funds Rate Note”);
- LIBOR (a “LIBOR Note”);
- the Prime Rate (a “Prime Rate Note”);
- the Treasury Rate (a “Treasury Rate Note”); or
- such other Base Rate or interest rate formula as is specified in the applicable pricing supplement.

The Spread, Spread Multiplier, Index Maturity (as defined below) and other variable terms of the Floating Rate Notes are subject to change by us from time to time, but no such change will affect any Floating Rate Note theretofore issued or as to which we have accepted an offer.

The rate of interest on each Floating Rate Note will be reset daily, weekly, monthly, quarterly, semiannually, annually or otherwise (such period being the “Interest Reset Period” for such note, and the first day of each Interest Reset Period being an “Interest Reset Date”), as specified in the applicable pricing supplement. Unless otherwise specified in the applicable pricing supplement, the Interest Reset Date will be:

- in the case of Floating Rate Notes that reset daily, each Business Day;
- in the case of Floating Rate Notes (other than Treasury Rate Notes) that reset weekly, Wednesday of each week;
- in the case of Treasury Rate Notes that reset weekly, Tuesday of each week;
- in the case of Floating Rate Notes that reset monthly, the third Wednesday of each month;
- in the case of Floating Rate Notes that reset quarterly, the third Wednesday of March, June, September and December;
- in the case of Floating Rate Notes that reset semiannually, the third Wednesday of each of two months specified in the applicable pricing supplement; and
- in the case of Floating Rate Notes that reset annually, the third Wednesday of the month 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, such Interest Reset Date shall be postponed to the next day that is a Business Day, except, in the case of a LIBOR Note, if such Business Day is in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Business Day.

Interest on each Floating Rate Note will be payable monthly, quarterly, semiannually, annually or as otherwise specified in the applicable pricing supplement (the “Interest Payment Period”). Except as provided below or in the



applicable pricing supplement, interest will be payable:

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- in the case of Floating Rate Notes which reset daily, weekly or monthly, on the third Wednesday of each month or on the third Wednesday of March, June, September and December;
- in the case of Floating Rate Notes which reset quarterly, on the third Wednesday of March, June, September and December;
- in the case of Floating Rate Notes which reset semiannually, on the third Wednesday of each of the two months specified in the applicable pricing supplement;
- in the case of Floating Rate Notes which reset annually, on the third Wednesday of the month specified in the applicable pricing supplement; and
- in each case, on the Maturity Date thereof.

If any Interest Payment Date for any Floating Rate Note would otherwise be a day that is not a Business Day, such Interest Payment Date shall be postponed to the next day that is a Business Day except in the case of a LIBOR Note, if such Business Day is in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding Business Day and no interest will accrue for the period from and after such Interest Payment Date. If the Maturity Date (or date of redemption or repayment) of any Floating Rate Note would fall on a day that is not a Business Day, the payment of interest and premium, if any, and principal may be made on the next succeeding Business Day, and no interest on such payment will accrue for the period from and after the Maturity Date (or the date of redemption or repayment).

Interest payments on each Interest Payment Date or on the Maturity Date or the date of redemption or repayment for Floating Rate Notes will include accrued interest from and including the Issue Date or from and including the last date in respect of which interest has been paid or duly provided for, as the case may be, to, but excluding, such Interest Payment Date or Maturity Date or the date of redemption or repayment.

Accrued interest will be calculated by multiplying the principal amount of a Floating Rate Note by an accrued interest factor. The accrued interest factor will be computed by adding the interest factors calculated for each day in the period for which accrued interest is being calculated. The interest factor (expressed as a decimal) for each such day will be computed by dividing the interest rate applicable to such day by 360, in the case of Commercial Paper Rate Notes, LIBOR Notes, Federal Funds Rate Notes and Prime Rate Notes, or by the actual number of days in the year in the case of Treasury Rate Notes or CMT Rate Notes. The interest rate in effect on each day will be:

- if such day is an Interest Reset Date, the interest rate with respect to the Interest Determination Date (as defined below) pertaining to such Interest Reset Date, or
- if such day is not an Interest Reset Date, the interest rate with respect to the Interest Determination Date pertaining to the next preceding Interest Reset Date, subject in either case to any Maximum Interest Rate or Minimum Interest Rate limitation referred to above and to any adjustment by a Spread or Spread Multiplier referred to above.

The interest rate in effect for the period from the Issue Date to the first Interest Reset Date set forth in the applicable pricing supplement will be the "Initial Interest Rate" specified in the applicable pricing supplement.

The "Interest Determination Date" pertaining to an Interest Reset Date for Commercial Paper Rate Notes, Prime Rate Notes, Federal Funds Rate Notes or CMT Rate Notes will be the second Business Day next preceding such Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date for a LIBOR Note will be the second London Banking Day next preceding such Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date for a Treasury Rate Note will be the day of the week in which such Interest Reset Date falls on which Treasury bills of the Index Maturity (as defined below) specified on the face of such note are auctioned, but in no event shall such Interest Determination Date be after the related Interest Payment Date. Treasury bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday. If, as the result of a legal holiday, an auction is held on the preceding Friday, that Friday will be the Interest Determination Date pertaining to the Interest Reset Date occurring in the next succeeding week for that Treasury Rate Note. If no auction is held in any week, or on the preceding Friday, the Interest Determination Date shall be the Monday of the week in which the Interest Reset Date falls.

The "Calculation Date," where applicable, pertaining to an Interest Determination Date will be the first to occur of either:

- the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day; or

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the Business Day preceding the date any payment is required to be made for any period following the applicable Interest Reset Date or Maturity Date (or the date of redemption or repayment).

Unless otherwise specified in the applicable pricing supplement, The Bank of New York Mellon Trust Company, N.A. shall be the calculation agent (in such capacity, the “Calculation Agent”) with respect to Floating Rate Notes. Upon request of the holder of any Floating Rate Note, the Calculation Agent will provide the interest rate then in effect and, if determined, the interest rate that will become effective on the next Interest Reset Date with respect to such Floating Rate Note.

“Index Maturity” is the particular maturity (specified in the applicable pricing supplement) of the type of instrument or obligation from which a Base Rate is calculated.

CMT Rate Notes

Each CMT Rate Note will bear interest at the interest rate calculated with reference to the CMT Rate and any Spread or Spread Multiplier specified in that note and any applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, the “CMT Rate” means, with respect to any Interest Determination Date, the rate on such date as displayed on the Designated CMT Reuters Page (as defined below) under the caption “... Treasury Constant Maturities ... Federal Reserve Board Release H.15 ... Mondays Approximately 3:45 P.M.,” under the column for the Designated CMT Maturity Index (as defined below) for the rate on that CMT Rate Interest Determination Date displayed on Reuters Page FRBCMT, or the weekly or monthly average on Reuters Page FEDCMT, for the week that ends immediately preceding the week in which the related Rate Interest Determination Date falls, or the month that ends immediately before the month in which the relevant Rate Interest Determination Date falls, as applicable. The following procedures will be followed if the CMT Rate cannot be determined as described above:

If such rate is no longer displayed on the relevant page, or if not displayed by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate for such CMT Rate Interest Determination Date will be such treasury constant maturity rate for the Designated CMT Maturity Index as published in the H.15 Daily Update.

If such rate is no longer published, or if not published by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate for such CMT Rate Interest Determination Date will be such treasury constant maturity rate for the Designated CMT Maturity Index (or other United States Treasury rate for the Designated CMT Maturity Index), for the CMT Rate Interest Determination Date with respect to such Interest Reset Date as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate formerly displayed on the Designated CMT Reuters Page and published in the H.15 Daily Update.

If such information is not provided by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate for the CMT Rate Interest Determination Date will be calculated by the Calculation Agent, and will be a yield to maturity, based on the arithmetic mean of the secondary market closing offer side prices as of approximately 3:30 P.M., New York City time, on the CMT Rate Interest Determination Date reported, according to their written records, by three leading primary United States government securities dealers (each, a “Reference Dealer”) in The City of New York, which may include the Agents or the Calculation Agent or their affiliates, selected by the Calculation Agent after consulting with us (from five such Reference Dealers selected by the Calculation Agent after consulting with us and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for the most recently issued direct noncallable fixed rate obligations of the United States (“Treasury Notes”) with an original maturity of approximately the Designated CMT Maturity Index and a remaining term to maturity of not less than such Designated CMT Maturity Index minus one year.

If the Calculation Agent cannot obtain three such Treasury Note quotations, the CMT Rate for such CMT Rate Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity based on the arithmetic mean of the secondary market offer side prices as of approximately 3:30 P.M., New York City time, on the CMT Rate Interest Determination Date of three Reference Dealers in The City of New York, which may include the Agents or the Calculation Agent or their affiliates (from five such Reference Dealers selected by the Calculation

Agent after consulting with us and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for Treasury Notes with an original maturity of the number of years that is the next highest to the Designated CMT Maturity Index and a remaining term to maturity closest to the Designated CMT Maturity Index and in an amount of at least \$100 million.

If three or four (and not five) of such Reference Dealers are quoting as described above, then the CMT Rate will be based on the arithmetic mean of the offer prices obtained and neither the highest nor the lowest of such quotes will be

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eliminated; provided however, that if fewer than three Reference Dealers selected by the Calculation Agent after consulting with us are quoting as described herein, the CMT Rate will be the CMT Rate in effect on such CMT Rate Interest Determination Date.

If two Treasury notes with an original maturity as described in the third preceding sentence have remaining terms to maturity equally close to the Designated CMT Maturity Index, the quotes for the Treasury Note with the shorter remaining term to maturity will be used.

“Designated CMT Reuters Page” means the display on the Reuters 3000 Xtra Service (“Reuters”), or any successor service, on the page designated in the applicable pricing supplement, or any other page as may replace such page on that service for the purpose of displaying Treasury Constant Maturities as reported in the H.15 Daily Update. If no such page is specified in the applicable pricing supplement, the Designated CMT Reuters Page shall be FEDCMT, for the most recent week.

“Designated CMT Maturity Index” means the original period to maturity of the U.S. Treasury securities (either 1, 2, 3, 5, 7, 10, 20, or 30 years) specified in the applicable pricing supplement with respect to which the CMT Rate will be calculated. If no such maturity is specified in the applicable pricing supplement, the Designated CMT Maturity Index shall be 2 years.

“H.15 Daily Update” means the daily statistical release designated as such published by the Federal Reserve System Board of Governors, or its successor, available through the website of the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/h15>, or any successor site or publication.

Commercial Paper Rate Notes

Each Commercial Paper Rate Note will bear interest at the interest rate calculated with reference to the Commercial Paper Rate and any Spread or Spread Multiplier specified in that note and in the applicable pricing supplement. Unless otherwise specified in the applicable pricing supplement, the “Commercial Paper Rate” means, with respect to any Interest Determination Date, the Money Market Yield, calculated as described below, of the rate on such date for commercial paper having the Index Maturity designated in the applicable pricing supplement as published in the H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the heading “Commercial Paper-Nonfinancial.” The following procedures will be followed if the Commercial Paper Rate cannot be determined as described above:

If such rate is not published by 3:00 p.m., New York City time, on the Calculation Date pertaining to such Interest Determination Date, then the Commercial Paper Rate shall be the Money Market Yield of the rate on that Interest Determination Date for commercial paper having the Index Maturity designated in the applicable pricing supplement as set forth in the H.15 Daily Update paper having the Index Maturity on the face hereof.

If such rate is not published in the H.15 Daily Update by 3:00 p.m., New York City time, on the Calculation Date pertaining to such Interest Determination Date, then the Commercial Paper Rate for that Interest Determination Date shall be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean of the offered rates of three leading dealers of commercial paper in The City of New York, which may include the Agents or the Calculation Agent or their affiliates, selected by the Calculation Agent (after consulting with us) as of 11:00 a.m., New York City time, on that Interest Determination Date, for commercial paper having the Index Maturity designated in the applicable pricing supplement placed for an industrial issuer whose bond rating is “AA,” or the equivalent, from a nationally recognized rating agency; provided, however, that, if the dealers selected as aforesaid are not quoting as mentioned in this sentence, the Commercial Paper Rate will be the Commercial Paper Rate in effect on such Interest Determination Date.

“Money Market Yield” shall be a yield calculated in accordance with the following formula:

where “D” refers to the per annum rate for the commercial paper, quoted on a bank discount basis and expressed as a decimal; and “M” refers to the actual number of days in the interest period for which interest is being calculated.

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### Federal Funds Rate Notes

Each Federal Funds Rate Note will bear interest at the interest rate calculated with reference to the Federal Funds Rate and any Spread or Spread Multiplier specified in that note and in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, the “Federal Funds Rate” means, with respect to any Interest Determination Date, the rate on that day for Federal Funds as published in the H.15 Daily Update under the heading “Federal Funds (Effective)” as displayed on Reuters on page FEDFUNDS1 under the heading “EFFECT,” or any successor service or page (“Reuters Page FEDFUNDS1”). The following procedures will be followed if the Federal Funds Rate cannot be determined as described above:

- If the above rate does not appear on Reuters Page FEDFUNDS1 or is not so published by 9:00 a.m., New York City time, on the Calculation Date pertaining to such Interest Determination Date, then the Federal Funds Rate shall be the rate on such Interest Determination Date as published in the H.15 Daily Update under the heading “Federal Funds (Effective).”

If such rate is not published in the H.15 Daily Update by 3:00 p.m., New York City time, on the Calculation Date pertaining to such Interest Determination Date, the Federal Funds Rate for such Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight Federal Funds arranged by each of three leading brokers of Federal Funds transactions in New York City, which may include the Agents or the Calculation Agent or their affiliates, selected by the Calculation Agent (after consulting with us) prior to 11:00 a.m., New York City time, on such Interest Determination Date; provided, however, that if the brokers selected as aforesaid are not quoting as mentioned in this sentence, the Federal Funds Rate with respect to such Interest Determination Date will remain the Federal Funds Rate then in effect on such Interest Determination Date.

### LIBOR Notes

Each LIBOR Note will bear interest at the interest rate calculated with reference to LIBOR and any Spread or Spread Multiplier specified in that note and in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, “LIBOR” will be determined by the Calculation Agent in accordance with the following provisions:

(i) With respect to an Interest Determination Date, LIBOR shall equal the arithmetic mean of the offered rates for deposits in the LIBOR Currency having the Index Maturity specified in the applicable pricing supplement, commencing on the second London Banking Day immediately following such Interest Determination Date, which appear on LIBOR01 as of approximately 11:00 A.M., London time, on such Interest Determination Date, if at least two such offered rates appear on LIBOR01, provided that if LIBOR01 by its terms provides for a single rate, that single rate will be used. Unless otherwise specified in the applicable pricing supplement, “LIBOR01” will mean the display designated as page “LIBOR01” on Reuters, or any successor service (or such other page as may replace the LIBOR01 page on that service or such other service(s) as may be designated for the purpose of displaying London interbank offered rates for deposits in the LIBOR Currency by the ICE Benchmark Administration or its successor or such other entity assuming the responsibility of the ICE Benchmark Administration or its successor in calculation of the London Inter-Bank Offered Rate in the event the ICE Benchmark Administration or its successor no longer does so). If (i) fewer than two offered rates appear or (ii) no rate appears on LIBOR01 and LIBOR01 by its terms provides only for a single rate, LIBOR01 in respect of that Interest Determination Date will be determined as if the parties had specified the rate described in (ii) below.

(ii) If, on any Interest Determination Date, (i) fewer than two offered rates appear or (ii) no rate appears on LIBOR01 and LIBOR01 by its terms provides only for a single rate the Calculation Agent will request the principal London office of each of four major banks in the London interbank market, which may include the Agents or the Calculation Agent or their affiliates, as selected by the Calculation Agent (after consulting with us), to provide the Calculation



Agent with its quotation of the rate offered to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that Interest Determination Date for deposits in the LIBOR Currency having the Index Maturity, and in a principal amount equal to an amount not less than \$1,000,000 (or the equivalent in the LIBOR Currency) that is representative of a single transaction in such market at such time (a “Representative Amount”). If at least two such quotations are provided, LIBOR will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on such Interest Determination Date by three major U.S. banks, which may include the Agents or the Calculation Agent or their affiliates, selected by the Calculation Agent (after consulting

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with us), for loans in U.S. dollars to leading European banks having the Index Maturity designated in the applicable pricing supplement, commencing on the second London Banking Day immediately following that Interest Determination Date and in a Representative Amount, provided, however, that if fewer than three banks selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, LIBOR for such date will be LIBOR in effect on such Interest Determination Date.

### Prime Rate Notes

Each Prime Rate Note will bear interest at the interest rate calculated with reference to the Prime Rate and any Spread or Spread Multiplier specified in that note and in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, the “Prime Rate” means, with respect to any Interest Determination Date, the rate on such date as published in the H.15 Daily Update under the heading “Bank Prime Loan.” The following procedures will be followed if the Prime Rate cannot be determined as described above:

In the event that such rate is not published by 9:00 a.m., New York City time, on the Calculation Date pertaining to such Interest Determination Date, then the Prime Rate will be the rate on the Interest Determination Date as published in the H.15 Daily Update opposite the caption “Bank Prime Loan.”

If such rate is not published prior to 3:00 p.m., New York City time, on the Calculation Date in the H.15 Daily Update, then the Prime Rate will be determined by the Calculation Agent and will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME1 Page as such bank’s prime rate or base lending rate as in effect for that Interest Determination Date. “Reuters Screen USPRIME1 Page” means the display designated as page “USPRIME1” on the Reuters Monitor Money Rates Service (or such other page as may replace the USPRIME1 page on that service for the purpose of displaying prime rates or base lending rates of major United States banks).

If fewer than four such rates but more than one such rate appear on the Reuters Screen USPRIME1 Page for such Interest Determination Date, the Prime Rate shall be determined by the Calculation Agent and will be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by 360 as of the close of business on such Interest Determination Date by at least two major money center banks in New York City, which may include the Agents or the Calculation Agent or their affiliates, selected by the Calculation Agent (after consulting with us).

If fewer than two such rates appear on the Reuters Screen USPRIME1 Page, the Prime Rate will be determined by the Calculation Agent and will be the arithmetic mean of the prime rates furnished in New York City by three substitute banks or trust companies organized and doing business under the laws of the United States, or any State thereof, in each case having total equity capital of at least U.S. \$500,000,000 and being subject to supervision or examination by Federal or State authority, which may include the Agents or the Calculation Agent or their affiliates, selected by the Calculation Agent (after consulting with us) to provide such rate or rates; provided, however, that if the banks selected as aforesaid are not quoting as mentioned in this sentence, the Prime Rate will remain the Prime Rate in effect on such Interest Determination Date.

### Treasury Rate Notes

Each Treasury Rate Note will bear interest at the interest rate calculated with reference to the Treasury Rate and any Spread or Spread Multiplier specified in that note and in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, the “Treasury Rate” means

(a) the rate from the auction held on the Treasury Rate Interest Determination Date (the “Auction”) of direct obligations of the United States (“Treasury Bills”) having the Index Maturity specified in the applicable pricing supplement under the caption “INVEST RATE” on either the Reuters Page USAUCTION10 or Reuters Page USAUCTION11, or

(b)if the rate referred to in clause (a) is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as defined below) of the rate for 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/ Auction High”, or

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(c)if the rate referred to in clause (b) is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield of the auction rate of the applicable Treasury Bills as announced by the United States Department of the Treasury, or

(d)if the rate referred to in clause (c) is not so announced by the United States Department of the Treasury, or if the Auction is not held, the Bond Equivalent Yield of the rate on the particular Interest Determination Date of the applicable Treasury Bills as published in the H.15 Daily Update under the caption “U.S. Government Securities/ Treasury Bills/ Secondary Market”, or

(e)if the rate referred to in clause (d) is not so published by 3:00 P.M., New York City time, on the related Calculation Date, 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”, or

(f)if the rate referred to in clause (e) is not so published by 3:00 P.M., New York City time, on the related Calculation Date, 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 the Calculation Agent or their affiliates, selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable pricing supplement, or

(g)if the dealers so selected by the Calculation Agent are not quoting as mentioned in clause (f), the Treasury Rate in effect on the particular Interest Determination Date.

“Bond Equivalent Yield” means a yield calculated in accordance with the following formula:

where “D” refers to the applicable per annum 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.

Indexed Notes

The notes may be issued with the principal amount payable at maturity and/or interest, if any, to be determined with reference to the price or prices, or changes in the price or prices, of specified commodities or stocks or other securities, the exchange rate of one or more specified currencies relative to an indexed currency, or such other price, exchange rate or formula as is set forth in the applicable pricing supplement and the related note.

Original Issue Discount Notes

We may from time to time offer notes at a price less than their redemption price at maturity, resulting in the applicable notes being treated as if they were issued with original issue discount (“OID”) for Federal income tax purposes (“Discount Notes”). Discount Notes may pay no interest currently or may bear interest at a rate which at the time of issuance is below market rates. Additional considerations relating to any Discount Notes will be described in the applicable pricing supplement. For further information regarding the Federal income tax implications for U.S. Holders of Discount Notes, see “Material United States Federal Income Tax Consequences—Consequences to United States Holders—Original Issue Discount”.

Amortizing Notes

Notes may be issued providing for level or graduated amortization of principal over the term of the related note, rather than payment of principal at the stated maturity of such note, as specified in the applicable pricing supplement.

Reset Notes

The pricing supplement relating to each note will indicate whether we have the option with respect to such note to reset the interest rate, in the case of a Fixed Rate Note, or to reset the Spread and/or Spread Multiplier, in the case of a Floating

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Rate Note, and, if so, (1) the date or dates on which such interest rate or such Spread and/or Spread Multiplier, as the case may be, may be reset, and (2) the formula, if any, for such resetting.

We may exercise such option with respect to a note by notifying the Trustee of such exercise at least 45 but not more than 60 calendar days prior to an optional interest reset date for such note. If we so notify the Trustee of such exercise, the Trustee will send not later than 40 calendar days prior to such optional interest reset date, by any electronic or physical means, including facsimile transmission, email, hand delivery, overnight delivery or letter (first class, postage prepaid), to the holder of such note a notice indicating (1) that we have elected to reset the interest rate, in the case of a Fixed Rate Note, or the Spread and/or Spread Multiplier, in the case of a Floating Rate Note, (2) such new interest rate or such new Spread and/or Spread Multiplier, as the case may be, and (3) the provisions, if any, for redemption of such note during the period from such optional interest reset date to the next optional interest reset date or, if there is no such next optional interest reset date, to the stated maturity of such note, including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur during such subsequent interest period.

Notwithstanding the foregoing, not later than 20 calendar days prior to an optional interest reset date for a note, we may, at our option, revoke the interest rate, in the case of a Fixed Rate Note, or the Spread and/or Spread Multiplier, in the case of a Floating Rate Note, provided for in the reset notice and establish a higher interest rate, in the case of a Fixed Rate Note, or a Spread and/or Spread Multiplier resulting in a higher interest rate, in the case of a Floating Rate Note, for the subsequent interest period commencing on such optional interest reset date by causing the Trustee to send via facsimile transmission, hand delivery or letter (first class, postage prepaid) notice of such higher interest rate or Spread and/or Spread Multiplier resulting in a higher interest rate, as the case may be, to the holder of such note. Such notice will be irrevocable. All notes with respect to which the interest rate or Spread and/or Spread Multiplier is reset on an optional interest reset date to a higher interest rate or Spread and/or Spread Multiplier resulting in a higher interest rate will bear such higher interest rate, in the case of a Fixed Rate Note, or Spread and/or Spread Multiplier resulting in a higher interest rate, in the case of a Floating Rate Note, whether or not tendered for repayment as provided in the next paragraph.

If we elect prior to an optional interest reset date to reset the interest rate or the Spread and/or Spread Multiplier of a note, the holder of such note will have the option to elect repayment of such note, in whole but not in part, by us on such optional interest reset date at a price equal to the principal amount thereof plus accrued and unpaid interest to but excluding such optional interest reset date. In order for a note to be so repaid on an optional interest reset date, the holder thereof must follow the procedures set forth in the applicable pricing supplement for optional repayment, except that the period for delivery of such note or notification to the Trustee will be at least 25 but not more than 35 calendar days prior to such optional interest reset date. A holder who has tendered a note for repayment following receipt of a reset notice may revoke such tender for repayment by written notice to the Trustee received prior to 5:00 P.M., New York City time, on the tenth calendar day prior to such optional interest reset date.

**Extension of Maturity Date**

The applicable pricing supplement will indicate whether we have the option to extend the stated Maturity Date of such note for one or more periods of from one to five whole years up to but not beyond the final Maturity Date specified in such pricing supplement.

We may exercise our option to extend the stated Maturity Date with respect to a Note by notifying the Trustee of such exercise at least 45 but not more than 60 calendar days prior to the current stated Maturity Date of such Note (including, if such stated Maturity Date has previously been extended, the stated maturity as previously extended) in effect prior to the exercise of such option. If we so notify the Trustee of such exercise, the Trustee will send not later than 40 calendar days prior to the current stated Maturity Date, by any electronic or physical means, including facsimile transmission, email, hand delivery, overnight delivery or letter (first class, postage prepaid), to the holder of such Note a notice relating to such extension, indicating (1) that we have elected to extend the stated maturity of such Note, (2) the new stated Maturity Date, (3) in the case of a Fixed Rate Note, the interest rate applicable to the extension period or, in the case of a Floating Rate Note, the Spread and/or Spread Multiplier applicable to the extension period, and (4) the provisions, if any, for redemption of such Note during the extension period, including the

date or dates on which or the period or periods during which and the price or prices at which such redemption may occur during the extension period. Upon the sending by the Trustee of an extension notice to the holder of a Note, the stated maturity of such Note will be extended automatically, and, except as modified by the extension notice and as described in the next two paragraphs, such Note will have the same terms as prior to the sending of such extension notice.

Notwithstanding the foregoing, not later than 20 calendar days prior to the current stated Maturity Date for a Note, we may, at our option, revoke the interest rate, in the case of a Fixed Rate Note, or the Spread and/or Spread Multiplier, in the case of a Floating Rate Note, provided for in the applicable extension notice and establish a higher interest rate, in the case of a

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Fixed Rate Note, or a Spread and/or Spread Multiplier resulting in a higher interest rate, in the case of a Floating Rate Note, for the extension period by causing the Trustee to send via any electronic or physical means, including facsimile transmission, email, hand delivery, overnight delivery or letter (first class, postage prepaid), notice of such higher interest rate or Spread and/or Spread Multiplier resulting in a higher interest rate, as the case may be, to the holder of such Note. Such notice will be irrevocable. All Notes with respect to which the stated maturity is extended will bear such higher interest rate, in the case of a Fixed Rate Note, or Spread and/or Spread Multiplier resulting in a higher interest rate, in the case of a Floating Rate Note, for the extension period, whether or not tendered for repayment as provided in the next paragraph.

If we extend the stated maturity of a Note (including, if such stated maturity has previously been extended, the stated maturity as previously extended), the holder of such Note will have the option to elect repayment of such Note, in whole but not in part, by us on the current stated Maturity Date (including the last day of the then current extension period, if any) at a price equal to the principal amount thereof plus accrued and unpaid interest to but excluding such date. In order for a Note to be so repaid on the current stated Maturity Date, the holder thereof must follow the procedures set forth in the applicable pricing supplement, except that the period for delivery of such Note or notification to the Trustee will be at least 25 but not more than 35 calendar days prior to the current stated Maturity Date. A holder who has tendered a Note for repayment following receipt of an extension notice may revoke such tender for repayment by written notice to the Trustee received prior to 5:00 P.M., New York City time, on the tenth calendar day prior to the current stated Maturity Date.

Renewable Notes

The applicable pricing supplement will indicate if a note (other than an Amortizing Note) will provide the holder of such note the opportunity to renew the note, in accordance with the procedures described in such pricing supplement, prior to its current stated Maturity Date.

Combination of Provisions

If so specified in the applicable pricing supplement, any note may be subject to all of the provisions, or any combination of the provisions, described above under “—Reset Notes,” “—Extension of Maturity Date,” and “—Renewable N Book-Entry Notes

We have established a depositary arrangement with the Depositary, with respect to the Book-Entry Notes, the terms of which are summarized below. Any additional or differing terms of the depositary arrangement with respect to the Book-Entry Notes will be described in the applicable pricing supplement.

Upon issuance, all Book-Entry Notes of like tenor and terms up to \$500,000,000 aggregate principal amount will be represented by a single Global Security. Each Global Security representing Book-Entry Notes will be deposited with, or on behalf of, the Depositary and will be registered in the name of the Depositary or a nominee of the Depositary. No Global Security may be transferred except as a whole by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or another nominee of the Depositary to a successor of the Depositary or a nominee of a successor to the Depositary.

So long as the Depositary or its nominee is the registered holder of a Global Security, the Depositary or its nominee, as the case may be, will be the sole owner of the Book-Entry Notes represented thereby for all purposes under the indenture. Except as otherwise provided below, the Beneficial Owners (as defined below) of the Global Security or Securities representing Book-Entry Notes will not be entitled to receive physical delivery of Certificated Notes and will not be considered the registered holders thereof for any purpose under the indenture, and no Global Security representing Book-Entry Notes shall be exchangeable or transferable. Accordingly, each Beneficial Owner must rely on the procedures of the Depositary and, if that Beneficial Owner is not a Participant, on the procedures of the Participant through which that Beneficial Owner owns its interest in order to exercise any rights of a registered holder under the indenture. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in certificated form. Such limits and laws may impair the ability to transfer beneficial interests in a Global Security representing Book-Entry Notes.



Each Global Security representing Book-Entry Notes will be exchangeable for Certificated Notes of like tenor and terms and of differing authorized denominations in a like aggregate principal amount, only if (i) the Depositary notifies us that it is unwilling or unable to continue as Depositary for the Global Securities or we become aware that the Depositary has ceased to be a clearing agency registered under the Exchange Act and, in any such case we fail to appoint a successor to the Depositary within 90 days or (ii) we, in our sole discretion, determine that the Global Securities shall be exchangeable for Certificated

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Notes. Upon any such exchange, the Certificated Notes shall be registered in the names of the Beneficial Owners of the Global Security or Securities representing Book-Entry Notes, which names shall be provided by the Depository's relevant Participants (as identified by the Depository) to the Trustee.

The following is based on information furnished by the Depository:

The Depository will act as securities depository for the Book-Entry Notes. The Book-Entry Notes will be issued as fully registered securities registered in the name of Cede & Co. (the Depository's partnership nominee). One fully registered Global Security will be issued for each issue of Book-Entry Notes, each in the aggregate principal amount of such issue, and will be deposited with the Depository. If, however, the aggregate principal amount of any issue exceeds \$500,000,000, one Global Security will be issued with respect to each \$500,000,000 of principal amount and an additional Global Security will be issued with respect to any remaining principal amount of such issue.

The Depository is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. The Depository holds securities that its participants ("Direct Participants") deposit with the Depository. The Depository also facilitates the post-trade settlement among Direct Participants of securities transactions in deposited securities through electronic computerized book-entry transfer and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants of the Depository include both U.S. and non-U.S. securities brokers and dealers (including the Agents), banks, trust companies, clearing corporations and certain other organizations. The Depository is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for the Depository, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. The Depository is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the Financial Industry Regulatory Authority. Access to the Depository's system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to the Depository and its Participants are on file with the Commission.

Purchases of Book-Entry Notes under the Depository's system must be made by or through Direct Participants, which will receive a credit for such Book-Entry Notes on the Depository's records. The ownership interest of each actual purchaser of each Book-Entry Note represented by a Global Security ("Beneficial Owner") is in turn to be recorded on the records of Direct Participants and Indirect Participants. Beneficial Owners will not receive written confirmation from the Depository of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participants or Indirect Participants through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in a Global Security representing Book-Entry notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners of a Global Security representing Book-Entry Notes will not receive Certificated Notes representing their ownership interests therein, except in the event that use of the book-entry system for such Book-Entry Notes is discontinued.

To facilitate subsequent transfers, all Global Securities representing Book-Entry Notes which are deposited with the Depository are registered in the name of the Depository's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of the Depository. The deposit of Global Securities with the Depository and their registration in the name of Cede & Co. or such other Depository nominee effect no change in beneficial ownership.

The Depository has no knowledge of the actual Beneficial Owners of the Global Securities representing the Book-Entry Notes; the Depository's records reflect only the identity of the Direct Participants to whose accounts such Book-Entry Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by the Depositary to Direct 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. Neither the Depositary nor Cede & Co. will consent or vote with respect to the Global Securities representing the Book-Entry notes. Under its usual procedures, the Depositary mails an Omnibus Proxy to a company as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to

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whose accounts the Book-Entry Notes are credited on the applicable record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and/or interest, if any, payments on the Global Securities representing the Book-Entry Notes will be made in immediately available funds to the Cede & Co., or such other nominee as may be requested by an authorized representative of the Depository. The Depository's practice is to credit Direct Participants' accounts upon the Depository's receipt of funds and corresponding detail from us or the Trustee, on the applicable payment date in accordance with their respective holdings shown on the Depository's records. Payments by Direct and Indirect 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 such Direct or Indirect Participant and not of the Depository, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and/or interest, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of the Depository) is the responsibility of us and the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of the Depository, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

If applicable, redemption notices shall be sent to the Depository. If less than all of the Book-Entry Notes of like tenor and terms are being redeemed, the Depository's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

A Beneficial Owner shall give notice of any option to elect to have its Book-Entry Notes repaid by us, through its Participant, to the Trustee, and shall effect delivery of such Book-Entry Notes by causing the Direct Participant to transfer the Participant's interest in the Global Security or Securities representing such Book-Entry Notes, on the Depository's records, to the Trustee. The requirement for physical delivery of Book-Entry Notes in connection with a demand for repayment will be deemed satisfied when the ownership rights in the Global Security or Securities representing such Book-Entry Notes are transferred by Direct Participants on the Depository's records and followed by a book-entry credit of the Global Security or Securities representing such Book-Entry Notes to the Trustee's Depository account.

The Depository may discontinue providing its services as securities depository with respect to the Book-Entry Notes at any time by giving reasonable notice to us or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Certificated Notes are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry transfers through the Depository (or a successor securities depository). In that event, Certificated Notes will be printed and delivered.

The information in this section concerning the Depository and the Depository's system has been obtained from sources that we believe to be reliable, but neither we nor any Agent takes any responsibility for the accuracy thereof.

Interests in the Global Securities may be held through either the Depository (in the United States), Clearstream Banking, société anonyme, Luxembourg, which we refer to as "Clearstream", or Euroclear Bank S.A./N.V., which we refer to as "Euroclear", in Europe, either directly if they are participants in such systems or indirectly through organizations that are participants in such 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 U.S. depositories, which in turn will hold such interests in customers' securities accounts in the U.S. depositories' names on the books of the Depository.

We understand that Clearstream is incorporated under the laws of Luxembourg as a professional depository.

Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry changes in accounts of its customers, thereby eliminating the need for physical movement of certificates. Clearstream provides to its customers, 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. As a professional depository, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Section. Clearstream customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and other organizations 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 customer either directly or indirectly. We understand that Euroclear 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,

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thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V., which we refer to as the “Euroclear Operator”, under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation, which we refer to as 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.

We understand that the Euroclear Operator is licensed by the Belgian Banking and Finance Commission to carry out banking activities on a global basis. As a Belgian bank, it is regulated and examined by the Belgian Banking and Finance Commission.

We have provided the descriptions of the operations and procedures of Clearstream and Euroclear in this prospectus supplement solely as a matter of convenience, and we make no representation or warranty of any kind with respect to these operations and procedures. These operations and procedures are solely within the control of those organizations and are subject to change by them from time to time. None of us, the Agents or the Trustee takes any responsibility for these operations or procedures, and you are urged to contact the Depository, Clearstream and Euroclear or their participants directly to discuss these matters.

Distributions on the Book-Entry Notes held beneficially through Clearstream will be credited to cash accounts of its customers in accordance with its rules and procedures, to the extent received by the U.S. depository for Clearstream. 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 the Euroclear System, and applicable Belgian law (collectively referred to herein as the “Terms and Conditions”). The 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 on the Book-Entry Notes held beneficially through Euroclear will be credited to the cash accounts of its participants in accordance with the Terms and Conditions, to the extent received by the U.S. depository for Euroclear. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear, as applicable, and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through the Depository, on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected through the Depository in accordance with the Depository rules on behalf of the relevant European international clearing system by the U.S. depository. Such cross-market transactions, however, 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 (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to the U.S. depository to take action to effect final settlement on its behalf by delivering or receiving the Book-Entry Notes in the Depository, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to the Depository. Clearstream customers and Euroclear participants may not deliver instructions directly to their U.S. depositories. Because of time-zone differences, credits of the Book-Entry 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 dated the business day following the Depository settlement date. Such credits or any transactions in the Book-Entry Notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of the Book-Entry Notes by or through a

Clearstream customer or a Euroclear participant to a Depository participant will be received with value on the Depository settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in the Depository.

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Although the Depository, Clearstream and Euroclear have agreed to the foregoing procedures to facilitate transfers of the Book-Entry Notes among participants, they are under no obligation to perform or continue to perform such procedures and such procedures may be changed or discontinued at any time.

**Certain Limitations on Claims in Bankruptcy**

If a bankruptcy proceeding is commenced in respect of the Company, the claim of the holder of a Discount Note may, under Section 502(b)(2) of Title 11 of the United States Code, be limited to the issue price of such note plus that portion of any OID that is amortized from the date of issue to the commencement of the proceeding.

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## MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of the material United States federal income tax consequences of the acquisition, ownership and disposition of certain of the notes that we are offering. Except where noted, this summary deals only with notes that are purchased upon original issuance and are held as capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- a tax-exempt organization;
- an insurance company;
- a person holding the notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a partnership or other pass-through entity for United States federal income tax purposes;
- a “hybrid” entity;
- a “United States Holder” (as defined below) whose “functional currency” for tax purposes is not the U.S. dollar;
- a “controlled foreign corporation”;
- a “passive foreign investment company”; or
- a United States expatriate.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. The discussion below assumes that all the notes issued pursuant to this prospectus will be classified for United States federal income tax purposes as our indebtedness and you should note that in the event of an alternative characterization, the tax consequences would differ from those discussed below. Accordingly, if we intend to treat a note as other than debt for United States federal income tax purposes, we will disclose the relevant tax considerations in the applicable pricing supplement. We will summarize any special United States federal tax considerations relevant to a particular issue of the notes in the applicable pricing supplement.

The discussion below does not address any notes that are denominated in a foreign currency or notes on which payments are determined by reference to the performance of a foreign currency. The tax treatment of any such notes will be discussed in the applicable pricing supplement.

The discussion below does not address the tax treatment of amortizing notes, reset notes, extendible notes, renewable notes, indexed notes and notes that reference the performance of U.S. equities. The tax treatment of any such notes will be discussed in the applicable pricing supplement.

For purposes of this summary, a “United States Holder” means a beneficial owner of the notes that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

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A “Non-United States Holder” means a beneficial owner of the notes who is neither a United States Holder nor a partnership for United States federal income tax purposes.

If a partnership or an entity treated as a partnership for United States Federal income tax purposes holds the notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding the notes, you should consult your tax advisors.

This summary does not represent a detailed description of the United States federal income tax consequences to you in light of your particular circumstances and does not address the effects of any state, local or non-United States tax laws. If you are considering the purchase of notes, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

Consequences to United States Holders