

AMERICAN EXPRESS CO
Form 424B7
May 29, 2007

Filed pursuant to Rule 424(b)(7)
Registration No. 333-138032

CALCULATION OF REGISTRATION FEE

| Title of each class of securities to be registered | Amount to be registered (1) | Proposed maximum offering price per unit (2) | Proposed maximum aggregate offering price (2) |
|---|------------------------------------|---|--|
| Common Stock, par value \$0.20 per share | 26,403 | \$64.36 | \$1,699,297.08 |

(1) The securities registered herein are offered pursuant to an automatic shelf registration statement.

(2) Estimated solely for purposes of determining the registration fee, based on the average of the high and low prices for our common shares as reported on the New York Stock Exchange on May 24, 2007, in accordance with Rule 457(c) under the Securities Act of 1933, as amended.

(3) The registration fee of \$52.17 is calculated in accordance with Rule 457(c) of the Securities Act of 1933. The registration fee has been transmitted to the SEC in connection with the offering of common shares pursuant to the registration statement No. 333-138032 by means of this prospectus supplement in accordance with Rule 457(r).

SUPPLEMENT NO. 3

(To Prospectus Supplement dated January 3, 2007 to Prospectus dated October 16, 2006, as supplemented)

American Express Company

2,074,616 Common Shares

This supplement to the prospectus supplement, dated January 3, 2007, to the prospectus, dated October 16, 2006 (collectively, along with any supplements or amendments thereto, the "Prospectus") relates to the resale by certain shareholders of American Express Company of 2,048,213 common shares of American Express Company. The selling shareholders acquired the shares being offered for resale under the Prospectus in a private placement in connection with our acquisition of Harbor Payments, Inc. pursuant to an Agreement and Plan of Merger and Reorganization, dated as of November 30, 2006, as amended.

This supplement should be read in conjunction with, and may not be delivered or used without, the Prospectus. This supplement is qualified by reference to the Prospectus except to the extent that the information herein contained supersedes the information contained in the Prospectus.

The information appearing below, which is based on information provided by or on behalf of the named selling shareholders, updates and amends the information with respect to such named selling shareholder in the table under the heading "Selling Shareholders" in the prospectus supplement dated January 3, 2007 and all supplements thereto:

| Shares Beneficially Owned | Number of Shares | Shares Beneficially Owned |
|----------------------------------|-------------------------|----------------------------------|
|----------------------------------|-------------------------|----------------------------------|

| Stockholders | Prior to Offering | | Being Offered | After Offering | |
|--------------|-------------------|-------------|---------------|----------------|-------------|
| | Number (1) | Percent (2) | | Number (1) (3) | Percent (2) |
| R.K.C., L.P. | 29,291 | * | 26,403 | 2,888 | * |

* Less than 1%.

(1) Includes each selling shareholder's allocation of the common shares placed in escrow in accordance with the terms of the Merger Agreement and the related escrow agreement.

(2) This percentage is calculated using as the numerator the number of common shares included in the prior column and as the denominator 1,187,587,989 common shares outstanding on April 30, 2007.

(3) Assumes the selling shareholders (i) dispose of all the common shares covered by this prospectus supplement, (ii) do not dispose of any common shares acquired by them prior to the date hereof, and (iii) do not acquire any additional common shares.

Our common shares are listed on the New York Stock Exchange under the symbol "AXP." On May 24, 2007, the last reported sales price for our common shares on the New York Stock Exchange was \$64.02 per share.

You should read the prospectus supplement and the accompanying prospectus carefully before you invest. Please consider the risk factors contained in the documents incorporated by reference into the prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is May 29, 2007

CALCULATION OF REGISTRATION FEE

| Title of each class of securities to be registered | Amount to be registered (1) | Proposed maximum offering price per unit (2) | Proposed maximum aggregate offering price (2) | Amount of registration fee (3) |
|---|------------------------------------|---|--|---------------------------------------|
| Common Stock, par value \$0.20 per share | 1,892,228 | \$61.50 | \$116,372,022 | \$12,452 |

(1) The securities registered herein are offered pursuant to an automatic shelf registration statement.

(2) Estimated solely for purposes of determining the registration fee, based on the average of the high and low prices for our common shares as reported on the New York Stock Exchange on December 27, 2006, in accordance with Rule 457(c) under the Securities Act of 1933, as amended.

(3) The registration fee has been transmitted to the SEC in connection with the offering of common shares pursuant to the registration statement No. 333-138032 by means of this prospectus supplement in accordance with Rule 457(r).

PROSPECTUS SUPPLEMENT

(To Prospectus dated October 16, 2006)

American Express Company**1,892,228 Common Shares**

This prospectus supplement relates to the public offering, which is not being underwritten, of common shares of American Express Company. The 1,892,228 common shares offered by this prospectus were originally issued by us in a private placement in connection with our acquisition of Harbor Payments, Inc. pursuant to an Agreement and Plan of Merger and Reorganization, dated as of November 30, 2006, as amended. All of the common shares offered by this prospectus may be sold from time to time by or on behalf of the selling shareholders named herein. The common shares covered by this prospectus supplement may be sold at fixed prices, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. We will not receive any of the proceeds from the sale of our common shares by the selling shareholders.

Our common shares are listed on the New York Stock Exchange under the symbol "AXP." On December 27, 2006, the last reported sales price for our common shares on the New York Stock Exchange was \$61.57 per share.

Our principal executive offices are located at 200 Vesey Street, New York, New York 10285, and our telephone number at this location is (212) 640-2000.

You should read this prospectus supplement and the accompanying prospectus carefully before you invest. Please consider the risk factors contained in the documents incorporated by reference into this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is January 3, 2007

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the public offering of our common shares by selling shareholders listed herein. The second part is the attached base prospectus, which gives more general information about securities we may offer from time to time, some of which does not apply to the common shares that the selling shareholders are offering hereby. If information in the prospectus supplement differs from information in the accompanying prospectus, you should rely on the information in this prospectus supplement.

When we use the terms American Express, the Company, we, us or our in this prospectus supplement, we mean American Express Company and its subsidiaries, on a consolidated basis, unless we state or the context implies otherwise.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. Neither we nor the selling shareholders have authorized any other person to provide you with information that is different. Neither we nor the selling shareholders are making an offer to sell securities in any jurisdiction where the offer and sale is not permitted. The information in this prospectus supplement and the accompanying prospectus may only be accurate as of their respective dates and the information in the incorporated documents is only accurate as of their respective dates.

SUMMARY

The following summary highlights selected information contained elsewhere in this prospectus supplement and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus and does not contain all the information you will need in making your investment decision. You should carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

The Company

We, together with our subsidiaries, are a leading global payments, network and travel company that offers its products and services throughout the world. Our principal operating subsidiary is American Express Travel Related Services Company, Inc.

Through our Global Network Services and Merchant Services business, we operate a global general-purpose charge and credit Card network, the functions of which include operations, service delivery, systems, authorization, clearing, settlement and brand advertising and marketing; the development of new and innovative products for the network; and establishing and enhancing relationships with merchants globally.

The global merchant services business also includes entering into agreements with merchants to accept Cards (merchant acquisition) and accepting and processing Card transactions and paying merchants that accept Cards for purchases made by Cardmembers with Cards (transaction processing). We also provide point-of-sale and back-office products and services and marketing programs to merchants.

Our U.S. Card Services business includes the U.S. proprietary consumer Card business, OPEN from American Express, the global Travelers Cheques and Prepaid Services business and the American Express U.S. Consumer Travel Network. The U.S. proprietary consumer Card business and OPEN from American Express issue a wide range of Card products and services to consumers and small businesses in the United States, including a variety of credit Cards that have a range of different payment terms, grace periods and rate and fee structures. The American Express U.S. Travel Network provides travel services to Cardmembers and other consumers, which complements the travelers check and prepaid services businesses.

Through our International Card & Global Commercial Services business we provide proprietary consumer Cards and small business Cards outside the United States. International Card & Global Commercial Services also offers global corporate products and services, including Corporate Cards, issued to individuals through corporate accounts established by employers, Business Travel, which helps businesses manage their travel expenses through a variety of travel-related products and services, and Corporate Purchasing Solutions, involving accounts established by companies to pay everyday business expenses.

International Card & Global Commercial Services also includes our subsidiary, American Express Bank, Ltd., which serves affluent and high-net worth individuals and financial institutions through over 70 locations in 45 countries and regions worldwide.

Our executive offices are located at 200 Vesey Street, New York, New York 10285 (telephone number: 212-640-2000).

Recently Completed Acquisition

On November 30, 2006 we entered into an Agreement and Plan of Merger and Reorganization (the "Merger Agreement") by and among us; Cove Acquisition Sub, Inc., a wholly owned subsidiary of American Express; Harbor Payments, Inc. ("Harbor"); Oak Investment Partners XI, Limited Partnership ("Oak"), and Oak Associates XI, LLC, pursuant to which we agreed to acquire Harbor (the "Merger"). On December 31, 2006, we completed the Merger. Under the terms of the Merger Agreement, the former Harbor shareholders are entitled to receive unregistered American Express common shares. A portion of the American Express common shares issued in the Merger are being registered for resale in this prospectus supplement on behalf of the selling shareholders pursuant to the terms of the Merger Agreement and the related Registration Rights Agreement, dated as of December 31, 2006 (the "Registration Rights Agreement"), by and among American Express and Oak, and the other former Harbor shareholders. From time to time after the effective date of the Merger, upon the happening

of certain events described in the Merger Agreement and upon distribution of any common shares from escrow in accordance with the terms of the Merger Agreement and the related escrow agreement, each former holder of shares of Harbor

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common stock may be entitled to receive additional American Express common shares that were either not issued at the closing of the Merger or were issued at the closing of the Merger but placed in escrow. Former holders of Harbor common stock that receive such additional American Express common shares and that comply with the requirements of the Registration Rights Agreement will also have resale registration rights with respect to such shares.

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The Shares Offered In This Prospectus Supplement

Common shares offered

1,892,228 common shares.

Use of proceeds

All of the common shares being offered under this prospectus supplement are being sold by the selling shareholders or their pledgees, donees, transferees or other successors in interest. Accordingly, American Express will not receive any proceeds from the sale of these shares.

Listing of common shares

Our common shares are listed on the New York Stock Exchange under the symbol AXP.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

We have made various statements in this prospectus supplement and the accompanying prospectus that may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may also be made in our documents incorporated by reference in this prospectus supplement and the accompanying prospectus. Forward-looking statements are subject to risks and uncertainties, including those identified in the documents that are or will be incorporated by reference into this prospectus supplement and the accompanying prospectus, which could cause actual results to differ materially from such statements. The words believe, expect, anticipate, optimistic, intend, plan, aim, will, may, should, could, would, likely and similar expressions are intended to identify forward-looking statements. We caution you that any risk factors described or incorporated by reference in this prospectus supplement and the accompanying prospectus are not exclusive. There may also be other risks that we are unable to predict at this time that may cause actual results to differ materially from those in forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statements.

Information concerning important factors that could cause actual events or results to be materially different from the forward-looking statements can be found in the documents that are or will be incorporated by reference into this prospectus supplement and the accompanying prospectus. Although we believe the expectations reflected in our forward-looking statements are based upon reasonable assumptions, it is not possible to foresee or identify all factors that could have a material and negative impact on our future performance. The forward-looking statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus are made on the basis of management's assumptions and analyses, as of the time the statements are made, in light of their experience and perception of historical conditions, expected future developments and other factors believed to be appropriate under the circumstances.

USE OF PROCEEDS

All of the common shares being offered under this prospectus supplement are being sold by the selling shareholders or their pledgees, donees, transferees or other successors in interest. Accordingly, American Express will not receive any proceeds from the sale of these shares.

SELLING SHAREHOLDERS

This prospectus relates to the disposition from time to time by the selling shareholders named herein, or their pledgees, donees, transferees or other successors in interest, of up to 1,892,228 of our common shares. The shares were issued by us to the selling shareholders in a private placement in connection with the Merger pursuant to the Merger Agreement, which closed on December 31, 2006. In connection with the Merger Agreement, we entered into the Registration Rights Agreement, pursuant to which we agreed to file this prospectus supplement, registering for resale the common shares acquired by the selling shareholders.

The selling shareholders named herein may, from time to time, sell, transfer or otherwise dispose of any or all of the common shares covered hereby on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale or at negotiated prices.

We will not receive any proceeds from the disposition of common shares by the selling shareholders. The selling shareholders will pay all brokerage fees and commissions and similar expenses. We will pay all expenses (except brokerage fees and commissions and similar expenses) relating to the registration of the shares with the Securities and Exchange Commission.

The following table sets forth for each selling shareholder:

- the name of the shareholder
- the number and percent of our common shares that the shareholder beneficially owned prior to the offering for resale of the shares under this prospectus supplement;
- the number of our common shares registered for sale for the account of the shareholder under this prospectus supplement; and
- the number and percent of our common shares to be beneficially owned by the shareholder (assuming all of the shares covered hereby are sold by each shareholder).

The number of shares in the column "Number of Shares Being Offered" represents all of the shares that each shareholder may dispose of under this prospectus supplement. We do not know how long the shareholders will hold the shares before disposing of them or how many shares they will dispose of. Other than Oak's agreement, under the terms of the Registration Rights Agreement, to sell no more than twenty-five percent (25%) per day of the American Express common shares that it receives at the closing of the Merger, we currently have no agreements, arrangements or understandings with any of the shareholders regarding the disposition of any of the shares. The common shares offered by this prospectus supplement may be offered from time to time by the shareholders listed below.

This table is prepared solely based on information supplied to us by the selling shareholders and assumes the sale of all of the common shares covered hereby. Certain of the companies in which Oak has equity investments may have commercial relationships with American Express (or our predecessors or affiliates); however, the only material commercial relationships are as follows: (i) Oak's investment in Harbor Payments, Inc. and (ii) Oak has a minority equity investment in Rearden Commerce, Inc. ("Rearden") and a representative on Rearden's Board of Directors. Rearden recently entered into a commercial relationship with American Express Business Travel ("AEBT") that may be material to Rearden and that includes a minority equity investment by AEBT in Rearden and AEBT's right to have a representative on Rearden's Board of Directors. Unless set forth or incorporated by reference herein, to our knowledge, none of the selling shareholders has had, during the past three years, any position, office or other material relationship with us or any of our predecessors or affiliates. The applicable percentages of beneficial

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ownership are based on an aggregate of 1,197,168,800 of our common shares issued and outstanding on December 27, 2006, as described below.

| Stockholders | Shares Beneficially Owned Prior to Offering | | Number of Shares Being Offered | Shares Beneficially Owned After Offering | |
|--|--|-------------------|---------------------------------------|---|-------------------|
| | Number(1) | Percent(2) | | Number(1)(3) | Percent(2) |
| Oak Investment Partners XI, Limited Partnership(4) | 2,015,548 | * | 1,853,342 | 162,206 | * |
| James S. Altenbach | 780 | * | 717 | 63 | * |
| Glenridge Advisors, LLC | 6,242 | * | 2,870 | 3,372 | * |
| R.K.C., L.P. | 35,892 | * | 6,601 | 29,291 | * |
| U. Bertram Ellis, Jr. | 15,605 | * | 14,349 | 1,256 | * |
| S. Taylor Glover | 15,605 | * | 14,349 | 1,256 | * |

* Less than 1%.

(1) Includes each selling shareholders' allocation of the common shares placed in escrow in accordance with the terms of the Merger Agreement and the related escrow agreement.

(2) This percentage is calculated using as the numerator the number of common shares included in the prior column and as the denominator 1,197,168,800 common shares outstanding on December 27, 2006.

(3) Assumes the selling shareholders (i) dispose of all the common shares covered by this prospectus supplement, (ii) do not dispose of any common shares acquired by them prior to the date hereof, and (iii) do not acquire any additional common shares.

(4) Oak Investment Partners XI, Limited Partnership has agreed, under the terms of the Registration Rights Agreement, to sell no more than twenty-five percent (25%) per day of the American Express common shares that it receives at the closing of the Merger.

PLAN OF DISTRIBUTION

The common shares covered by this prospectus supplement and the accompanying prospectus may be offered and sold from time to time by the selling shareholders. The term "selling shareholders" includes pledgees, donees, transferees or other successors in interest that receive the common shares from the selling shareholders as a gift, distribution or other transfer (including a purchase) after the date of this prospectus supplement. To the extent required, this prospectus supplement and the accompanying prospectus may be amended and supplemented from time to time to describe a specific plan of distribution.

We will not receive any proceeds from the sale of the common shares by the selling shareholders, but we have agreed to pay the following expenses for the registration of the shares:

- all registration and filing fees;
- fees and expenses for complying with securities or blue sky laws;
- fees and expenses incurred in connection with listing the shares offered for resale hereby on the NYSE; and
- fees and expenses of our legal counsel, accountants and other experts we retain in connection with the registration.

We have no obligation to pay any underwriting fees, discounts or commissions attributable to the sale of our common shares. We also have no obligation to pay any out-of-pocket expenses of the selling shareholders, or the agents who manage their accounts, or any transfer taxes relating to the registration or sale of the common shares.

The selling shareholders will act independently of us in making decisions with respect to the timing, manner and size of each sale of the common shares. These sales may be made at a fixed price or prices, which may be changed, at prices on the NYSE or at prices related to the then current market price. Sales of the common shares may also be made in negotiated transactions at negotiated prices, including by one or more of the following methods:

- purchases by a broker-dealer as principal and resale by such broker-dealer for its own account pursuant to this prospectus supplement and the accompanying prospectus,
- ordinary brokerage transactions and transactions in which the broker solicits purchasers,
- an exchange distribution in accordance with the rules of the New York Stock Exchange or other exchange or trading system on which the shares are admitted for trading privileges,
- sales "at the market" to or through a market maker or into an existing trading market (on an exchange or otherwise), for the shares,
- sales in other ways not involving market makers or established trading markets,
- through put or call transactions relating to the common shares,
- block trades in which the broker-dealer will attempt to sell the common shares as agent but may position, and resell a portion of the block as principal to facilitate the transaction, and
- in privately negotiated transactions.

In connection with the distributions of the common shares or otherwise, the selling shareholders may:

- enter into hedging transactions with broker-dealers or other financial institutions; which may in turn engage in short sales of the shares in the course of hedging the positions they assume,
- sell their shares short and deliver the shares to close out such short positions,
- enter into option or other transactions with broker-dealers or other financial institutions which require the delivery to them of shares offered by this prospectus supplement and the accompanying prospectus, which they may in turn resell, or
- pledge shares to a broker-dealer or other financial institution, which, upon a default by the pledgee under the transaction to which such pledge relates, they may in turn resell.

In addition, the selling shareholders may sell the shares pursuant to Rule 144 adopted under the Securities Act of 1933, as amended, to which we refer as the Securities Act, as permitted by that rule, or under Section 4(1) of

the Securities Act, rather than pursuant to this prospectus supplement and the accompanying prospectus. In effecting sales, broker-dealers or agents engaged by the selling shareholders may arrange for other broker-dealers to participate. Broker-dealers or agents may receive commissions, discounts or concessions from the selling shareholders, in amounts to be negotiated immediately prior to the sale. In offering the common shares covered by this prospectus supplement and the accompanying prospectus, the selling shareholders, and any broker-dealers and any other participating broker-dealers who execute sales for the selling shareholders, may be deemed to be "underwriters" within the meaning of the Securities Act in connection with these sales. Any profits realized by the selling shareholders and the compensation of such broker-dealers may be deemed to be underwriting discounts and commissions. To the extent a selling shareholder or any such broker-dealer may be deemed to be an underwriter, the selling shareholder and such broker-dealer will be subject to the prospectus delivery requirements of the Securities Act and may be subject to certain statutory liabilities of, including but not limited to, Sections 11, 12 and 17 of the Securities Act and Rule 10b-5 under the Securities Exchange Act of 1934, as amended, to which we refer as the Exchange Act.

We have advised each selling shareholder that in the event of a "distribution" of the common shares owned by the selling shareholder, such selling shareholder, any affiliated purchasers, and any broker-dealer or other person who participates in such distribution may be subject to Rule 102 under the Exchange Act until their participation in that distribution is completed. A "distribution" is defined in Rule 102 as an offering of securities "that is distinguished from ordinary trading transactions by the magnitude of the offering and the presence of special selling efforts and selling methods." In order to avoid the imposition of a restricted period under Rule 102 of the Exchange Act, the selling shareholders, any affiliated purchasers, and any broker-dealers or any other persons who execute sales for the selling shareholders, shall not engage in any special selling efforts and selling methods.

In order to comply with the securities laws of certain states, the common shares must be sold in those states only through registered or licensed brokers or dealers. In addition, in certain states the common shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption for the registration or qualification requirement is available and is complied with.

The selling shareholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act. We have agreed to indemnify the selling shareholders against certain liabilities, including certain liabilities under the Securities Act.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. Our SEC filings are available to the public from the SEC's website at <http://www.sec.gov>. You may also read and copy any document we file, including the registration statement referred to in the accompanying prospectus, at the SEC's public reference facilities at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the operation of the public reference room.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information that we incorporate by reference is considered to be part of this prospectus supplement.

Any reports filed by us with the SEC after the date of this prospectus supplement and before the date that the offering of the common shares by means of this prospectus supplement is terminated will automatically update and, where applicable, supersede any information contained in this prospectus supplement or incorporated by reference in this prospectus supplement. This means that you must look at all of the SEC filings that we incorporate by reference to determine if any of the statements in this prospectus supplement or in any documents previously incorporated by reference have been modified or superseded. We incorporate by reference into this prospectus supplement the following documents filed with the SEC:

Annual Report on Form 10-K for the year ended December 31, 2005 (including those portions of our Annual Report to Shareholders for the year ended December 31, 2005 and those portions of our definitive Proxy Statement for the 2006 Annual Meeting of Shareholders that are, in each case, incorporated by reference in our Form 10-K).

Current Report on Form 8-K filed on January 13, 2006.

Current Report on Form 8-K filed on January 27, 2006, as amended by Current Report on Form 8-K/A filed on April 25, 2006.

Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.

Current Report on Form 8-K filed on May 22, 2006.

Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.

Current Report on Form 8-K filed on August 2, 2006.

Current Report on Form 8-K filed on September 8, 2006.

Current Report on Form 8-K filed on September 18, 2006.

Current Report on Form 8-K filed on September 29, 2006.

Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.

Current Report on Form 8-K filed on November 22, 2006.

Current Report on Form 8-K filed on December 4, 2006.

Current Report on Form 8-K filed on January 3, 2007.

All documents subsequently filed by American Express Company under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering of the common shares by means of this prospectus supplement.

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

American Express Company
200 Vesey Street
New York, New York 10285
Attention: Secretary
(212) 640-2000

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LEGAL MATTERS

Carol V. Schwartz, Esq., Vice President and Group Counsel of American Express Company, will pass upon the validity of the common shares offered hereby.

EXPERTS

Our financial statements as of and for the year ended December 31, 2005 and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005 (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to our Annual Report on Form 10-K for the year ended December 31, 2005 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

Our financial statements for the years ended December 31, 2004 and 2003 and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004, which are incorporated in this prospectus supplement by reference to our Annual Report on Form 10-K for the year ended December 31, 2005, have been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in its reports which are incorporated by reference in this prospectus supplement.

PROSPECTUS

**American Express Company
Debt Securities
Preferred Shares
Depositary Shares
Common Shares
Warrants**

American Express Company may offer from time to time in one or more series:

- unsecured debt securities,
- preferred shares, par value \$1.66 $\frac{2}{3}$ per share,
- depositary shares,
- common shares, par value \$0.20 per share,
- warrants to purchase debt securities, preferred shares, common shares or equity securities issued by one of our affiliated or unaffiliated corporations or other entity,
- currency warrants

entitling the holder to receive the cash value in U.S. dollars of the right to purchase or the right to sell foreign currencies or composite currencies or

- warrants relating to other items or indices.

We may offer any combination of these securities at prices and on terms to be determined at or prior to the time of sale.

We may offer and sell securities to or through underwriters, dealers and agents, or directly to purchasers. The names and compensation of any underwriters or agents involved in the sale of securities will be described in a supplement to this prospectus.

We will provide specific terms of any offering in supplements to this prospectus. This prospectus may not be used to consummate a sale of these securities unless accompanied by a supplement to this prospectus.

Our common stock is listed on the New York Stock Exchange under the symbol "AXP".

You should carefully consider the information under "Risk Factors" beginning on page 2 of this prospectus as well as the risk factors contained in other documents incorporated by reference into this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is October 16, 2006.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3, to which we refer as the registration statement, filed with the Securities and Exchange Commission, to which we refer as the SEC, under the Securities Act of 1933, as amended, to which we refer as the Securities Act, using a shelf registration process. Under this process, we may sell from time to time any combination of the securities described in this prospectus.

This prospectus describes the general terms of these securities and the general manner in which we will offer the securities. Each time these securities are sold, this prospectus will be accompanied by a prospectus supplement that describes the specific terms of these securities and the specific manner in which they may be offered. You should read the prospectus supplement and this prospectus, along with the documents incorporated by reference and described under the heading “WHERE YOU CAN FIND MORE INFORMATION,” before making your investment decision.

References in this prospectus to the “Company,” “American Express,” “we,” “us” and “our” are to American Express Company.

We have filed or incorporated by reference exhibits to the registration statement of which this prospectus forms a part. You should read the exhibits carefully for provisions that may be important to you.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. Our SEC filings are available to the public from the SEC's Website at <http://www.sec.gov>. You may also read and copy any document we file, including the registration statement, at the SEC's public reference facilities at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the operation of the public reference room.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information that we incorporate by reference is considered to be part of this prospectus.

Any reports filed by us with the SEC after the date of this prospectus and before the date that the offering of the securities by means of this prospectus is terminated will automatically update and, where applicable, supersede any information contained in this prospectus or incorporated by reference in this prospectus. This means that you must look at all of the SEC filings that we incorporate by reference to determine if any of the statements in this prospectus or in any documents previously incorporated by reference have been modified or superseded. We incorporate by reference into this prospectus the following documents filed with the SEC (other than, in each case, documents or information deemed furnished and not filed in accordance with the SEC rules, including pursuant to Item 2.02 or Item 7.01 of Form 8-K, and no such information shall be deemed specifically incorporated by reference hereby or in any accompanying prospectus supplement):

- Annual Report on Form 10-K for the year ended December 31, 2005.
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.
- Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.
-

Current
Reports on
Form 8-K
filed on
January 13,
2006,
January 27,
2006 (as
amended by
Current
Report on
Form
8-K/A filed
on April 25,
2006), May
22, 2006,
August 2,
2006,
September
8, 2006,
September
18, 2006
and
September
29, 2006.

- All documents filed by us under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, on or after the date of this prospectus and before the date that the offering of the securities by means of this

prospectus
is
terminated.

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

American Express Company
200 Vesey Street
New York, New York 10285
Attention: Secretary
(212) 640-2000

FORWARD-LOOKING STATEMENTS

We have made various statements in this prospectus that may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may also be made in our documents incorporated or deemed to be incorporated by reference in this prospectus, in our press releases, reports filed with the SEC and in other documents. In addition, from time to time, we, through our management, may make oral forward-looking statements. Forward-looking statements are subject to risks and uncertainties, including those identified in the documents that are or will be incorporated by reference into this prospectus, which could cause actual results to differ materially from such statements. The words “believe,” “expect,” “anticipate,” “optimistic,” “intend,” “plan,” “a,” “will,” “may,” “should,” “could,” “would,” “likely” and similar expressions are intended to identify forward-looking statements. We caution you that any risk factors described in this prospectus are not exclusive. There may also be other risks that we are unable to predict at this time that may cause actual results to differ materially from those in forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statements.

Information concerning important factors that could cause actual events or results to be materially different from the forward-looking statements can be found in the “Risk Factors” section of this prospectus as well as in the documents that are or will be incorporated by reference into this prospectus. Although we believe the expectations reflected in our forward-looking statements are based upon reasonable assumptions, it is not possible to foresee or identify all factors that could have a material and negative impact on our future performance. The forward-looking statements included or incorporated by reference in this prospectus are made on the basis of management’s assumptions and analyses, as of the time the statements are made, in light of their experience and perception of historical conditions, expected future developments and other factors believed to be appropriate under the circumstances.

Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained or incorporated by reference in this prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THE COMPANY

We, together with our subsidiaries, are a leading global payments, network and travel company that offers its products and services throughout the world. Our principal operating subsidiary is American Express Travel Related Services Company, Inc.

Through our Global Network Services and Merchant Services business, we operate a global general-purpose charge and credit Card network, the functions of which include operations, service delivery, systems, authorization, clearing, settlement and brand advertising and marketing; the development of new and innovative products for the network; and establishing and enhancing relationships with merchants globally.

The global merchant services business also includes entering into agreements with merchants to accept Cards (merchant acquisition) and accepting and processing Card transactions and paying merchants that accept Cards for purchases made by Cardmembers with Cards (transaction processing). We also provide point-of-sale and back-office products and services and marketing programs to merchants.

Our U.S. Card Services business includes the U.S. proprietary consumer Card business, OPEN from American Express, the global Travelers Cheques and Prepaid Services business and the American Express U.S. Consumer Travel Network. The U.S. proprietary consumer Card business and OPEN from American Express issue a wide range of Card products and services to consumers and small businesses in the United States, including a variety of credit Cards that have a range of different payment terms, grace periods and rate and fee structures. The American Express U.S. Travel Network provides travel services to Cardmembers and other consumers, which complements the travelers check and prepaid services businesses.

Through our International Card & Global Commercial Services business we provide proprietary consumer Cards and small business Cards outside the United States. International Card & Global Commercial Services also offers global corporate products and services, including Corporate Cards, issued to individuals through corporate accounts established by employers, Business Travel, which helps businesses manage their travel expenses through a variety of travel-related products and services, and Corporate Purchasing Solutions, involving accounts established by companies to pay everyday business expenses.

International Card & Global Commercial Services also includes our subsidiary, American Express Bank, Ltd., which serves affluent and high-net worth individuals and financial institutions through over 70 locations in 45 countries and regions worldwide.

Our executive offices are located at 200 Vesey Street, New York, New York 10285 (telephone number: 212-640-2000).

RISK FACTORS

The following risk factors may be applicable to certain types of debt securities that may be issued by us. A description of the debt securities is contained below under “Description of Debt Securities” as well as in the accompanying prospectus supplement. Before making an investing decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus, including the risk factors relating to us filed in periodic or current reports and incorporated herein by reference.

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

An investment in debt securities that are denominated in, or the payment of which is determined with reference to, a specified currency other than U.S. dollars entails significant risks that are not associated with a similar investment in a security denominated in U.S. dollars. Similarly, an investment in an indexed debt security, on which all or part of any payment due is based on a currency other than U.S. dollars, has significant risks that are not associated with a similar investment in non-indexed debt securities. Such risks include, without limitation:

- the possibility of significant changes in rates of exchange between U.S. dollars and the specified currency; and
- the possibility of the imposition or modification of foreign exchange controls with respect to the specified currency.

Such risks generally depend on factors over which we have no control, such as:

- economic events;
- political events; and
- the supply of and

demand for
the relevant
currencies.

In recent years, rates of exchange between U.S. dollars and certain currencies have been highly volatile, and this volatility may continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in the rate that may occur during the term of any debt security. Depreciation against the U.S. dollar of a foreign currency or foreign currency units in which a debt security is denominated would result in a decrease in the effective yield of such debt security below its coupon rate, and in certain circumstances could result in a loss to the investor on a U.S. dollar basis.

Governments have from time to time imposed, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a foreign currency for making payments on a debt security denominated in such currency. We can give no assurances that exchange controls will not restrict or prohibit payments of principal, premium or interest in any currency or currency unit.

Even if there are no actual exchange controls, it is possible that on an interest payment date or at maturity for any particular debt security, the foreign currency for such debt security would not be available to us to make payments of interest and principal then due. In that event, we will make such payments in U.S. dollars. See “ The Unavailability of Currencies Could Result in a Substantial Loss to You” below.

The information set forth in this prospectus is directed to prospective purchasers of debt securities who are United States residents. We disclaim any responsibility to advise prospective purchasers who are residents of countries other than the United States regarding any matters that may affect the purchase or holding of, or receipt of payments of principal, premium or interest on, debt securities. Such persons should consult their own counsel and advisors with regard to such matters. Prospectus supplements relating to debt securities having a specified currency other than U.S. dollars will contain information concerning historical exchange rates for such specified currency, a description of the currency and any exchange controls as of the date of the accompanying prospectus supplement affecting such currency.

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

Except as we specify in the accompanying prospectus supplement, if payment on a debt security is required to be made in a specified currency other than U.S. dollars and such currency is:

- unavailable due to the imposition of exchange controls or other circumstances beyond our control;
- no longer used by the government of the country issuing such currency; or
- no longer used for the settlement of transactions by public institutions of, or within, the international banking community;

then all payments with respect to the debt security shall be made in U.S. dollars until such currency is again available or so used. The amount so payable on any date in such foreign currency shall be converted into U.S. dollars at a rate determined on the basis of the most recently available market exchange rate or as otherwise determined in good faith by us if the foregoing is impracticable. Any payment in respect of such debt security made under such circumstances in U.S. dollars will not constitute an event of default under the indenture under which such debt security will have been issued.

If the official unit of any component currency is altered by way of combination or subdivision, the number of units of that currency as a component shall be divided or multiplied in the same proportion. If two or more component currencies are consolidated into a single currency, the amounts of those currencies as components shall be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated component currencies expressed in such single currency. If any component currency is divided into two or more currencies, the amount of that original component currency as a component shall be replaced by the amounts of such two or more currencies having an aggregate value on the date of division equal to the amount of the former component currency immediately before such division.

The debt securities will not provide for any adjustment to any amount payable as a result of:

- any change in the value of the specified currency of

those debt securities relative to any other currency due solely to fluctuations in exchange rates; or

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

Currently, there are limited facilities in the United States for conversion of U.S. dollars into foreign currencies, and vice versa. In addition, banks do not generally offer non-U.S. dollar-denominated checking or savings account facilities in the United States. Accordingly, payments on debt securities made in a currency other than U.S. dollars will be made from an account at a bank located outside the United States, unless otherwise specified in the accompanying prospectus supplement.

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

The debt securities will be governed by and construed in accordance with the laws of the State of New York. Courts in the United States customarily have not rendered judgments for money damages denominated in any currency other than U.S. dollars. A 1987 amendment to the Judiciary Law of New York State provides, however, that an action based on an obligation denominated in a currency other than U.S. dollars will be rendered in the foreign currency of the underlying obligation. If a debt security is denominated in a specified currency other than U.S. dollars, any judgment under New York law will be rendered in the foreign currency of the underlying obligation and converted into U.S. dollars at a rate of exchange prevailing on the date of entry of the judgment or decree.

Changes in the Value of Underlying Assets of Indexed Debt Securities Could Result in a Substantial Loss to You

An investment in indexed debt securities may have significant risks that are not associated with a similar investment in a debt instrument that:

- has a fixed principal amount;
- is denominated in U.S. dollars; and
-

bears interest
at either a
fixed rate or a
floating rate
based on
nationally or
internationally
published
interest rate
references.

The risks of a particular indexed debt security will depend on the terms of that indexed debt security. Such risks may include, but are not limited to, the possibility of significant changes in the prices of:

- the underlying assets;
- another objective price; and
- economic or other measures making up the relevant index.

Underlying assets could include:

- currencies;
- commodities;
- securities (individual or baskets); and
- indices.

The risks associated with a particular indexed debt security generally depend on factors over which we have no control and which cannot readily be foreseen. These risks include:

- economic events;
- political events; and
- the supply of, and demand for, the underlying assets.

In recent years, currency exchange rates and prices for various underlying assets have been highly volatile. Such volatility may continue in the future. Fluctuations in rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any indexed debt security.

In considering whether to purchase indexed debt securities, you should be aware that the calculation of amounts payable on indexed debt securities may involve reference to prices that are published solely by third parties or entities that are not regulated by the laws of the United States.

The risk of loss as a result of linking of principal or interest payments on indexed debt securities to an index and to the underlying assets can be substantial. You should consult your own financial and legal advisors as to the risks of an investment in indexed debt securities.

RATIO OF EARNINGS TO FIXED CHARGES

The following table shows our historical ratios of earnings to fixed charges for the periods indicated:

| | Six Months Ended June 30, 2006 | Year Ended December 31, | | | | |
|------------------------------------|---|--------------------------------|-------------|-------------|-------------|-------------|
| | | 2005 | 2004 | 2003 | 2002 | 2001 |
| Ratio of Earnings to Fixed Charges | 2.38 | 2.83 | 3.13 | 2.97 | 2.54 | 1.58 |

In computing the ratio of earnings to fixed charges, “earnings” consist of pretax income from continuing operations, interest expense and other adjustments. Interest expense includes interest expense related to the international banking operations of the Company and cardmember lending activities, which is netted against interest and dividends and cardmember lending net finance charge revenue, respectively, in our consolidated statement of income included in the documents incorporated by reference into this prospectus.

For purposes of computing “earnings,” other adjustments included adding the amortization of capitalized interest, the net loss of affiliates accounted for under the equity method whose debt is not guaranteed by the Company, the minority interest in the earnings of majority-owned subsidiaries with fixed charges, and the interest component of rental expense and subtracting undistributed net income of affiliates accounted for under the equity method.

“Fixed charges” consist of interest and other adjustments, including capitalized interest costs and the interest component of rental expense.

USE OF PROCEEDS

Except as may be otherwise set forth in the prospectus supplement accompanying this prospectus, we will use the net proceeds we receive from sales of these securities for general corporate purposes.

DESCRIPTION OF DEBT SECURITIES

The debt securities covered by this prospectus will be our direct unsecured obligations. The debt securities will be either senior debt securities, that rank on an equal basis with all of our other senior unsecured and unsubordinated debt, or they will be subordinated debt securities that will rank junior to all of our senior unsecured debt.

The following description briefly sets forth certain general terms and provisions of the debt securities. The prospectus supplement for a particular series of debt securities will describe the particular terms of the debt securities we offer and the extent to which these general provisions may apply to that particular series of debt securities.

Our senior debt securities will be issued under a senior debt indenture. Our subordinated debt securities will be issued under a subordinated debt indenture. The trustee under both indentures is The Bank of New York. The senior debt indenture and the subordinated debt indenture are sometimes referred to in this prospectus individually as an “indenture” and collectively as the “indentures.” When we refer to the indentures in this prospectus, we mean the indentures as they have been supplemented.

Forms of the indentures, together with a form of the supplemental indenture, have been filed with the SEC as exhibits to the registration statement of which this prospectus forms a part.

The following summaries of certain provisions of the indentures are not complete and are qualified in their entirety by reference to the indentures. You should read the indentures for further information. If we make no distinction in the following summaries between the senior debt securities and the subordinated debt securities or between the indentures, such summaries refer to any debt securities and either indenture. Any reference to particular sections or defined terms of the applicable indenture in any statement under this heading qualifies the entire statement and incorporates by reference the applicable definition into that statement.

Provisions Applicable to Both Senior and Subordinated Debt Securities

Issuances in Series

The indentures allow us to issue debt securities from time to time under either indenture without limitation as to amount. We may issue the debt securities in one or more series with the same or different terms. We may not issue all debt securities of the same series at the same time. All debt securities of the same series need not bear interest at the same rate or mature on the same date. Each indenture permits the appointment of a different trustee for each series of debt securities. If there is at any time more than one trustee under the indentures, the term “trustee” means each such trustee and will apply to each such trustee only with respect to those series of debt securities for which it is serving as trustee.

We may sell debt securities at a substantial discount below their stated principal amount that bear no interest or below market rates of interest. The accompanying prospectus supplement will describe the material federal income tax consequences and special investment considerations applicable to any such series of debt securities.

Unless otherwise specified for the debt securities denominated in a currency other than U.S. dollars or as otherwise specified in an accompanying prospectus supplement, we will issue debt securities only in fully registered form in denominations of \$1,000 and integral multiples thereof in excess of that amount. The debt securities will be denominated in U.S. dollars and payments of principal of and premium, if any, and interest on the debt securities will be made in U.S. dollars unless we provide otherwise in an accompanying prospectus supplement. If any of the debt securities are to be denominated in a foreign currency or currency unit, or if the principal of and premium, if any, and any interest on any of the debt securities is to be payable at your option or at our option in a currency, including a currency unit, other than that in which such debt securities are denominated, we will provide additional information pertaining to such debt securities in an accompanying prospectus supplement.

The prospectus supplement relating to any series of debt securities being offered will contain the specific terms relating to the offering. These terms will include some or all of the following (to the extent not otherwise described in this prospectus):

- the designation, aggregate principal amount and authorized denominations of the debt securities;

- the percentage of the principal amount at which we will sell the debt securities and whether the debt securities will be “original issue discount” securities for U.S. federal income tax purposes;
- the maturity date or the method for determining the maturity date;
- the terms for exchange, if any, of the debt securities;
- the interest rate or rates, if any, or the method for computing such rate or rates;
- the interest payment dates or the method for determining such dates;
- if other than U.S. dollars, the currency or currencies in which debt securities may be denominated and purchased

and the
currency or
currencies
(including
composite
currencies) in
which
principal,
premium, if
any, and any
interest may be
payable;

- if the currency
for which debt
securities may
be purchased
or in which
principal,
premium, if
any, and any
interest may be
payable is at
the election of
us or the
purchaser, the
manner in
which such an
election may
be made and
the terms of
such election;
- if other than
denominations
of \$1,000 and
integral
multiples
thereof in
excess of that
amount, the
denominations
in which the
debt securities
shall be
issuable;
- if other than
cash, the type
and amount of
securities or

other property,
or the method
by which such
amount shall
be determined,
in which
principal,
premium, if
any, and any
interest may be
payable at the
election of us
or the
purchaser;

- any mandatory or optional sinking fund, redemption or other similar terms;
- any index or other method used to determine the amount of principal, premium, if any, and interest, if any, on the debt securities;
- whether the debt securities are to be issued as individual certificates to each holder or in the form of global certificates held by a depository on behalf of holders;
- information describing any book-entry

features;

- if a trustee other than The Bank of New York is named for the debt securities, the name and corporate trust office of such trustee;
- any material federal income tax consequences;
- any material provisions of the indentures that do not apply to the debt securities; and
- any other specific terms of the debt securities.

Interest and Interest Rates

Each debt security will bear interest from its date of issue or from the most recent date to which interest on that series of debt securities has been paid or duly provided for at the annual rate, or at a rate determined according to an interest rate formula, stated in the debt security and in an accompanying prospectus supplement, until the principal of the debt security is paid or made available for payment. We will pay interest, if any, on each interest payment date and at maturity or upon redemption or repayment, if any. Interest payment date means the date on which payments of interest on a debt security (other than payments on maturity) are to be made. Maturity means the date on which the principal of a debt security becomes due and payable, whether at the stated maturity or by declaration of acceleration or otherwise. Stated maturity means the date specified in a debt security as the date on which principal of the debt security is due and payable. Any debt security that has a specified currency of pounds sterling will mature in compliance with the regulations the Bank of England may promulgate from time to time.

We will pay interest to the person in whose name a debt security is registered at the close of business on the regular record date next preceding the applicable interest payment date. Regular record date means the date on which a debt security must be held in order for the holder to receive an interest payment on the next interest payment date. However, we will pay interest at maturity or upon redemption or repayment to the person to whom we pay the principal. The first payment of interest on any debt security originally issued between a regular record date and an interest payment date will be made on the interest payment date following the next succeeding regular record date to the registered owner on such next regular record date.

Unless we specify otherwise in an accompanying prospectus supplement, the interest payment dates and the regular record dates for fixed rate debt securities shall be described below under “Fixed Rate Debt Securities.” The interest payment dates for floating rate debt securities shall be as indicated in an accompanying prospectus supplement, and unless we specify otherwise in an accompanying prospectus supplement, each regular record date for a floating rate debt security will be the fifteenth day (whether or not a business day) next preceding each interest payment date.

Each debt security will bear interest either at a fixed rate or a floating rate determined by reference to an interest rate formula that may be adjusted by a spread or spread multiplier, if any. Spread means the number of basis points, if any, to be added or subtracted to the Commercial Paper Rate, the Federal Funds Rate, the CD Rate, LIBOR, EURIBOR, the Prime Rate, the Treasury Rate or any other interest rate index in effect from time to time with respect to a debt security, which amount will be set forth in such debt security and the related accompanying prospectus supplement. Spread multiplier means the percentage by which the Commercial Paper Rate, the Federal Funds Rate, the CD Rate, LIBOR, EURIBOR, the Prime Rate, the Treasury Rate or any other interest rate index in effect from time to time with respect to a debt security is to be multiplied, which amount will be set forth in such debt security and the related accompanying prospectus supplement. Any floating rate debt security may also have either or both of the following: (1) a maximum numerical interest rate limitation, or ceiling, on the rate of interest that may accrue during any interest period; and (2) a minimum numerical interest rate limitation, or floor, on the rate of interest that may accrue during any interest period.

The accompanying prospectus supplement will designate one of the following interest rate bases as applicable to each debt security:

- a fixed rate per year, in which case the debt security will be a fixed rate debt security;
- the Commercial Paper Rate, in which case the debt security will be a Commercial Paper Rate debt security;
- the Federal Funds Rate, in which case the debt security will be a Federal Funds Rate debt security;
- the CD Rate, in which case

the debt security will be a CD Rate debt security;

- LIBOR, in which case the debt security will be a LIBOR debt security;
- EURIBOR, in which case the debt security will be a EURIBOR debt security;
- the Prime Rate, in which case the debt security will be a Prime Rate debt security;
- the Treasury Rate, in which case the debt security will be a Treasury Rate debt security; or
- such other interest rate formula as is set forth in an accompanying prospectus supplement.

We will specify in the accompanying prospectus supplement for each floating rate debt security the applicable index maturity for the debt security. Index maturity means the period of time designated by us as the representative maturity of the instrument or obligation with respect to which the interest rate basis or bases will be calculated as set forth in a floating rate debt security bearing interest at one of those rates and in the accompanying prospectus supplement.

Fixed Rate Debt Securities

Each fixed rate debt security will bear interest from its date of issue at the annual rate stated on the debt security. Unless we indicate otherwise in an accompanying prospectus supplement, the interest payment dates for the fixed rate debt securities will be on February 1 and August 1 of each year and the regular record dates will be on January 15 and

July 15 of each year. Unless we specify otherwise in an accompanying prospectus supplement, interest on fixed rate debt securities will be computed and paid on the basis of a 360-day year of twelve 30-day months.

Floating Rate Debt Securities

The interest rate on each floating rate debt security will be equal to either (1) the interest rate calculated by reference to the specified interest rate formula (as specified in an accompanying prospectus supplement) plus or minus the spread, if any, or (2) the interest rate calculated by reference to the specified interest rate formula multiplied by the spread multiplier, if any. We will specify in an accompanying

prospectus supplement the interest rate basis and the spread or spread multiplier, if any, and the maximum or minimum interest rate limitation, if any, applicable to each floating rate debt security. In addition, such accompanying prospectus supplement may contain particulars as to the calculation agent, calculation dates, index maturity, initial interest rate, interest determination dates, interest payment dates, regular record dates and interest reset dates with respect to such debt security.

Except as provided below, interest on floating rate debt securities will be payable on the maturity date and:

- in the case of floating rate debt securities with a daily, weekly or monthly interest reset date (as defined below), on the third Wednesday of each month or on the third Wednesday of March, June, September and December as specified in an accompanying prospectus supplement;
- in the case of floating rate debt securities with a quarterly interest reset date, on the third Wednesday of March, June, September and December of each year as specified in an accompanying prospectus supplement;
- in the case of floating rate debt securities with a semi-annual interest reset date, on the third Wednesday of two months of each year as specified in an accompanying prospectus supplement;
and
- in the case of floating rate debt securities with an annual interest reset date, on the third Wednesday of one month of each year as specified in an accompanying prospectus supplement.

If any interest payment date for any floating rate debt security would otherwise be a day that is not a business day for that floating rate debt security, the interest payment date for that floating rate debt security shall be postponed to the next day that is a business day for that floating rate debt security, except that in the case of a LIBOR debt security or a EURIBOR debt security, if such day falls in the next calendar month, the interest payment date shall be the immediately preceding day that is a business day. If the maturity date of a floating rate debt security falls on a day that is not a business day, the payment of principal, premium, if any, and interest, if any, will be made on the next succeeding business day, and we will not pay any additional interest for the period from and after the maturity date.

As used in this prospectus, business day means:

- with respect to any payment, each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in the Borough of Manhattan, New York City are authorized or required by law or executive order to close;
- when used for any other purpose, each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in the Borough of Manhattan, New York City, or in the city in which the corporate trust office of the trustee is located, are authorized or required by law or executive order to close;
- for debt securities based on LIBOR only, such day shall also be a day on which dealings in deposits in U.S. dollars are transacted in the London interbank market;
- for debt securities based on EURIBOR only, such day shall be any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer system, or TARGET, is open; and
-

for debt securities having a specified currency other than U.S. dollars only, any day that, in the capital city of the country issuing the specified currency, except for Australian dollars or Canadian dollars, which will be based on the cities of Sydney or Toronto, respectively, is not a day on which banking institutions are authorized or obligated to close, or for euros, any day which is not a day on which TARGET is closed.

The rate of interest on each floating rate debt security will be reset on the interest reset date that will be weekly, monthly, quarterly, semi-annually or annually, as we specify in an accompanying prospectus supplement. The interest reset date will be:

- in the case of floating rate debt securities (other than Treasury Rate debt securities) that reset weekly, the Wednesday of each week;
- in the case of Treasury Rate debt securities that reset weekly, the Tuesday of each week
- in the case of floating rate debt securities that reset monthly, the third Wednesday of each month;

- in the case of floating rate debt securities that reset quarterly, the third Wednesday of March, June, September and December;
- in the case of floating rate debt securities that reset semi-annually, the third Wednesday of two months of each year, as specified in an accompanying prospectus supplement, and in the case of floating rate debt securities that reset annually, the third Wednesday of one month of each year, as specified in an accompanying prospectus supplement;

However, in each case, (1) the interest rate in effect from the date of issue to the first interest reset date with respect to a floating rate debt security will be the initial interest rate set forth in an accompanying prospectus supplement and (2) the interest rate in effect for the ten days immediately prior to maturity or redemption, if applicable, will be the rate in effect on the tenth day preceding such maturity or redemption. If any interest reset date for any floating rate debt security would otherwise be a day that is not a business day for that floating rate debt security, the interest reset date for that floating rate debt security shall be postponed to the next day that is a business day for that floating rate debt security, except that in the case of a LIBOR debt security or a EURIBOR debt security, if such business day is in the next succeeding calendar month, the interest reset date shall be the immediately preceding business day.

The interest rate applicable to each interest accrual period beginning on an interest reset date will be the rate determined on the calculation date, if any, by reference to the interest determination date. Calculation date means the date, if any, on which the calculation agent (as defined below) is to calculate an interest rate for a floating rate debt security.

Unless otherwise specified in the accompanying prospectus supplement, the calculation date, where applicable, pertaining to any interest determination date will be the earlier of (a) the tenth calendar day after that interest determination date or, if such day is not a business day, the next succeeding business day or (b) the business day preceding the applicable interest payment date or maturity date, as the case may be. Calculation agent means the agent we appoint to calculate interest rates on floating rate debt securities. The calculation agent will be The Bank of New York unless we specify otherwise in an accompanying prospectus supplement.

The interest determination date pertaining to an interest reset date will be:

- the second business day preceding such interest reset date for (1) a Commercial Paper Rate debt security, (2) a Federal Funds Rate debt security, (3) a CD Rate debt security or (4) a Prime Rate debt security;
- the second business day preceding such interest reset date for a LIBOR debt security or a EURIBOR debt security; or
- the day of the week in which such interest reset date falls on which Treasury bills would

normally be
auctioned
for a
Treasury
Rate debt
security.

Treasury bills are usually sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is usually 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, such Friday will be the interest determination date for the Treasury Rate debt security pertaining to the interest reset date occurring in the next succeeding week. If an auction date shall fall on any interest reset date for a Treasury Rate debt security, then such interest reset date shall instead be the first business day immediately following such auction date. Unless otherwise specified in the accompanying prospectus supplement, the interest determination date pertaining to a floating rate note, the interest rate of which is determined with reference to two or more interest rate bases, will be the latest business day which is at least two business days prior to each interest reset date for such floating rate note. Each interest rate basis will be determined and compared on such date, and the applicable interest rate will take effect on the related interest reset date, as specified in the accompanying prospectus supplement.

Unless we specify otherwise in an accompanying prospectus supplement, the interest payable on each interest payment date or at maturity for floating rate debt securities will be the amount of interest accrued from and including the issue date or from and including the last interest payment date to which interest has been paid, as the case may be, to, but excluding, such interest payment date or the date of maturity, as the case may be. However, in the case of a floating rate debt security on which interest is reset weekly, interest payable on each interest payment date will be the amount of interest accrued from and including the issue

date or from and excluding the last date to which interest has been paid, as the case may be, to, and including, the regular record date immediately preceding such interest payment date, except that at maturity the interest payable will include interest accrued to, but excluding, the date of maturity.

Accrued interest from the date of issue or from the last date to which interest has been paid is calculated by multiplying the face amount of a debt security by an accrued interest factor. This accrued interest factor is computed by adding the interest factors calculated for each day from and including the later of (a) the date of issue and (b) the last day to which interest has been paid or duly provided for to but excluding the last date for which accrued interest is being calculated. The interest factor (expressed as a decimal rounded to the nearest one hundred-thousandth of a percentage point (e.g., 9.876544% and 9.876545% being rounded to 9.87654% and 9.87655%, respectively)) for each such day is computed by dividing the interest rate (expressed as a decimal rounded to the nearest one hundred-thousandth of a percentage point) applicable to such date by 360, in the case of Commercial Paper Rate debt securities, Federal Funds Rate debt securities, CD Rate debt securities, LIBOR debt securities, EURIBOR debt securities and Prime Rate debt securities, or by the actual number of days in the year, in the case of Treasury Rate debt securities. All dollar amounts used in or resulting from calculations on floating rate debt securities will be rounded to the nearest cent with one half cent being rounded upward.

The calculation agent will, upon the request of the holder of any floating rate debt security, provide the interest rate then in effect and, if determined, the interest rate that will become effective as a result of a determination made on the most recent interest determination date with respect to such debt security. For purposes of calculating the rate of interest payable on floating rate debt securities, we will enter into an agreement with the calculation agent.

In addition to any maximum interest rate that may be applicable to any floating rate debt security, the interest rate on the floating rate debt securities 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 few exceptions, is 25% per year (calculated on a simple interest basis). This limit only applies to obligations that are less than \$2,500,000.

Commercial Paper Rate Debt Securities

A Commercial Paper Rate debt security will bear interest at the interest rate (calculated with reference to the Commercial Paper Rate and the spread or spread multiplier, if any) we specify in the Commercial Paper Rate debt security and in an accompanying prospectus supplement.

Unless we indicate otherwise in an accompanying prospectus supplement, Commercial Paper Rate for any interest determination date will be the money market yield (calculated as described below) of the rate on that date for commercial paper having the index maturity designated in an accompanying prospectus supplement as such rate is published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates" or any successor publication of the Board of Governors of the Federal Reserve System, to which we refer as "H.15(519)," under the heading "Commercial Paper Nonfinancial."

The following procedures will be followed if the Commercial Paper Rate cannot be determined as described above:

- In the event that such rate is not published prior to 3:00 p.m., New York City time, on the applicable calculation date, then the Commercial Paper Rate shall be the money market yield of the rate on such date for commercial paper having the index maturity designated in an accompanying prospectus supplement as published in the daily update of

H.15(519), available through the worldwide website of the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/H15/update>, or any successor site or publication, to which we refer as “H.15 Daily Update,” under the heading “Commercial Paper Nonfinancial” (with an index maturity of one month or three months being deemed to be equivalent to an index maturity of 30 days or 90 days, respectively).

- If by 3:00 p.m., New York City time, on such calculation date such rate is not yet published in H.15(519) or H.15 Daily Update, then the Commercial Paper Rate for such interest determination date shall be calculated by the calculation agent and shall be the money market yield of the

arithmetic mean
(each as rounded to
the nearest one
hundred-thousandth
of a percentage
point) of the offered
rates of three
leading dealers of
commercial paper in
New York City
selected by the
calculation agent,
after consultation
with us, as of 11:00
a.m., New York
City time, on such
date, for commercial
paper having the
index maturity
designated in an
accompanying
prospectus
supplement placed
for a non-financial
issuer whose bond
rating is “AA,” or the
equivalent, from a
nationally
recognized
securities rating
agency.

- If the dealers
selected by the
calculation agent are
not quoting as
mentioned in the
previous sentence,
the Commercial
Paper Rate with
respect to such
interest
determination date
will be the same as
the Commercial
Paper Rate for the
immediately
preceding interest
reset period (or, if
there was no
preceding interest

reset period, the rate of interest will be the initial interest rate).

Money market yield will be a yield (expressed as a percentage rounded to the nearest one hundred-thousandth of a percentage point) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where “D” refers to the annual 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.

Federal Funds Rate Debt Securities

A Federal Funds Rate debt security will bear interest at the interest rate (calculated with reference to the Federal Funds Rate and the spread or spread multiplier, if any) we specify in the Federal Funds Rate debt security and in an accompanying prospectus supplement.

Unless we indicate otherwise in an accompanying prospectus supplement, Federal Funds Rate for any interest determination date will be the rate on that date for federal funds as published in H.15(519) under the heading “Federal Funds (Effective),” as such rate is displayed on Moneyline Telerate, Inc. (or any successor service) on page 120 (or any page which may replace such page).

The following procedures will be followed if the Federal Funds Rate cannot be determined as described above:

- If that rate is not published by 3:00 p.m., New York City time, on the applicable calculation date, the Federal Funds Rate will be the rate on such interest determination date as published in H.15 Daily Update under the heading “Federal Funds (Effective).”
- If such rate is not published in either H.15(519) or H.15 Daily Update by

3:00 p.m., New York City time, on the applicable calculation date, then the Federal Funds Rate for such interest determination date will be calculated by the calculation agent and will be the arithmetic mean (rounded to the nearest one hundred-thousandth of a percentage point) of the rates as of 9:00 a.m., New York City time, on such date for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of federal funds transactions in New York City selected by the calculation agent, after consultation with us.

- If the brokers selected by the calculation agent are not quoting as mentioned in the previous sentence, the Federal Funds Rate with respect to such interest determination date will be the same as the Federal Funds Rate for the immediately preceding interest reset period (or, if there was no preceding interest

reset period, the rate of interest will be the initial interest rate).

CD Rate Debt Securities

A CD Rate Note will bear interest at the interest rate (calculated with reference to the CD Rate and the spread or spread multiplier, if any) we specify in the CD Rate debt security and in an accompanying prospectus supplement.

Unless we indicate otherwise in an accompanying prospectus supplement, the CD Rate for any interest determination date will be the rate on that date for negotiable certificates of deposit having the index

maturity designated in an accompanying prospectus supplement as published in H.15(519) under the heading “CDs (Secondary Market).”

The following procedures will be followed if the CD Rate cannot be determined as described above:

- If that rate is not published by 3:00 p.m., New York City time, on the applicable calculation date, the CD Rate will be the rate on such interest determination date for negotiable certificates of deposit of the index maturity designated in an accompanying prospectus supplement as published in H.15 Daily Update under the heading “CDs (Secondary Market).”
- If such rate is not published in either H.15(519) or H.15 Daily Update by 3:00 p.m., New York City time, on such calculation date, then the CD Rate on such interest determination date will be calculated by the calculation agent and will be the arithmetic mean (each as rounded to the nearest one hundred-thousandth of a percentage point) of the secondary market offered rates as of 10:00 a.m., New York City time, on

such date, of three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City selected by the calculation agent, after consultation with us, for negotiable certificates of deposit of major United States money market banks (in the market for negotiable certificates of deposit) with a remaining maturity closest to the index maturity designated in an accompanying prospectus supplement in an amount that is representative for a single transaction in that market at that time.

- If the dealers selected by the calculation agent are not quoting as mentioned in the previous sentence, the CD Rate with respect to such interest determination date will be the same as the CD Rate for the immediately preceding interest reset period (or, if there was no preceding interest reset period, the rate of interest will be the initial interest

rate).

LIBOR Debt Securities

A LIBOR debt security will bear interest at the interest rate (calculated with reference to LIBOR and the spread or spread multiplier, if any) we specify in the LIBOR debt security and in an accompanying prospectus supplement.

Unless we indicate otherwise in an accompanying prospectus supplement, LIBOR will be determined by the calculation agent in accordance with the following provisions in the order set forth below:

- On each interest determination date, LIBOR will be determined on the basis of the offered rate for deposits in the London interbank market in the index currency (as defined below) having the index maturity designated in an accompanying prospectus supplement commencing on the second business day immediately following such interest determination date that appears on the Designated LIBOR Page (as defined below) or a successor reporter of such rates selected by the calculation agent and

acceptable to us, as of 11:00 a.m., London time, on such interest determination date. If no rate appears on the Designated LIBOR Page, LIBOR in respect of such interest determination date will be determined as if the parties had specified the rate described in the following paragraph.

- With respect to an interest determination date relating to a LIBOR debt security to which the last sentence of the previous paragraph applies, the calculation agent will request the principal London offices of each of four major reference banks (which may include any underwriters, agents or their affiliates) in the London interbank market

selected by the calculation agent after consultation with us to provide the calculation agent with its offered quotation for deposits in the index currency for the period of the index maturity designated in the accompanying prospectus supplement commencing on the second London business day immediately following such interest determination date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on such interest determination date and in a principal amount that is representative for a single transaction in such index currency in such market at such time. If at least two such quotations are

provided,
LIBOR
determined on
such interest
determination
date will be the
arithmetic
mean of such
quotations. If
fewer than two
quotations are
provided,
LIBOR
determined on
such interest
determination
date will be the
arithmetic
mean of the
rates quoted at
approximately
11:00 a.m. (or
such other time
specified in the
accompanying
prospectus
supplement),
in the principal
financial
center of the
country of the
specified index
currency, on
that interest
determination
date for loans
made in the
index currency
to leading
European
banks having
the index
maturity
designated in
the
accompanying
prospectus

supplement
commencing
on the second
London
business day
immediately
following
such interest
determination
date and in a
principal
amount that is
representative
for a single
transaction in
that index
currency in
that market at
such time by
three major
reference
banks (which
may include
any
underwriters,
agents or their
affiliates) in
such principal
financial
center selected
by the
calculation
agent after
consultation
with us;
provided,
however, that
if fewer than
three
reference
banks so
selected by the
calculation
agent are
quoting such
rates as
mentioned in
this sentence,
LIBOR with
respect to such
interest

determination date will be the same as LIBOR in effect for the immediately preceding interest reset period (or, if there was no preceding interest reset period, the rate of interest will be the initial interest rate).

“Index currency” means the currency (including currency units and composite currencies) specified in the accompanying prospectus supplement as the currency with respect to which LIBOR will be calculated. If no currency is specified in the accompanying prospectus supplement, the index currency will be U.S. dollars.

“Designated LIBOR Page” means the display on Page 3750 (or any other page specified in the accompanying prospectus supplement) of Moneyline Telerate, Inc. (or any successor service) for the purpose of displaying the London interbank offered rates of major banks for the applicable index currency (or such other page as may replace that page on that service for the purpose of displaying such rates).

EURIBOR Debt Securities

Each EURIBOR debt security will bear interest for each interest reset period at an interest rate equal to EURIBOR and any spread or spread multiplier as specified in the debt security and an accompanying prospectus supplement.

The calculation agent will determine EURIBOR on each EURIBOR determination date. The EURIBOR determination date is the second business day prior to the interest reset date for each interest reset period.

On a EURIBOR determination date, the calculation agent will determine EURIBOR for each interest reset period as follows.

The calculation agent will determine the offered rates for deposits in euros for the period of the index maturity specified in an accompanying prospectus supplement, commencing on the interest reset date, which appears on page 248 on the Reuters Telerate Service or any successor service or any page that may replace page 248 on that service that is commonly referred to as “Telerate Page 248” as of 11:00 a.m., Brussels time, on that date.

If EURIBOR cannot be determined on a EURIBOR determination date as described above, then the calculation agent will determine EURIBOR as follows:

- The calculation agent for the EURIBOR debt security

will select four major banks in the euro-zone interbank market.

- The calculation agent will request that the principal euro-zone offices of those four selected banks provide their offered quotations to prime banks in the euro-zone interbank market at approximately 11:00 a.m., Brussels time, on the EURIBOR determination date. These quotations shall be for deposits in euros for the period of the specified index maturity, commencing on the interest reset date. Offered quotations must be based on a principal amount equal to at least \$1,000,000 or the approximate equivalent in euros that is representative

of a single
transaction in
such market at
that time.

(1) If two or more quotations are provided, EURIBOR for the interest reset period will be the arithmetic mean of those quotations.

(2) If less than two quotations are provided, the calculation agent will select four major banks in the euro-zone and follow the steps in the two bullet points below:

- The calculation agent will then determine EURIBOR for the interest reset period as the arithmetic mean of rates quoted by those four major banks in the euro-zone to leading European banks at approximately 11:00 a.m., Brussels time, on the EURIBOR determination date. The rates quoted will be for loans in euros, for the period of the specified index maturity, commencing on the interest reset date. Rates quoted must be based on a principal amount of at least \$1,000,000 or the

approximate equivalent in euros that is representative of a single transaction in such market at that time.

- If the banks so selected by the calculation agent are not quoting rates as described above, EURIBOR for the interest reset period will be the same as for the immediately preceding interest reset period. If there was no preceding interest reset period, EURIBOR will be the initial interest rate.

“Euro-zone” means the region comprised of the member states of the European Union that adopted the Euro as their single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam.

Prime Rate Debt Securities

A Prime Rate debt security will bear interest at the interest rate (calculated with reference to the Prime Rate and the spread or spread multiplier, if any) we specify in the Prime Rate debt security and in an accompanying prospectus supplement.

Unless we indicate otherwise in an accompanying prospectus supplement, Prime Rate for any interest determination date will be the rate on that date as published in H.15(519) under the heading “Bank Prime Loan.”

The following procedures will be followed if the Prime Rate cannot be determined as described above:

-

If the rate is not published by 3:00 p.m., New York City time, on the calculation date, then the Prime Rate will be the rate on that interest determination date as published in H.15 Daily Update under the heading "Bank Prime Loan."

- If the rate is not published in either H.15(519) or the H.15 Daily Update by 3:00 p.m., New York City time, on the calculation date, then the calculation agent will determine the Prime Rate to be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME 1 Page (as defined below) as that bank's prime

rate or base
lending rate as
in effect as of
11:00 a.m.,
New York
City time, for
that interest
determination
date as quoted
on the Reuters
Screen
USPRIME 1
Page on that
interest
determination
date.

- If fewer than
four rates
appear on the
Reuters
Screen
USPRIME 1
Page for that
interest
determination
date, the
calculation
agent will
determine the
Prime Rate to
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
that interest
determination
date by at
least two of
the three
major money
center banks
in New York

City selected by the calculation agent, after consultation with us, from which quotations are requested.

- If fewer than two quotations are provided, the calculation agent will calculate the Prime Rate, which will be the arithmetic mean of the prime rates in New York City by the appropriate number of 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 \$500 million and being subject to supervision or examination by federal or state authority, selected by the calculation agent after

consultation
with us to
quote prime
rates.

Reuters Screen USPRIME 1 Page means the display designated as page “USPRIME 1” of the Reuters Monitor Money Rates Service, or any successor service, or any other page that may replace the USPRIME 1 Page on that service for the purpose of displaying prime rates or base lending rates of major United States banks.

Treasury Rate Debt Securities

A Treasury Rate debt security will bear interest at the interest rate (calculated with reference to the Treasury Rate and the spread or spread multiplier, if any) we specify in the Treasury Rate debt security and in an accompanying prospectus supplement.

Unless we indicate otherwise in an accompanying prospectus supplement, the Treasury Rate for any interest determination date will be the rate applicable to the auction held on such date of direct obligations of the United States (“Treasury bills”) having the index maturity specified in the accompanying prospectus

supplement as such rate appears under the heading "INVESTMENT RATE" on the display on Moneyline Telerate, Inc. (or any successor service) on page 56 (or any other page as may replace such page) or page 57 (or any other page as may replace such page).

The following procedures will be followed if the Treasury Rate cannot be determined as above:

- If the above rate is not published by 3:00 p.m., New York City time, on the calculation date, the Treasury Rate will be the bond equivalent yield (as defined below) of the rate for such Treasury bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the heading "U.S. Government Securities/Treasury Bills/Auction High."
- In the event that the results of the auction of Treasury bills having the index maturity specified in an accompanying prospectus supplement are not published or reported as provided above by 3:00 p.m., New York City time, on such calculation date, or if no such auction is held on such interest determination date,

then the calculation agent will determine the Treasury Rate to be the bond equivalent yield of the auction rate of such Treasury bills as announced by the U.S. Department of the Treasury.

- In the event that the auction rate of Treasury bills having the index maturity designated in the accompanying prospectus supplement is not so announced by the U.S. Department of the Treasury, or if no such auction is held, then the Treasury rate will be the bond equivalent yield of the rate on that interest determination date of Treasury bills having the index maturity designated in the accompanying prospectus supplement as published in H.15(519) under the heading “U.S. Government Securities/Treasury Bills/Secondary Market” or, if not published by 3:00 p.m., New York City time, on the related calculation

date, the rate on that interest determination date of such Treasury bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the heading “U.S. Government Securities/Treasury Bills/Secondary Market.”

- In the event such rate is not published by 3:00 p.m., New York City time, on such calculation date, then the calculation agent will calculate the Treasury rate, which will be a 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 such interest determination date, of three leading primary U.S. government securities dealers selected by the calculation agent after consultation with us for the issue of Treasury bills with a remaining maturity closest to the index maturity

designated in the accompanying prospectus supplement.

- If the dealers selected by the calculation agent are not quoting bid rates as mentioned in this sentence, the Treasury rate with respect to the interest determination date will be the same as the Treasury rate in effect for the immediately preceding interest reset period (or, if there was no preceding interest reset period, the rate of interest will be the initial interest rate).

Bond Equivalent Yield means a yield (expressed as a percentage) calculated as follows:

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

where “D” refers to the applicable annual rate for the 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 interest period for which interest is being calculated.

Amortizing Debt Securities

We may from time to time offer amortizing debt securities on which a portion or all of the principal amount is payable prior to stated maturity:

- in accordance with a schedule;
- by application

of a
formula; or

- based on an
index.

Further information concerning additional terms and conditions of any amortizing debt securities, including terms of repayment of such debt securities, will be set forth in the accompanying prospectus supplement.

Indexed Debt Securities

We may also issue indexed debt securities on which the principal amount payable at maturity, premium, if any, and/or interest payments are determined with reference to the price or prices of specified commodities (including baskets of commodities), securities (including baskets of securities), interest rate indices, interest rate or exchange rate swap indices, the exchange rate of one or more specified currencies (including baskets of currencies or a composite currency) relative to an indexed currency, or such other price or exchange rate or other financial or non-financial index or indices as we may specify in such indexed debt security and in the accompanying prospectus supplement for the indexed debt security. Holders of indexed debt securities may receive a principal amount at maturity that is greater than or less than the face amount of the indexed debt securities depending upon the relative value at maturity of the specified index. We will provide information on the method for determining the principal payable at maturity, premium, if any and/or interest payments in an accompanying prospectus supplement for the indexed debt securities. Certain historical information, where applicable, with respect to the specified indexed item or items and tax considerations associated with an investment in indexed debt securities will also be provided in an accompanying prospectus supplement.

Notwithstanding anything to the contrary contained herein or in the accompanying prospectus, for purposes of determining the rights of a holder of an indexed debt security in respect of voting for or against amendments to the indentures and modifications and the waiver of rights thereunder, the principal amount of such indexed debt security shall be deemed to be equal to the face amount thereof upon issuance. The amount of principal payable at maturity will be specified in an accompanying prospectus supplement.

Original Issue Discount Debt Securities

We may issue original issue discount debt securities at an issue price (as specified in the accompanying prospectus supplement) that is less than 100% of the principal amount of such debt securities (i.e., par). Original issue discount debt securities may not bear any interest currently or may bear interest at a rate that is below market rates at the time of issuance. The difference between the issue price of an original issue discount debt security and par is referred to herein as the “discount.” In the event of redemption, repayment or acceleration of maturity of an original issue discount debt security, the amount payable to the holder of an original issue discount debt security will be equal to the sum of (a) the issue price (increased by any accruals of discount) and, in the event of any redemption by us of such original issue discount debt security (if applicable), multiplied by the initial redemption percentage specified in the accompanying prospectus supplement (as adjusted by the initial redemption percentage reduction, if applicable) and (b) any unpaid interest on such original issue discount debt security accrued from the date of issue to the date of such redemption, repayment or acceleration of maturity.

Unless otherwise specified in the accompanying prospectus supplement, for purposes of determining the amount of discount that has accrued as of any date on which a redemption, repayment or acceleration of maturity occurs for an original issue discount debt security, the discount will be accrued using a constant yield method. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the initial period (as defined below), corresponds to the shortest period between interest payment dates for the applicable original issue discount debt security (with ratable accruals within a compounding period), a coupon rate equal to the initial coupon rate applicable to such original issue discount debt security and an assumption that the maturity of such original issue discount debt security will not be accelerated. If the period from the date of issue to the initial interest payment date, or the initial period, for an original issue discount debt security is shorter than the compounding period for such original issue discount debt security, a proportionate amount of the yield for an entire compounding period will be accrued. If the initial period is longer than the compounding period, then such period will be divided into a regular compounding period and a short period with the short period being treated as provided in the preceding

sentence. The accrual of the applicable discount may differ from the accrual of original issue discount for purposes of the Internal Revenue Code.

Certain original issue discount debt securities may not be treated as having original issue discount for federal income tax purposes, and debt securities other than original issue discount debt securities may be treated as issued with original issue discount for federal income tax purposes. We refer you to “Certain U.S. Federal Income Tax Consequences.”

Payment

Unless otherwise specified in an accompanying prospectus supplement, principal and premium, if any, and interest, if any, on the debt securities will be payable initially at the principal corporate trust office of the trustee. At our option, payment of interest may be made, subject to collection, by check mailed to the holders of record at the address registered with the trustee.

If the principal of or premium, if any, and interest, if any, on any series of debt securities is payable in foreign currencies or if debt securities are sold for foreign currencies, the restrictions, elections, tax consequences, specific terms and other information with respect to such debt securities will be described in an accompanying prospectus supplement.

Redemption and Repayment

Unless we specify otherwise in an accompanying prospectus supplement, the debt securities will not be redeemable prior to their stated maturity. If we so specify in an accompanying prospectus supplement, the debt security will be redeemable on or after the date or dates set forth in such supplement, either in whole or from time to time in part, at our option, at a redemption price equal to 100% of the principal amount to be redeemed or at such other price or prices set forth in such prospectus supplement. We will pay interest accrued on a redeemed debt security to the date of redemption, and will give notice of redemption no more than 60 and not less than 30 days prior to the date of redemption. The debt securities will not be subject to any sinking fund or to any provisions for repayment at your option unless we specify otherwise in the accompanying prospectus supplement.

Modification of the Indenture

We may make modifications and amendments to the indentures with respect to one or more series of debt securities by supplemental indentures without the consent of the holders of those debt securities in the following instances:

- to evidence the succession of another corporation to us and the assumption by such successor of our obligations under the indenture;
- to add to or modify our covenants or events of default for the

benefit of the holders of the debt securities;

- to establish the form or terms of the debt securities of any series;
- to cure any ambiguity or make any other provisions with respect to matters or questions arising under the indentures that will not adversely affect the interests of the holders in any material respect;
- to modify, eliminate or add to the provisions of the indentures as necessary to qualify it under any applicable federal law;
- to name, by supplemental indenture, a trustee other than The Bank of New York for a series of debt securities;
-

to provide for
the acceptance
of
appointment
by a successor
trustee;

- to add to or
modify the
provisions of
the indentures
to provide for
the
denomination
of debt
securities in
foreign
currencies;
- to supplement
any provisions
of the
indentures as
is necessary to
permit or
facilitate the
defeasance
and discharge
of any debt
securities as
described in
this
prospectus;
- to prohibit the
authentication
and delivery
of additional
series of debt
securities; or

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