

AMERICAN EXPRESS CO  
Form S-3ASR  
October 30, 2009

Registration No. 333-

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM S-3  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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American Express Company  
(Exact name of registrant as specified in its charter)

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New York  
(State or other jurisdiction of incorporation or  
organization)  
200 Vesey Street,  
New York, New York 10285  
(212) 640-2000  
(Address, including zip code, and telephone number,  
including area code,  
of registrant's principal executive offices)

13-4922250  
(I.R.S. Employer Identification Number)  
LOUISE M. PARENT, Esq.  
Executive Vice President and General Counsel  
American Express Company  
200 Vesey Street  
New York, New York 10285  
(212) 640-2000  
(Name, address, including zip code, and telephone  
number, including  
area code, of agent for service)

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*Copies to:*

DAVID S. CARROLL, Esq.  
Senior Counsel  
American Express Company  
200 Vesey Street  
New York, New York 10285  
(212) 640-2000

LESLIE N. SILVERMAN, Esq.  
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Cleary Gottlieb Steen & Hamilton LLP  
One Liberty Plaza  
New York, New York 10006  
(212) 225-2000

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*Approximate date of commencement of proposed sale to the public:* From time to time after the effective date of this registration statement, as determined in light of market conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. £

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. £

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act of 1933, check the following box. S

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities pursuant to Rule 413(b) under the Securities Act of 1933, check the following box. £

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

|                         |   |   |                           |   |
|-------------------------|---|---|---------------------------|---|
| Large accelerated filer | S |   | Accelerated filer         | £ |
| Non-accelerated filer   | £ | (Do not check if a smaller reporting company) | Smaller reporting company | £ |

**CALCULATION OF REGISTRATION FEE**

| Title of each class of Securities<br>to be Registered                        | Amount to be<br>Registered/<br>Proposed<br>Maximum<br>Offering Price<br>per Unit/<br>Proposed<br>Maximum<br>Aggregate<br>Offering Price/<br>Amount of<br>Registration Fee |
|--|---|
| Debt Securities  |   |
| Preferred Shares, par value \$1.66 <sup>2</sup> / <sub>3</sub> per share (1) | (2 )(3)   |
| Depository Shares  |   |
| Common Shares, par value \$0.20 per share (1)                                |   |
| Warrants   |   |

- (1) An indeterminate number of preferred shares and common shares may be issued from time to time upon exercise, conversion or exchange of other securities.
  
- (2) An indeterminate aggregate initial offering price and number of the securities of each identified class is being registered and may from time to time be offered at indeterminate prices. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities.
  
- (3) In accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended, the Registrant is

deferring  
payment of the  
entire  
registration  
fee. In  
connection  
with the  
securities  
offered hereby,  
the Registrant  
will pay  
pay-as-you-go  
registration  
fees in  
accordance  
with Rule  
456(b).

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**PROSPECTUS**

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

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

unsecured  
debt  
securities,

preferred  
shares, par  
value  
\$1.66<sup>2</sup>/<sub>3</sub> per  
share,

depository  
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 one or more 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 the specific terms of any offering in a supplement 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.**

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The date of this prospectus is October 30, 2009.

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You should rely only on the information contained or incorporated by reference in this prospectus or in a prospectus supplement. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus or any prospectus supplement is accurate as of any date other than the date of the document containing the information.

**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 headings **INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE** and **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 Com

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, 2008.

Quarterly  
Report on  
Form 10-Q  
for the  
quarter  
ended  
March 31,  
2009.

Quarterly  
Report on  
Form 10-Q  
for the  
quarter  
ended June  
30, 2009.

Quarterly  
Report on  
Form 10-Q  
for the  
quarter  
ended  
September  
30, 2009.

Current  
Reports on  
Form 8-K  
filed on  
January 9,  
2009, May  
19, 2009  
(2), June 5,  
2009, June  
17, 2009,  
July 29,  
2009 and  
October 6,  
2009.

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, in 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, 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 in this prospectus, in any prospectus supplement or in any documents incorporated by reference herein 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 consolidated subsidiaries, are a leading global payments and travel company. Our principal products and services are charge and credit payment card products and travel-related services offered to consumers and businesses around the world. We and our principal operating subsidiary, American Express Travel Related Services Company, Inc., each became a bank holding company, and each elected to be treated as a financial holding company, under the Bank Holding Company Act of 1956, subject to the supervision and examination by the Board of Governors of the Federal Reserve System, or the Federal Reserve, on November 14, 2008.

Our reportable operating segments are comprised of two customer-focused groups the Global Consumer Group and the Global Business-to-Business Group.

### *Global Consumer Group*

The Global Consumer Group offers a range of products and services, including charge and credit card products for consumers and small businesses worldwide (primarily through our U.S. bank subsidiaries and affiliates), consumer travel services and stored value products such as Travelers Cheques and other prepaid products.

### *Global Business-to-Business Group*

The Global Business-to-Business Group provides, among other products and services, business travel, corporate cards and other expense-management products and services, network services for our network partners, and merchant acquisition and merchant processing, point-of-sale, servicing and settlement and marketing products and services for merchants.

In certain countries we have granted licenses to partially-owned affiliates and unaffiliated entities to offer some of these products and services.

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A key asset of our network is the American Express brand, which is one of the world's most highly recognized and respected brands.

The Company's products and services are sold globally to diverse customer groups, including consumers, small businesses, middle-market companies and large corporations. These products and services are sold through various channels including direct mail, on-line applications, targeted sales forces, and direct response advertising.

Our general-purpose card network, card-issuing and merchant-acquiring and processing businesses are global in scope. We are a world leader in providing charge and credit cards to consumers, small businesses and large corporations. These cards include cards issued by American Express as well as cards issued by third-party banks and other institutions that are accepted on the American Express network (collectively, Cards). Our Cards permit our cardmembers, or Cardmembers, to charge purchases of goods and services in most countries around the world at the millions of merchants that accept Cards bearing our logo. As of September 30, 2009, we had a total of 88.4 million Cards-in-force worldwide (including Cards issued by third parties). For the nine months ended September 30, 2009, our worldwide billed business (spending on American Express® Cards, including Cards issued by third parties) was \$447.2 billion.

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 securities that may be issued by us. Descriptions of the securities are contained below under Description of Debt Securities, Description of Preferred Shares and Description of Common Shares, as well as in the accompanying prospectus supplement for each type of security we issue. 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 included in our periodic or current reports and incorporated herein by reference.*

***The Price of Our Common Shares May Fluctuate Significantly, and This May Make It Difficult for You to Resell the Common Shares You Own At Times or At Prices You Find Attractive.***

The trading price of our common shares may fluctuate widely as a result of a number of factors, many of which are outside our control. In addition, the stock market is subject to fluctuations in share prices and trading volumes that affect the market prices of the shares of many companies. These broad market fluctuations have adversely affected and may continue to adversely affect the market price of our common shares. Among the factors that could affect our stock price are:

actual or  
anticipated  
quarterly  
fluctuations in our  
operating results  
and financial  
condition;

changes in  
revenue or  
earnings estimates  
or publication of  
research reports  
and  
recommendations  
by financial  
analysts or actions  
taken by rating  
agencies with  
respect to our  
securities or those  
of other financial  
institutions;

failure to meet  
analysts' revenue  
or earnings  
estimates;

speculation in the  
press or  
investment  
community

generally or relating to our reputation or the financial services industry;

strategic actions by us or our competitors, such as acquisitions or restructurings;

actions by institutional shareholders;

fluctuations in the stock price and operating results of our competitors;

future sales of our equity or equity-related securities;

changes in the frequency or amount of dividends or share repurchases;

proposed or adopted regulatory changes or developments;

anticipated or pending investigations, proceedings, or litigation that involve or affect us;

domestic and international economic factors unrelated to our

performance; or

general market  
conditions and, in  
particular,  
developments  
related to market  
conditions for the  
financial services  
industry.

A significant decline in our stock price could result in substantial losses for individual shareholders and could lead to costly and disruptive securities litigation.

***There May Be Sales or Other Dilution of Our Equity, Which May Adversely Affect the Market Price of Our Common Shares.***

Except as described in the accompanying prospectus supplement, we are not restricted from issuing additional common shares or preferred shares, including securities that are convertible into or exchangeable for, or that represent the right to receive, common shares or preferred shares. The issuance of additional common shares or convertible securities will dilute the ownership interest of our existing common shareholders. The market price of our common shares could decline as a result of sales by us or others of a large block of our common shares, preferred shares or similar securities in the market, or the perception that such sales could occur.

***You May Not Receive Dividends on Common Shares.***

Holders of our common shares are only entitled to receive such dividends as our Board of Directors may declare out of funds legally available for such payments. Furthermore, holders of our common shares are subject to the prior dividend rights of holders of our preferred shares or the depositary shares



representing such preferred shares then outstanding. Although historically we have declared cash dividends on our common shares, we are not required to do so and may reduce or eliminate dividends on our common shares in the future. Additionally, we are limited in our ability to pay dividends by our regulators who could prohibit a dividend that would be considered an unsafe or unsound banking practice. For example, it is the policy of the Federal Reserve that bank holding companies should generally pay dividends on common shares only out of earnings, and only if prospective earnings retention is consistent with the organization's expected future needs, asset quality, and financial condition. For more information on bank holding company dividend restrictions, please see "Financial Review Share Repurchases and Dividends" on page 34 and Note 13 on page 96 of our 2008 Annual Report to Shareholders, which information is incorporated herein by reference.

***Common Shares Are Equity and Are Subordinate to Our Existing and Future Indebtedness and Preferred Shares.***

Our common shares are equity interests and do not constitute indebtedness. As such, our common shares will rank junior to all of our indebtedness and to other non-equity claims against us and our assets available to satisfy claims against us, including in our liquidation. Additionally, holders of our common shares are subject to the prior dividend and liquidation rights of holders of any outstanding preferred shares or the depositary shares representing such preferred shares then outstanding. Our Board of Directors is authorized to issue additional classes or series of preferred shares without any action on the part of the holders of our common shares.

***If We Are Deferring Payments on Our Outstanding Subordinated Notes or Are In Default Under the Indentures Governing those Securities, We Will Be Prohibited From Making Distributions on our Common Shares.***

The terms of our outstanding subordinated notes prohibit us from declaring or paying any dividends or distributions on our capital stock, including our common shares, or purchasing, acquiring, or making a liquidation payment on such stock, if we are aware of any event that would be an event of default under the indenture governing those subordinated notes or at any time when we have deferred payment of interest on those subordinated notes.

***Our Ability to Pay Dividends Depends Upon the Results of Operations of Our Subsidiaries.***

We are a holding company that conducts substantially all of our operations through our subsidiaries. As a result, our ability to make dividend payments on our common shares depends primarily upon the receipt of dividends and other distributions from our subsidiaries. In addition, if, in the opinion of the applicable regulatory authority, a bank under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice, such authority may require, after notice and hearing, that such bank cease and desist from such practice. Depending on the financial condition of our banking subsidiaries, the applicable regulatory authority might deem us to be engaged in an unsafe or unsound practice if our banking subsidiaries were to pay dividends.

In addition, our right to participate in any distribution of assets of any of our subsidiaries upon the subsidiary's liquidation or otherwise, and thus the ability of holders of our common shares to benefit indirectly from such distribution, will be subject to the prior claims of creditors of that subsidiary, except to the extent that any of our claims as a creditor of such subsidiary may be recognized. As a result, our common shares effectively will be subordinated to all existing and future liabilities and obligations of our subsidiaries.

***Anti-Takeover Provisions Could Negatively Impact Our Stockholders.***

Provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of us or have the effect of discouraging a third party from attempting to acquire control of us. For example, our certificate of incorporation authorizes our Board of Directors to issue preferred shares, which could be issued as a defensive measure in response to a takeover proposal. These provisions could make it more difficult for a third party to acquire us even if an acquisition might be in the best interest of our stockholders.



***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 market changes in rates of exchange between U.S. dollars and the specified currency;

the possibility of significant changes in rates of exchange between U.S. dollars and the specified currency resulting from official redenominations or revaluation of such 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 foreign currencies in which our notes may be denominated, and between these foreign currencies and other foreign 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. Similarly, in the case of indexed notes and depending on the specific terms of the notes, fluctuations of the relevant underlying currencies could result in no return or in a substantial loss to the investor.

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. You should consult your own financial and legal advisors as to the risks of an investment in notes denominated in a currency other than 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.

***The Return on Indexed Notes May Be Below the Return on Similar Standard Debt Securities***

Depending on the terms of an indexed note, as specified in the accompanying prospectus supplement, you may not receive any interest payments or receive only very low interest payments on such indexed note. Similarly, depending on the terms of an indexed note, you may receive at maturity a principal payment that is equal to, less than, or only marginally greater than your initial investment in the notes. As a result, the overall return on such indexed note may be less than the amount you would have earned by investing in a standard debt security that bears interest at a prevailing market fixed or floating rate.

***An Indexed Note May Be Linked to Volatile Underlying Assets, Which May Adversely Affect Your Investment***

Some underlying assets are highly volatile, which means that their value may increase or decrease significantly over a short period of time. It is impossible to predict the future performance of underlying assets based on historical

performance. The amount of principal or interest that can be expected to become payable on an indexed note may vary substantially from time to time. Because the amounts payable with respect to an indexed note are generally calculated based on the price, value or level of the relevant underlying assets on a specified date or over a limited period of time, volatility in the underlying assets increases the risk that the return on the indexed note may be adversely affected by a fluctuation in the level of the relevant underlying assets.

The volatility of underlying assets may be affected by financial, political, military or economic events, including governmental actions, or by the activities of participants in the relevant markets. Any of these events or activities could adversely affect the value of an indexed note.

***If You Purchase an Indexed Note, You Will Have No Rights with Respect to any Underlying Assets to which Such Indexed Note is Linked***

Investing in an indexed note will not make you a holder of any of the underlying assets or any of their components. As a result, you will not have any voting rights, any right to receive dividends or other distributions or any other rights with respect to any of the underlying assets or any of their components.

**RATIO OF EARNINGS TO FIXED CHARGES**

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

|                                    | <b>Nine Months<br/>Ended<br/>September 30,</b> |             | <b>Year Ended December 31,</b> |             |             |             |
|------------------------------------|--|-------------|--------------------------------|-------------|-------------|-------------|
|                                    | <b>2009</b>                                    | <b>2008</b> | <b>2007</b>                    | <b>2006</b> | <b>2005</b> | <b>2004</b> |
| Ratio of Earnings to Fixed Charges | 2.09   | 1.96        | 2.24                           | 2.54        | 2.55        | 2.77        |

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 cardmember lending activities, international banking operations, and charge card and other activities in our consolidated statements of income included in the documents incorporated by reference into this prospectus. Interest expense does not include interest on liabilities recorded in accordance with GAAP governing unrecognized tax benefits. Our policy is to classify such interest in income tax provision in the consolidated statements of income.

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 non-controlling 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 expense 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 subordinated debt securities that 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.

We will issue our senior debt securities under a senior debt indenture, dated as of August 1, 2007, between us and the Bank of New York Mellon (formerly known as The Bank of New York), as trustee. We will issue our subordinated debt securities under a subordinated debt indenture, dated as of August 1, 2007, between us and the Bank of New York Mellon (formerly known as The Bank of New York), as trustee. 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.

The indentures, together with a form of 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 need 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 Mellon 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, the interest rate of which is 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 (a London Business Day );

for debt securities, the interest rate of which is 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 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. 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 Mellon 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.

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 an interest rate calculated with reference to the Commercial Paper Rate and the spread or spread multiplier, if any, that 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 Federal Reserve in Statistical Release H.15(519), Selected Interest Rates or any successor publication of the Federal Reserve, 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 Federal Reserve 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:

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

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 an interest rate calculated with reference to the Federal Funds Rate and the spread or spread multiplier, if any, that 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 Reuters 3000 Xtra Service ( Reuters ) (or any successor service) on page FEDFUNDS1 (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 an interest rate calculated with reference to the CD Rate and the spread or spread multiplier, if any, that 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 an interest rate calculated with reference to LIBOR and the spread or spread multiplier, if any, that 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  
at least U.S.  
\$1,000,000 or  
the  
approximate  
equivalent in  
such index  
currency 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 LIBOR01 (or any other page specified in the accompanying prospectus supplement) of Reuters (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 EURIBOR01 on Reuters or any successor service as of 11:00 a.m., Brussels time, on that interest determination 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 U.S. dollars 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 three major banks in the euro-zone after consultation with us 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 three 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 U.S. dollars 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, the rate of interest 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.

*Prime Rate Debt Securities*

A Prime Rate debt security will bear interest at an interest rate calculated with reference to the Prime Rate and the spread or spread multiplier, if any, that 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, or  
such other  
recognized  
electronic  
source used  
for the  
purpose of  
displaying  
such rate,  
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 page  
USPRIME1  
( Reuters page  
USPRIME1 )  
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 Reuters  
page  
USPRIME1  
Page on that  
interest  
determination  
date.

If fewer than  
four rates  
appear on  
Reuters page  
USPRIME1  
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 three  
major banks  
in New York  
City selected  
by the  
calculation  
agent, after  
consultation  
with us, from  
which

quotations are requested.

If the banks so selected by the calculation agent are not quoting rates as described above, the Prime Rate with respect to that interest determination date will be the same as the Prime 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).

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 an interest rate calculated with reference to the Treasury Rate and the spread or spread multiplier, if any, that 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 opposite the caption INVEST RATE on the display on Reuters (or any successor service) on page USAUCTION10 (or any other page as may replace such page) or page USAUCTION11 (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:

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

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, equal to, 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 convey,  
transfer,  
assign,  
mortgage or  
pledge any  
property to or  
with the  
trustee;

to surrender  
any right or  
power  
conveyed by  
the indenture  
upon us;

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 Mellon 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

to modify the provisions of the indentures provided that such modifications do not apply to any outstanding security.

Any other modifications or amendments of the indentures by way of supplemental indenture require the consent of the holders of a majority in principal amount of the debt securities at the time outstanding of each series affected.

However, no such modification or amendment may, without the consent of the holder of each debt security affected thereby:

modify the terms of payment of principal, premium or interest;

reduce the percentage of holders of debt securities necessary to modify or amend the indentures or waive our compliance with any restrictive covenant; or

subordinate the indebtedness evidenced by the debt securities to any of our other indebtedness.

#### **Events of Default, Notice and Waiver**

The indentures provide holders of debt securities with remedies if we fail to perform specific obligations, such as making payments on the debt securities. You should review these provisions carefully in order to understand what constitutes an event of default under the indentures.



Unless otherwise stated in the accompanying prospectus supplement, an event of default with respect to any series of debt securities will be:

default in the payment of the principal of, or premium, if any, on any debt security of that series when it is due and payable;

default in making a sinking fund payment or analogous obligation, if any, when due and payable;

default for 30 days in the payment of an installment of interest, if any, on any debt security of that series;

default for 60 days after written notice to us in the performance of any other covenant in respect of the debt securities of that series;

certain events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of us or

our property;

an event of default with respect to any other series of debt securities outstanding under the indentures or as defined in any other indenture or instrument under which we have outstanding any indebtedness for borrowed money, as a result of which indebtedness of us of at least \$50,000,000 principal amount shall have been accelerated and that acceleration shall not have been annulled within 15 days after written notice thereof; and

any other event of default provided in or pursuant to the applicable resolution of our Board of Directors or the supplemental indenture under which that series of debt securities is issued.

An event of default with respect to a particular series of debt securities issued under the indentures does not necessarily constitute an event of default with respect to any other series of debt securities. The trustee may withhold notice to the holders of any series of debt securities of any default with respect to that series, except in the payment of principal, premium or interest, if it considers such withholding to be in the interests of the holders of that series.

If an event of default with respect to any series of debt securities has occurred and is continuing, the trustee or the holders of 25% in aggregate principal amount of the debt securities of that series may declare the principal, or in the case of discounted debt securities, such portion thereof as may be described in an accompanying prospectus supplement, of all the debt securities of that series to be due and payable immediately.

The indentures contain a provision entitling the trustee to be indemnified to its reasonable satisfaction by the holders before exercising any right or power under the indentures at the request of any of the holders. The indentures provide that the holders of a majority in principal amount of the outstanding debt securities of any series may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred upon the trustee with respect to the debt securities of that series. The right of a holder to institute a proceeding with respect to the

indentures is subject to certain conditions precedent including notice and indemnity to the trustee. However, the holder has an absolute right to receipt of principal and premium, if any, at stated maturity and interest on any overdue principal and interest or to institute suit for the enforcement thereof.

The holders of not less than a majority in principal amount of the outstanding debt securities of any series under the indentures may on behalf of the holders of all the debt securities of that series waive any past defaults, except a default in payment of the principal of or premium, if any, or interest, if any, on any debt security of that series and a default in respect of a covenant or provision of the indentures that cannot be amended or modified without the consent of the holder of each debt security affected.

We are required by the indentures to furnish to the trustee annual statements as to the fulfillment of our obligations under the indentures.

### **Defeasance of the Indentures and Debt Securities**

The indentures permit us to be discharged from our obligations under the indentures and with respect to a particular series of debt securities if we comply with the following procedures. This discharge from our obligations is referred to in this prospectus as defeasance.

Unless an accompanying prospectus supplement states otherwise, if we deposit with the trustee sufficient cash and/or government securities to pay and discharge the principal and premium, if any, and interest, if any, to the date of maturity of such series of debt securities, then from and after the ninety-first day following such deposit:

we will be  
deemed to  
have paid  
and  
discharged  
the entire  
indebtedness  
on the debt  
securities of  
any series;  
and

our  
obligations  
under the  
indentures  
with respect  
to the debt  
securities of  
that series  
will cease to  
be in effect,  
except for  
certain  
obligations to  
register the  
transfer or

exchange of  
the debt  
securities of  
that series,  
replace  
stolen, lost or  
mutilated  
debt  
securities of  
that series,  
maintain  
paying  
agencies and  
hold moneys  
for payment  
in trust.

The indentures also provides that the defeasance will not be effective unless we deliver to the trustee a written opinion of our counsel to the effect that holders of the debt securities subject to defeasance will not recognize gain or loss on those debt securities for federal income tax purposes solely as a result of the defeasance and that the holders of those debt securities will be subject to federal income tax in the same amounts and at the same times as would be the case if the defeasance had not occurred.

Following the defeasance, holders of the applicable debt securities would be able to look only to the trust fund for payment of principal and premium, if any, and interest, if any, on their debt securities.

### **Governing Law**

The laws of the State of New York will govern the indentures and the debt securities.

### **Concerning the Trustee**

The Bank of New York Mellon, the trustee under the indentures, provides corporate trust services to us. In addition, affiliates of the trustee provide substantial investment banking, bank and corporate trust services and extend credit to us and many of our subsidiaries. We and our affiliates may have other customary banking relationships (including other trusteeships) with the trustee.

### **Global Securities and Global Clearance and Settlement Procedures**

We may issue debt securities under a book-entry system in the form of one or more global securities. We will register the global securities in the name of a depositary or its nominee and deposit the global securities with that depositary. Unless we state otherwise in the accompanying prospectus supplement, The Depository Trust Company, New York, New York, or DTC, will be the depositary if we use a depositary.

Following the issuance of a global security in registered form, the depositary will credit the accounts of its participants with the debt securities upon our instructions. Only persons who hold directly or indirectly through financial institutions that are participants in the depositary can hold beneficial interests in

the global securities. Because the laws of some jurisdictions require certain types of purchasers to take physical delivery of such securities in definitive form, you may encounter difficulties in your ability to own, transfer or pledge beneficial interests in a global security.

So long as the depository or its nominee is the registered owner of a global security, we and the trustee will treat the depository as the sole owner or holder of the debt securities for purposes of the applicable indenture. Therefore, except as set forth below, you will not be entitled to have debt securities registered in your name or to receive physical delivery of certificates representing the debt securities. Accordingly, you will have to rely on the procedures of the depository and the participant in the depository through whom you hold your beneficial interest in order to exercise any rights of a holder under the indenture. We understand that under existing practices, the depository would act upon the instructions of a participant or authorize that participant to take any action that a holder is entitled to take.

Unless stated otherwise in an accompanying prospectus supplement, you may elect to hold interests in the global securities through either DTC (in the United States) or Clearstream Banking, *société anonyme*, which we refer to as Clearstream, Luxembourg, or Euroclear Bank, S.A./N.V., or its successor, as operator of the Euroclear System, which we refer to as Euroclear, (outside of the United States) if you are participants of such systems, or indirectly through organizations that are participants in such systems. Interests held through Clearstream, Luxembourg and Euroclear will be recorded on DTC's books as being held by the U.S. depository for each of Clearstream, Luxembourg and Euroclear, which U.S. depositories will in turn hold interests on behalf of their participants' customers' securities accounts.

As long as the debt securities of a series are represented by the global securities, we will pay principal of and interest and premium on those securities to or as directed by DTC as the registered holder of the global securities. Payments to DTC will be in immediately available funds by wire transfer. DTC, Clearstream, Luxembourg or Euroclear, as applicable, will credit the relevant accounts of their participants on the applicable date. Neither we nor the trustee will be responsible for making any payments to participants or customers of participants or for maintaining any records relating to the holdings of participants and their customers, and you will have to rely on the procedures of the depository and its participants. If an issue of debt securities is denominated in a currency other than the U.S. dollar, we will make payments of principal and any interest in the foreign currency in which the debt securities are denominated or in U.S. dollars. DTC has elected to have all payments of principal and interest paid in U.S. dollars unless notified by any of its participants through which an interest in the debt securities is held that it elects, in accordance with, and to the extent permitted by, the accompanying prospectus supplement and the relevant debt security, to receive payment of principal or interest in the foreign currency. On or prior to the third business day after the record date for payment of interest and 12 days prior to the date for payment of principal, a participant will be required to notify DTC of (a) its election to receive all, or the specified portion, of payment in the foreign currency and (b) its instructions for wire transfer of payment to a foreign currency account.

We have been advised by DTC, Clearstream, Luxembourg and Euroclear, respectively, as follows:

*As to DTC:*

DTC has  
advised us that  
it is a  
limited-purpose  
trust company  
organized under  
the New York  
Banking Law, a  
banking  
organization  
within the

meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities deposited with it by its participants and facilitates the settlement of transactions among its participants in such securities through electronic computerized book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks,

trust companies,  
clearing  
corporations  
and certain  
other  
organizations,  
some of whom  
(and/or their  
representatives)  
own DTC.  
Access to DTC s  
book- entry  
system is also  
available to  
others, such as  
banks, brokers,  
dealers and trust  
companies that  
clear through or  
maintain a  
custodial  
relationship  
with a  
participant,  
either directly or  
indirectly.

According to DTC, the foregoing information with respect to DTC has been provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.



*As to  
Clearstream,  
Luxembourg:  
Clearstream,  
Luxembourg  
has advised  
us that it was  
incorporated  
as a limited  
liability  
company  
under  
Luxembourg  
law.  
Clearstream,  
Luxembourg  
is owned by  
Cedel  
International,  
société  
anonyme, and  
Deutsche  
Brse AG. The  
shareholders  
of these two  
entities are  
banks,  
securities  
dealers and  
financial  
institutions.*

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thus eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream, Luxembourg in many currencies, including United States dollars. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities, securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in over 30 countries through established depository and custodial relationships. Clearstream, Luxembourg interfaces with domestic markets in a number of countries. Clearstream, Luxembourg has established an electronic bridge with Euroclear Bank S.A./N.V., the operator of Euroclear, or the Euroclear operator, to facilitate settlement of trades between Clearstream, Luxembourg and Euroclear.

As a registered bank in Luxembourg, Clearstream, Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector. Clearstream, Luxembourg customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. In the United States, Clearstream, Luxembourg customers are limited to securities brokers and dealers and banks, and may include the underwriters for the debt securities. Other institutions that maintain a custodial relationship with a Clearstream, Luxembourg customer may obtain indirect access to Clearstream, Luxembourg. Clearstream, Luxembourg is an indirect participant in DTC.

Distributions with respect to the debt securities held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream, Luxembourg customers in accordance with its rules and procedures, to the extent received by Clearstream, Luxembourg.

*As to*

*Euroclear:*

Euroclear has advised us that it was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thus eliminating the need for physical movement of certificates and risk from lack of simultaneous transfers of securities and cash. Transactions may now be settled in many currencies, including United States dollars and Japanese Yen. Euroclear provides various other services,

including securities lending and borrowing and interfaces with domestic markets in several countries generally similar to the arrangements for cross-market transfers with DTC described below.

Euroclear is operated by the Euroclear operator, under contract with Euroclear plc, a U.K. corporation. The Euroclear operator conducts all operations, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear operator, not Euroclear plc. Euroclear plc establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters for the debt securities. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Euroclear is an indirect participant in DTC.

The Euroclear operator is a Belgian bank. The Belgian Banking Commission and the National Bank of Belgium regulate and examine the Euroclear operator.

The Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, or the Euroclear Terms and Conditions, and applicable Belgian law govern securities clearance accounts and cash accounts with the Euroclear operator. Specifically, these terms and conditions govern:

transfers of securities and cash within Euroclear;

withdrawal of securities and cash from Euroclear; and

receipt of payments with

respect to  
securities  
in  
Euroclear.

All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding securities through Euroclear participants.

Distributions with respect to debt securities held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Euroclear Terms and Conditions, to the extent received by the Euroclear operator.

Global certificates are generally not transferable. We will issue physical certificates to beneficial owners of a global security if:

the  
depository  
notifies us  
that it is  
unwilling or  
unable to  
continue as  
depository  
or ceases to  
be a  
clearing  
agency  
registered  
under the  
Exchange  
Act or other  
applicable  
statute or  
regulation  
and we are  
unable to  
locate a  
qualified  
successor  
depository;

an event of  
default  
occurs with  
respect to  
the  
applicable  
series of  
securities;  
or

we decide  
in our sole  
discretion  
that we do

not want to  
have the  
debt  
securities of  
that series  
represented  
by global  
certificates.

If any of the events described in the preceding paragraph occurs, we will issue definitive securities in certificated form in an amount equal to a holder's beneficial interest in the securities. Definitive securities will be issued in minimum denominations of \$1,000 and integral multiples thereof in excess of that amount, and will be registered in the name of the person DTC specifies in a written instruction to the registrar of the debt securities.

In the event definitive securities are issued:

holders of  
definitive  
securities will  
be able to  
receive  
payments of  
principal and  
interest on  
their debt  
securities at  
the office of  
our paying  
agent  
maintained in  
the Borough  
of Manhattan  
or, at our  
option, by  
check mailed  
to the address  
of the person  
entitled to the  
payment at his  
or her address  
in the security  
register;

holders of  
definitive  
securities will  
be able to  
transfer their  
debt  
securities, in  
whole or in  
part, by

surrendering  
the debt  
securities for  
registration of  
transfer at the  
corporate trust  
office of The  
Bank of New  
York Mellon.  
We will not  
charge any fee  
for the  
registration or  
transfer or  
exchange,  
except that we  
may require  
the payment  
of a sum  
sufficient to  
cover any  
applicable tax  
or other  
governmental  
charge  
payable in  
connection  
with the  
transfer; and

any moneys  
we pay to our  
paying agents  
for the  
payment of  
principal and  
interest on the  
debt securities  
that remains  
unclaimed at  
the second  
anniversary of  
the date such  
payment was  
due will be  
returned to us,  
and thereafter  
holders of  
definitive  
securities may  
look only to

us, as general  
unsecured  
creditors, for  
payment.

You will be required to make your initial payment for the debt securities in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream, Luxembourg customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by U.S. depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (based on European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to the U.S. depository to take action to effect final settlement on its behalf by delivering or receiving debt securities in DTC, and making or receiving payment in accordance with



normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

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

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of debt securities among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

### **Provisions Applicable Solely to Subordinated Securities**

#### **General**

We may issue subordinated debt securities in one or more series under the subordinated debt indenture. Holders of subordinated debt securities should recognize that contractual provisions in the subordinated debt indenture may prohibit us from making payments on these securities. The subordinated debt securities will rank on an equal basis with certain of our other subordinated debt that may be outstanding from time to time and will rank junior to all of our senior indebtedness, as defined below, including any senior debt securities, that may be outstanding from time to time.

If subordinated debt securities are issued under the subordinated indenture, the aggregate principal amount of senior indebtedness outstanding as of a recent date will be set forth in the accompanying prospectus supplement. Neither the senior nor the subordinated indenture restricts the amount of senior indebtedness that we may incur.

#### **Subordination**

The payment of the principal of, and premium, if any, and interest on the subordinated debt securities is expressly subordinated, to the extent and in the manner set forth in the subordinated indenture, in right of payment to the prior payment in full of all of our senior indebtedness. The term senior indebtedness is defined in the subordinated indenture as indebtedness we incur for money borrowed, all deferrals, renewals or extensions of any of that indebtedness and all evidences of indebtedness issued in exchange for any of that indebtedness. Senior indebtedness also includes our guarantees of the foregoing items of indebtedness for money borrowed by persons other than us, unless, in any such case, that indebtedness or guarantee provides by its terms that it will not constitute senior indebtedness.

The subordinated debt indenture provides that, unless all principal of, and any premium or interest on, the senior indebtedness has been paid in full, or provision has been made to make these payments in full, no payment or other distribution may be made with respect to the subordinated indebtedness in the following circumstances:

- any
- acceleration of
- the principal
- amount due on
- the
- subordinated

debt securities;

our dissolution  
or winding-up  
or total or  
partial  
liquidation or  
reorganization,  
whether  
voluntary or  
involuntary or  
in bankruptcy,  
insolvency,  
receivership or  
other  
proceedings;

a default in the  
payment of  
principal,  
premium, if  
any, sinking  
fund or interest  
with respect to  
any of our  
senior  
indebtedness;  
or

an event of  
default, other  
than a default  
in the payment  
of principal,  
premium, if  
any, sinking  
funds or  
interest, with  
respect to any  
senior  
indebtedness,  
as defined in  
the instrument  
under which  
the

same is  
outstanding,  
permitting  
the holders of  
senior  
indebtedness  
to accelerate  
its maturity,  
and such  
event of  
default has  
not been  
cured or  
waived.

A merger, consolidation or conveyance of all or substantially all of our assets on the terms and conditions provided in the subordinated indenture will not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of these subordination provisions.

If the holders of subordinated securities receive any payment or distribution of our assets not permitted by the subordination provisions, the holders of subordinated debt securities will have to repay that amount to the holders of the senior debt securities or to the trustee.

### **Subrogation**

After the payment in full of all senior indebtedness, the holders of the subordinated debt securities will be subrogated to the rights of the holders of senior indebtedness to receive payments or distributions of our assets or securities applicable to the senior indebtedness until the subordinated debt securities are paid in full. Under these subrogation provisions, no payments or distributions to the holders of senior indebtedness which otherwise would have been payable or distributable to holders of the subordinated debt securities will be deemed to be a payment by us to or on the account of the senior indebtedness. These provisions of the subordinated indenture are intended solely for the purpose of defining the relative rights of the holders of the subordinated debt securities and the holders of the senior debt securities. Nothing contained in the subordinated indenture is intended to impair our absolute obligation to pay the principal of and premium and interest on the subordinated debt securities in accordance with their terms or to affect the relative rights of the holders of the subordinated debt securities and our creditors other than the holders of the senior indebtedness. These subrogation provisions of the subordinated indenture will not prevent the holder of any subordinated debt security from exercising all remedies otherwise permitted by applicable law upon default of that security, subject to the rights of subordination described above.

### **Provisions Applicable Solely to Senior Securities**

#### ***Restrictions as to Liens***

The senior indenture includes a covenant providing that we will not at any time directly or indirectly create, or allow to exist or be created, any mortgage, pledge, encumbrance or lien of any kind upon:

any shares of  
capital stock  
owned by us  
of any of  
American  
Express

Travel  
Related  
Services  
Company,  
Inc. or  
American  
Express  
Banking  
Corporation  
and any one  
or more of  
our  
subsidiaries  
that succeeds  
to all or  
substantially  
all of the  
business or  
ownership of  
the property  
of those  
companies,  
so long as  
they  
continue to  
be our  
subsidiaries,  
which we  
refer to  
collectively  
as the  
principal  
subsidiaries ;  
or

any shares of  
capital stock  
owned by us  
of a  
subsidiary  
that owns,  
directly or  
indirectly,  
capital stock  
of the  
principal  
subsidiaries.

However, liens of this nature are permitted if we provide that the senior debt securities will be secured by the lien equally and ratably with any and all other obligations also secured, for as long as any other obligations of that type are so secured. Also, we may incur or allow to exist upon the stock of the principal subsidiaries liens for taxes, assessments or other governmental charges or levies which are not yet due or are payable without penalty or which we

are contesting in good faith, or liens of judgments that are on appeal or are discharged within 60 days.

This covenant will cease to be binding on us with respect to any series of the senior debt securities to which this covenant applies following discharge of those senior debt securities.

## DESCRIPTION OF PREFERRED SHARES

### General

The following briefly summarizes certain of the material terms of our preferred shares. Other pricing and related terms will be disclosed in the accompanying prospectus supplement. You should read the accompanying prospectus supplement together with the certificate of designation relating to that series and our amended and restated certificate of incorporation for a more detailed description of a particular series of preferred shares and other provisions that may be important to you.

Under our amended and restated certificate of incorporation, we are authorized to issue 20,000,000 preferred shares, par value \$1.66<sup>2</sup>/<sub>3</sub> per share. We do not currently have any outstanding preferred shares and therefore all 20,000,000 shares are still available for issuance. Our Board of Directors is authorized to issue our preferred shares from time to time in one or more series with such designations, voting powers, dividend rates, rights of redemption, conversion rights or other special rights, preferences and limitations as may be stated in resolutions adopted by our Board of Directors.

The preferred shares will have the dividend, liquidation and voting rights set forth below unless otherwise provided in the prospectus supplement relating to a particular series of preferred shares. You should read the prospectus supplement relating to the particular series of the preferred shares being offered for specific terms, including:

the title and  
number of shares  
offered and  
liquidation  
preference per  
share;

the price per  
share;

the dividend rate,  
the dates on which  
dividends will be  
payable, the  
conditions under  
which dividends  
will be payable or  
the method of  
determining that  
rate, dates and  
conditions;

whether dividends  
will be cumulative  
or non cumulative  
and, if cumulative,  
the dates from  
which dividends  
will begin to  
accumulate;

whether dividends  
are participating  
or  
non-participating;

any redemption,  
sinking fund or  
analogous  
provisions;

any conversion or  
exchange  
provisions;

whether we have  
elected to offer  
depository shares  
with respect to the  
preferred shares,  
as described  
below under  
Depository  
Shares ;

whether the  
preferred shares  
will have voting  
rights, in addition  
to the voting  
rights described  
below, and, if so,  
the terms of those  
voting rights;

the procedures for  
any auction and  
remarketing of the  
preferred shares;  
and

any additional  
dividend,  
liquidation,  
redemption,  
sinking fund or  
other rights,  
preferences,  
privileges,  
limitations and  
restrictions.

When issued, the preferred shares will be fully paid and nonassessable.

**Dividend Rights**

All preferred shares will be of equal rank with each other regardless of series. If the stated dividends or the amounts payable on liquidation are not paid in full, the preferred shares of all series will share ratably in the payment of dividends and in any distribution of assets. All preferred shares will have dividend rights prior to the dividend rights of the common shares.

**Rights Upon Liquidation**

Unless otherwise specified in the accompanying prospectus supplement, in the event of a liquidation, each series of the preferred shares will rank on an equal basis with all other outstanding preferred shares and prior to the common stock as to dividends and distributions.

**Voting Rights**

Except as described below, the holders of preferred shares have no voting rights, other than as may be required by law. Whenever dividends payable on the preferred shares of any series will be in arrears in an



aggregate amount at least equal to six full quarterly dividends on that series, the holders of the outstanding preferred shares of all series will have the special right, voting separately as a single class, to elect two directors at the next succeeding annual meeting of shareholders. Subject to the terms of any outstanding series of preferred shares, the holders of common stock and the holders of one or more series of preferred shares then entitled to vote will have the right, voting as a single class, to elect the remaining authorized number of directors.

At each meeting of shareholders at which the holders of the preferred shares will have this special right, the presence in person or by proxy of the holders of record of one-third of the total number of the preferred shares of all series then issued and outstanding will constitute a quorum of that class. Each director elected by the holders of the preferred shares of all series will hold office until the annual meeting of shareholders next succeeding that election and until that director's successor, if any, is elected by those holders and qualified or until the death, resignation or removal of that director in the manner provided in our by-laws. A director elected by the holders of the preferred shares of all series may only be removed without cause by those holders. In case any vacancy will occur among the directors elected by the holders of the preferred shares of all series, that vacancy may be filled for the unexpired portion of the term by vote of the remaining directors elected by such shareholders, or that director's successor in office. If such vacancy occurs more than 90 days prior to the first anniversary of the next preceding annual meeting of shareholders, the vacancy may be filled by the vote of those shareholders taken at a special meeting of those shareholders called for that purpose. Whenever all arrears of dividends on the preferred shares of all series will have been paid and dividends for the current quarterly period will have been paid or declared and provided for, the right of the holders of the preferred shares of all series to elect two directors will terminate at the next succeeding annual meeting of shareholders.

The consent of the holders of at least two-thirds of the outstanding preferred shares voting separately as a single class will be required for:

the  
authorization  
of any class  
of shares  
ranking prior  
to the  
preferred  
shares as to  
dividends or  
upon  
liquidation,  
dissolution or  
winding up;

an increase in  
the authorized  
amount of  
any class of  
shares  
ranking prior  
to the  
preferred  
shares; or

the  
authorization  
of any

amendment to our restated certificate of incorporation or by-laws that would adversely affect the relative rights, preferences or limitations of the preferred shares. If any such amendment will adversely affect the relative rights, preferences or limitations of one or more, but not all, of the series of preferred shares then outstanding, the consent of the holders of at least two-thirds of the outstanding preferred shares of the several series so affected will be required in lieu of the consent of the holders of at least two-thirds of the outstanding preferred shares of all series.

In any case in which the holders of the preferred shares will be entitled to vote separately as a single class, each holder of preferred shares of any series will be entitled to one vote for each such share held.

**DESCRIPTION OF DEPOSITARY SHARES**

The following summary does not purport to be complete. You should read the deposit agreement and depositary receipts relating to each series of preferred shares filed with the SEC in connection with the offering of that series of preferred shares.

We may elect to offer fractional interests in preferred shares rather than preferred shares, with those rights and subject to the terms and conditions that we may specify in the related prospectus supplement. If we do, we will select a depositary that will issue to the public receipts for depositary shares, each of which will represent fractional interests of a particular series of preferred shares. These depositary receipts will be distributed in accordance with the terms of the offering described in the related prospectus supplement.

The depositary will be a bank or trust company that has its principal office in the United States. We will deposit the preferred shares underlying the depositary shares with the depositary under the terms of a separate deposit agreement. The prospectus supplement relating to a series of depositary shares will set forth the name and address of the depositary.

## DESCRIPTION OF COMMON SHARES

We are authorized to issue up to 3,600,000,000 common shares, par value \$0.20 each. At September 30, 2009, we had outstanding 1,189,246,218 common shares. As of December 31, 2008, we had reserved approximately 143 million common shares for issuance with respect to the dividend reinvestment plan as well as various employee stock plans and employee benefit plans.

The following description of the common shares does not purport to be complete and is subject to, and qualified in its entirety by reference to the applicable provisions of the New York Business Corporation Law, our amended and restated certificate of incorporation and our by-laws.

**Dividends.** Subject to the prior rights of holders of any preferred shares, holders of common shares are entitled to receive dividends when, as and if declared by our Board of Directors out of funds legally available for that purpose.

**Liquidation Rights.** In the event of our liquidation, dissolution or winding up, after the satisfaction in full of the liquidation preferences of holders of any preferred shares, holders of common shares are entitled to ratable distribution of the remaining assets available for distribution to shareholders.

**Voting Rights.** Each common share is entitled to one vote on all matters submitted to a vote of shareholders. Holders of the common shares do not have cumulative voting rights.

**No Redemption Provisions.** The common shares are not subject to redemption by operation of a sinking fund or otherwise.

**No Preemptive Rights.** Holders of common shares are not entitled to preemptive rights.

**No Assessment.** The issued and outstanding common shares are fully paid and nonassessable.

**Transfer Agent and Registrar.** The transfer agent and registrar for the common shares is The Bank of New York Mellon, BNY Mellon Shareowner Services, 480 Washington Boulevard, 29th Floor, Jersey City, New Jersey 07310.

Certain provisions of our amended and restated certificate of incorporation and our by-laws as well as the New York Business Corporations Law may have the effect of encouraging persons considering unsolicited tender offers or unilateral takeover proposals for us to negotiate with the Board of Directors and could thereby have an effect of delaying, deferring or preventing a change in control. These provisions include:

**Authorized But Unissued Shares.** As of September 30, 2009, 2,405,716,542 common shares and 20,000,000 preferred shares were authorized but unissued and 5,037,240 common shares were held by us as treasury shares. Such shares could be issued without stockholder approval in transactions that might prevent or render more difficult or costly the completion of a takeover transaction. In this regard, our amended and restated certificate of incorporation grants the Board of Directors broad corporate power to establish the rights and preferences of preferred stock, one or more classes or series of which could be issued which would entitle holders to exercise rights which could have the effect of impeding a takeover, including rights to convert or exchange the stock into common shares or other securities or to demand redemption of the stock at a specified price under prescribed circumstances related to a change of control.

**Advance Notice By-law.** Under our by-laws, written notice of any proposal to be presented by any shareholder or any person to be nominated by any shareholder for election as a director must be received by our secretary at our principal executive offices not less than 90 nor more than 120 days prior to the anniversary of the preceding year's annual meeting; provided, however, that if the date of the annual meeting is not within 25 days before or after such anniversary date, such notice must be received not later than 10 days following the day on which the date of the meeting is first disclosed to the shareholders or publicly, whichever occurs first.

**DESCRIPTION OF SECURITIES WARRANTS**

We may issue warrants for the purchase of:

debt  
securities,

preferred  
shares,

depository  
shares,

common  
shares, or

equity  
securities  
issued by  
one of our  
affiliated or  
unaffiliated  
corporations  
or other  
entity.

Each securities warrant will entitle the holder to purchase for cash the amount of securities at the exercise price stated or determinable in the prospectus supplement for the securities warrants. We may issue these securities warrants independently or together with any other securities offered by any prospectus supplement. The securities warrants may be attached to or separate from those securities. Each series of securities warrants will be issued under a separate warrant agreement to be entered into between us and a warrant agent. The warrant agent will act solely as our agent in connection with the securities warrants of that series and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of such securities warrants.

The prospectus supplement relating to any securities warrants that we may offer will contain the specific terms of the securities warrants. These terms will include some or all of the following:

the title and  
aggregate  
number of the  
securities  
warrants;

the price or  
prices at which  
the securities  
warrants will  
be issued;

the currency or  
currencies or  
currency unit

or units in which the price of the securities warrants may be payable;

the designation, aggregate principal amount and terms of the securities purchasable upon exercise of the securities warrants;

the designation and terms of the other securities, if any, with which the securities warrants are to be issued and the number of the securities warrants issued with each other security;

the currency or currencies or currency unit or units in which the principal of or any premium or interest on the securities purchasable upon exercise of the securities warrant will be payable;



if applicable,  
the date on and  
after which the  
securities  
warrants and  
the related  
securities will  
be separately  
transferable;

the price at  
which and  
currency or  
currencies or  
currency unit  
or units in  
which the  
securities  
purchasable  
upon exercise  
of the  
securities  
warrants may  
be purchased;

the date on  
which the right  
to exercise the  
securities  
warrants will  
commence and  
the date on  
which that  
right will  
expire;

the minimum  
or maximum  
amount of the  
securities  
warrants  
which may be  
exercised at  
any one time;

information  
with respect to  
book-entry  
procedures, if  
any;

a discussion of  
any material  
U.S. federal  
income tax  
considerations  
applicable to  
the exercise of  
the securities  
warrants; and

any other  
terms of the  
securities  
warrants,  
including  
terms,  
procedures and  
limitations  
relating to the  
exchange and  
exercise of the  
securities  
warrants.

**DESCRIPTION OF CURRENCY WARRANTS**

We may issue 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.

Each issue of currency warrants will be issued under a warrant agreement to be entered into between us and a warrant agent. The currency warrant agent will act solely as our agent under the applicable currency warrant agreement and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of such currency warrants.

The prospectus supplement relating to any currency warrants that we may offer will contain the specific terms of the currency warrants. These terms will include some or all of the following:

the aggregate amount and number of the currency warrants;

the offering price of the currency warrants;

the designated currency of the currency warrants, which currency may be a foreign currency or a composite currency, and information regarding that currency or composite currency;

the date on which the right to exercise the currency warrants commences and the date on which that right expires;

the manner in which the currency warrants may be exercised;

the circumstances which will cause the currency warrants to be deemed automatically exercised;

the minimum number, if any, of the currency warrants exercisable at any one time and any other restrictions on exercise;

the method of determining the amount payable in connection with the exercise of the currency warrants, including the strike price or range of strike prices of the currency warrants, the method of determining the spot exchange rate and the U.S. dollar settlement value for the

currency  
warrants;

the securities  
exchange on  
which the  
currency  
warrants will  
be listed, if  
any;

whether the  
currency  
warrants will  
be represented  
by certificates  
or issued in  
book-entry  
form;

the place or  
places at  
which  
payment of the  
cash  
settlement  
value of the  
currency  
warrants is to  
be made, if  
applicable;

information  
with respect to  
book-entry  
procedures, if  
any;

the plan of  
distribution of  
the currency  
warrants; and

any other  
terms of the  
currency  
warrants.

Prospective purchasers of the currency warrants should be aware of special federal income tax considerations applicable to instruments such as the currency warrants. The prospectus supplement relating to each issue of currency warrants will describe such tax considerations.



**DESCRIPTION OF OTHER WARRANTS**

We may issue other warrants to buy or sell:

debt  
securities of  
or  
guaranteed  
by the  
United  
States,

units of a  
stock index  
or stock  
basket,

a  
commodity  
or

a unit of a  
commodity  
index or  
another  
item or unit  
of an index.

We refer to the property in the above clauses as the warrant property. Other warrants will be settled either through physical delivery of the warrant property or through payment of a cash settlement value as set forth in the accompanying prospectus supplement. Other warrants will be issued under a warrant agreement to be entered into between us and a warrant agent. The other warrant agent will act solely as our agent under the applicable other warrant agreement and will not assume any obligation or relationship of agency or trust for or with any holder or beneficial owner of such other warrants.

The prospectus supplement relating to any other warrants that we may offer will contain the specific terms of the other warrants. These terms will include some or all of the following:

the title and  
aggregate  
number of the  
other warrants;

the offering  
price of the  
other warrants;

the material  
risk factors of  
the other  
warrants;

the warrant  
property of the  
other warrants;

the procedures  
and conditions  
relating to the  
exercise of the  
other warrants;

the date on  
which the right  
to exercise the  
other warrants  
will  
commence and  
the date on  
which that  
right will  
expire;

the identity of  
the other  
warrant agent  
for the other  
warrants;

whether the  
certificates  
evidencing the  
other warrants  
will be  
issuable in  
definitive  
registered  
form or global  
form or both;

a discussion of  
any material  
U.S. federal  
income tax  
considerations  
applicable to  
the exercise of  
the other  
warrants; and

any other  
terms of the  
other warrants,



including any  
terms that may  
be required or  
advisable  
under  
applicable law.

The other warrants may entail significant risks, including, without limitation, the possibility of significant fluctuations in the market for the applicable warranty property, potential illiquidity in the secondary market and the risk that they will expire worthless. These risks will vary depending on the particular terms of the other warrants and will be more fully described in the accompanying prospectus supplement.

## ERISA CONSIDERATIONS

A fiduciary of a pension, profit-sharing or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended, to which we refer as ERISA, should consider the fiduciary standards of ERISA in the context of the ERISA plan's particular circumstances before authorizing an investment in the offered securities. Among other factors, the fiduciary should consider whether such an investment is in accordance with the documents governing the ERISA plan and whether the investment is appropriate for the ERISA plan in view of its overall investment policy and diversification of its portfolio.

Certain provisions of ERISA and the Internal Revenue Code of 1986, as amended, to which we refer as the Code, prohibit employee benefit plans (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA, plans described in Section 4975(e)(1) of the Code (including, without limitation, retirement accounts and Keogh Plans), and entities whose underlying assets include plan assets by reason of a plan's investment in such entities (including, without limitation, as applicable, insurance company general accounts), from engaging in certain transactions involving plan assets with parties that are parties in interest under ERISA or disqualified persons under the Code with respect to the plan or entity. Governmental and other plans that are not subject to ERISA or to the Code may be subject to similar restrictions under federal, state or local law. Any employee benefit plan or other entity, to which such provisions of ERISA, the Code or similar law apply, proposing to acquire the offered securities should consult with its legal counsel.

We, directly or through our affiliates, may be considered a party in interest or a disqualified person to a large number of plans. A purchase of offered securities by any such plan would be likely to result in a prohibited transaction between us and the plan.

Accordingly, unless otherwise provided in the related prospectus supplement, offered securities may not be purchased, held or disposed of by any plan or any other person investing plan assets of any plan that is subject to the prohibited transaction rules of ERISA or Section 4975 of the Code or other similar law, unless one of the following statutory exemptions, Prohibited Transaction Class Exemptions, to which we refer as PTCE, issued by the United States Department of Labor or a similar exemption or exception applies to such purchase, holding and disposition:

PTCE 96-23  
for  
transactions  
determined  
by in-house  
asset  
managers;

PTCE 95-60  
for  
transactions  
involving  
insurance  
company  
general  
accounts;

PTCE 91-38  
for  
transactions  
involving

bank  
collective  
investment  
funds;

PTCE 90-1  
for  
transactions  
involving  
insurance  
company  
separate  
accounts; or

PTCE 84-14  
for  
transactions  
determined  
by  
independent  
qualified  
professional  
asset  
managers.

In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code provide an exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any plan involved in the transaction, and provided further that the plan pays no more than adequate consideration in connection with the transaction (the service provider exemption).

Unless otherwise provided in the related prospectus supplement, any purchaser of the offered securities or any interest therein will be deemed to have represented and warranted to us on each day including the dates of its purchase of the offered securities through and including the date of disposition of such offered securities that either:

(a) it is not a plan subject to Title I of ERISA or Section 4975 of the Code and is not purchasing securities or interest there on behalf of, or with plan assets of, any such plan;

(b) its purchase, holding and disposition of such securities are not and will not be prohibited because they are exempt from the prohibited transaction provisions of ERISA and the Code by one or more of the following prohibited transaction exemptions: PTCE 96-23, 95-60, 91-38, 90-1 or 84-14, the service provider exemption, or another applicable exemption; or

(c) it is a governmental plan (as defined in Section 3 of ERISA) or other plan that is not subject to the provisions of Title I of ERISA or Section 4975 of the Code and its purchase, holding and disposition of such securities are not otherwise prohibited under any applicable law.

Due to the complexity of these rules and the penalties imposed upon persons involved in prohibited transactions, it is important that any person considering the purchase of the offered securities with plan assets consult with its counsel regarding the consequences under ERISA and the Code, or other similar law, of the acquisition and ownership of offered securities and the availability of exemptive relief under the class exemptions listed above.

Please consult the accompanying prospectus supplement for further information with respect to a particular offering of securities.

## CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain United States federal income tax considerations that may be relevant to persons considering the purchase of the debt securities covered by this prospectus. For a discussion of certain United States federal income tax considerations that may be relevant to persons considering the purchase of amortizing debt securities or indexed debt securities (described above), please refer to the accompanying prospectus supplement. Persons considering the purchase of warrants should consult their own tax advisors regarding the tax consequences of the purchase, ownership and disposition thereof.

This summary, which does not represent tax advice, is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change (including changes in effective dates) or possible differing interpretations. This summary deals only with debt securities that will be held as capital assets and, except where otherwise specifically stated, is addressed only to persons who purchase debt securities in the initial offering. It does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold debt securities as a position in a straddle or conversion transaction, or as part of a synthetic security or other integrated financial transaction or persons that have a functional currency other than the U.S. dollar. Prospective purchasers of debt securities should review the accompanying prospectus supplements for summaries of special United States federal income tax considerations that may be relevant to a particular issue of debt securities, including any floating rate debt securities or foreign currency debt securities (defined below).

**IRS Circular 230 Notice: To ensure compliance with Internal Revenue Service Circular 230, prospective purchasers of debt securities are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this prospectus or any document referred to herein is not intended or written to be used, and cannot be used by prospective purchasers for the purpose of avoiding penalties that may be imposed on them under the Internal Revenue Code; (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) prospective purchasers should seek advice based on their particular circumstances from an independent tax advisor in determining the tax consequences to them of the purchase, ownership and disposition of debt securities, including the application to their particular situation of the United States federal income tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.**

As used herein, the term **United States Holder** means a beneficial owner of a debt security that is (i) a citizen or resident of the United States; (ii) a corporation (or an entity taxable as a corporation for United States federal income tax purposes), that was established under the laws of the United States, any state thereof, or the District of Columbia; or (iii) an estate or trust whose world-wide income is subject to United States federal income tax. If a partnership holds debt securities, the tax treatment of partners will generally depend upon the status of the partner and the activities of the partnership. Partners of a partnership holding debt securities should accordingly consult their own tax advisors. As used herein, the term **Non-United States Holder** means a beneficial owner of a debt security that is not a United States Holder.

### **Tax Consequences to United States Holders**

*Payments of Interest.* Payments of qualified stated interest (as defined below under **Original Issue Discount**) on a debt security will be taxable to a United States Holder as ordinary interest income at the time that such payments are accrued or are received (in accordance with the United States Holder's method of tax accounting).

Unless otherwise specified in an applicable debt security, debt securities will be denominated in U.S. dollars and payments of principal of, and interest on, debt securities will be made in U.S. dollars. Debt securities may be denominated in a currency other than U.S. dollars, which we refer to as foreign currency debt securities. If such payments of interest are made with respect to a foreign currency debt security, the amount of interest income realized

by a United States Holder that uses the cash method of tax accounting will be the U.S. dollar value of the specified currency payment based on the exchange rate in effect on the date of receipt regardless of whether the payment in fact is converted into U.S. dollars. A United States

Holder that uses the accrual method of accounting for tax purposes will accrue interest income on the foreign currency debt security in the relevant foreign currency and translate the amount accrued into U.S. dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the United States Holder's taxable year) or, at the accrual-basis United States Holder's election, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five business days of the last day of the accrual period. A United States Holder that makes such election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS. A United States Holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss, as the case may be, on the receipt of an interest payment made with respect to a foreign currency debt security if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. This foreign currency gain or loss will be treated as ordinary income or loss but generally will not be treated as an adjustment to interest income received on the debt security.

*Purchase, Sale, Exchange and Retirement of Debt Securities.* A United States Holder's tax basis in a debt security generally will equal the cost of such debt security to such holder, increased by any amounts includible in income by the holder as original issue discount and market discount and reduced by any amortized premium (each as described below) and any payments other than payments of qualified stated interest (as defined below) made on such debt security.

In the case of a foreign currency debt security, the cost of such debt security to a United States Holder will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. In the case of a foreign currency debt security that is traded on an established securities market, a cash-basis United States Holder (and, if it so elects, an accrual-basis United States Holder) will determine the U.S. dollar value of the cost of such debt security by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The amount of any subsequent adjustments to a United States Holder's tax basis in a debt security in respect of original issue discount, market discount and premium denominated in a specified currency will be determined in the manner described under *Original Issue Discount* and *Premium and Market Discount* below. The conversion of U.S. dollars to a specified currency and the immediate use of the specified currency to purchase a foreign currency debt security generally will not result in taxable gain or loss for a United States Holder.

Upon the sale, exchange or retirement of a debt security, a United States Holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest, which will be taxable as such) and the United States Holder's tax basis in such debt security. If a United States Holder receives a currency other than the U.S. dollar in respect of the sale, exchange or retirement of a debt security, the amount realized will be the U.S. dollar value of the specified currency received calculated at the exchange rate in effect on the date the instrument is disposed of or retired. In the case of a foreign currency debt security that is traded on an established securities market, a cash-basis United States Holder and, if it so elects, an accrual-basis United States Holder will determine the U.S. dollar value of the amount realized by translating such amount at the spot rate on the settlement date of the sale. The election available to accrual-basis United States Holders in respect of the purchase and sale of foreign currency debt securities traded on an established securities market, discussed above, must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Except as discussed below with respect to market discount, short-term debt securities (as defined below) and foreign currency gain or loss, gain or loss recognized by a United States Holder generally will be long-term capital gain or loss if the United States Holder has held the debt security for more than one year at the time of disposition. Long-term capital gains recognized by an individual United States Holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to limitations.

Gain or loss recognized by a United States Holder on the sale, exchange or retirement of a foreign currency debt security generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held such debt



security. This foreign currency gain or loss will not be treated as an adjustment to interest income received on the debt securities.

*Original Issue Discount.* United States Holders of debt securities with original issue discount, or OID, generally will be subject to the special tax accounting rules for obligations issued with original issue discount provided by the Internal Revenue Code and certain regulations promulgated thereunder, which we refer to as the OID Regulations. Debt securities issued with OID will be referred to as original issue discount debt securities. Notice will be given in the accompanying prospectus supplement when we determine that a particular debt security is an original issue discount debt security. United States Holders of such original issue discount debt securities should be aware that, as described in greater detail below, they generally must include OID in ordinary gross income for United States federal income tax purposes as it accrues, in advance of the receipt of cash attributable to that income.

A debt security will generally be considered to be issued with OID if its stated redemption price at maturity (as defined below) exceeds its issue price (as defined below) by more than a de minimis amount (generally, 0.25% of such stated redemption price multiplied by the complete years to maturity). The stated redemption price at maturity of a debt security is generally the sum of all payments to be made on the debt security other than qualified stated interest (as defined below). Qualified stated interest is generally stated interest that is unconditionally payable in cash or in property (other than our debt instruments) at least annually during the entire term of a debt security at a single fixed rate or, subject to certain conditions, based on one or more interest indices. The issue price of each debt security in a particular offering will generally be the first price at which a substantial amount of that particular offering is sold to the public (ignoring sales to underwriters, placement agents or wholesalers).

In general, each United States Holder of an original issue discount debt security, whether such holder uses the cash or the accrual method of tax accounting, will be required to include in ordinary gross income the sum of the daily portions of OID on the debt security for all days during the taxable year that the United States Holder owns the debt security. The daily portions of OID on an original issue discount debt security are determined by allocating to each day in any accrual period a ratable portion of the OID allocable to that accrual period. Accrual periods may be any length and may vary in length over the term of an original issue discount debt security, provided that no accrual period is longer than one year and each scheduled payment of principal or interest occurs on either the final day or the first day of an accrual period. In the case of an initial United States Holder, the amount of OID on an original issue discount debt security allocable to each accrual period is determined by (a) multiplying the adjusted issue price (as defined below) of the original issue discount debt security at the beginning of the accrual period by the yield to maturity (as defined below) of such original issue discount debt security (appropriately adjusted to reflect the length of the accrual period) and (b) subtracting from that product the amount (if any) of qualified stated interest allocable to that accrual period. The yield to maturity of a debt security is the discount rate that causes the present value of all payments on the debt security as of its original issue date to equal the issue price of such debt security. The adjusted issue price of an original issue discount debt security at the beginning of any accrual period will generally be the sum of its issue price (generally including accrued interest, if any) and the amount of OID allocable to all prior accrual periods, reduced by the amount of all payments other than payments of qualified stated interest (if any) made with respect to such debt security in all prior accrual periods. As a result of this constant-yield method of including OID in income, the amounts includible in income by a United States Holder in respect of an original issue discount debt security denominated in U.S. dollars generally are lesser in the early years and greater in the later years than the amounts that would be includible on a straight-line basis.

In the case of an original issue discount debt security that is a floating rate debt security, both the yield to maturity and qualified stated interest will generally be determined for these purposes as though the original issue discount debt security will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to the interest payments on the debt security on its date of issue or, in the case of certain floating rate debt securities, the rate that reflects the yield that is reasonably expected for the debt security. (Additional rules may apply if interest on a floating rate debt security is based on more than one interest index). Persons considering the purchase of floating rate debt securities should carefully examine the accompanying prospectus supplement and should consult their own tax

advisors regarding the U.S. federal income tax consequences of the holding and disposition of such debt securities.

A United States Holder generally may make an irrevocable election to include in its income its entire return on a debt security (*i.e.*, the excess of all remaining payments to be received on the debt security, including payments of qualified stated interest, over the amount paid by such United States Holder for such debt security) under the constant-yield method described above. For debt securities purchased at a premium or bearing market discount in the hands of the United States Holder, the United States Holder making such election will also be deemed to have made the election (discussed below under Premium and Market Discount ) to amortize premium or to accrue market discount in income currently on a constant-yield basis.

In the case of an original issue discount debt security that is also a foreign currency debt security, a United States Holder should determine the U.S. dollar amount includible in income as OID for each accrual period by (a) calculating the amount of OID allocable to each accrual period in the specified currency using the constant-yield method described above, and (b) translating the amount of the specified currency so derived at the average exchange rate in effect during that accrual period (or portion thereof within a United States Holder's taxable year) or, at the United States Holder's election (as described above under Payments of Interest ), at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five business days of the last day of the accrual period. Because exchange rates may fluctuate, a United States Holder of an original issue discount debt security that is also a foreign currency debt security may recognize a different amount of OID income in each accrual period than would the holder of an otherwise similar original issue discount debt security denominated in U.S. dollars. All payments on an original issue discount debt security (other than payments of qualified stated interest) will generally be viewed first as payments of previously accrued OID (to the extent thereof), with payments attributed first to the earliest-accrued OID, and then as payments of principal. Upon the receipt of an amount attributable to OID (whether in connection with a payment of an amount that is not qualified stated interest or the sale or retirement of the original issue discount debt security), a United States Holder will recognize ordinary income or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate in effect on the date of receipt or on the date of disposition of the original issue discount debt security, as the case may be) and the amount accrued (using the exchange rate applicable to such previous accrual).

A subsequent United States Holder of an original issue discount debt security that purchases the debt security at a cost less than its remaining redemption amount (as defined below), or an initial United States Holder that purchases an original issue discount debt security at a price other than the debt security's issue price, also generally will be required to include in gross income the daily portions of OID, calculated as described above. However, if the United States Holder acquires the original issue discount debt security at a price greater than its adjusted issue price, such holder is required to reduce its periodic inclusions of OID income to reflect the premium paid over the adjusted issue price. The remaining redemption amount for a debt security is the total of all future payments to be made on the debt security other than payments of qualified stated interest.

Floating rate debt securities generally will be treated as variable rate debt instruments under the OID Regulations. Accordingly, the stated interest on a floating rate debt security generally will be treated as qualified stated interest and such a debt security will not have OID solely as a result of the fact that it provides for interest at a variable rate. If a floating rate debt security does not qualify as a variable rate debt instrument, such debt security will be subject to special rules, which we refer to as the Contingent Payment Regulations, that govern the tax treatment of debt obligations that provide for contingent payments, which we refer to as Contingent Debt Obligations. Prospective purchasers of floating rate debt securities should carefully examine the accompanying prospectus supplement to see if the Company has determined such debt securities constitute Contingent Debt Obligations. If it has, they should consult their own tax advisors with respect to the tax consequences to them of such obligations.

Certain of the debt securities may be subject to special redemption, repayment or interest rate reset features, as indicated in the accompanying prospectus supplement. Debt securities containing such features, in particular original issue discount debt securities, may be subject to special rules that differ from the general rules discussed above. Purchasers of debt securities with such features should carefully examine the accompanying prospectus supplement

and should consult their own tax advisors with respect to such debt securities because the tax consequences with respect to such features, and especially with respect to OID, will depend, in part, on the particular terms of the purchased debt securities.

*Premium and Market Discount.* A United States Holder of a debt security that purchases the debt security at a cost greater than its remaining redemption amount (as defined in the third preceding paragraph) will be considered to have purchased the debt security at a premium, and may elect to amortize such premium (as an offset to interest income), using a constant-yield method, over the remaining term of the debt security. Such election, once made, generally applies to all bonds held or subsequently acquired by the United States Holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A United States Holder that elects to amortize such premium must reduce its tax basis in a debt security by the amount of the premium amortized during its holding period. Original issue discount debt securities purchased at a premium will not be subject to the OID rules described above.

In the case of premium in respect of a foreign currency debt security, a United States Holder should calculate the amortization of such premium in the specified currency. Amortization deductions attributable to a period reduce interest payments in respect of that period and therefore are translated into U.S. dollars at the exchange rate used by the United States Holder for such interest payments. Exchange gain or loss will be realized with respect to amortized bond premium on such a debt security based on the difference between the exchange rate on the date or dates such premium is recovered through interest payments on the debt security and the exchange rate on the date on which the United States Holder acquired the debt security.

With respect to a United States Holder that does not elect to amortize bond premium, the amount of bond premium will be included in the United States Holder's tax basis when the debt security matures or is disposed of by the United States Holder. Therefore, a United States Holder that does not elect to amortize such premium and that holds the debt security to maturity generally will be required to treat the premium as a capital loss when the debt security matures.

If a United States Holder of a debt security purchases the debt security at a price that is lower than its remaining redemption amount or, in the case of an original issue discount debt security, its adjusted issue price, by at least 0.25% of its remaining redemption amount multiplied by the number of remaining whole years to maturity, the debt security will be considered to have market discount in the hands of such United States Holder. In such case, gain realized by the United States Holder on the disposition of the debt security generally will be treated as ordinary income to the extent of the market discount that accrued on the debt security while held by such United States Holder. In addition, the United States Holder could be required to defer the deduction of the interest paid on any indebtedness incurred or maintained to purchase or carry the debt security. In general terms, market discount on a debt security will be treated as accruing ratably over the term of such debt security or, at the election of the United States Holder, under a constant yield method. Market discount on a foreign currency debt security will be accrued by a United States Holder in the specified currency. The amount includible in income by a United States Holder in respect of such accrued market discount will be the U.S. dollar value of the amount accrued, generally calculated at the exchange rate in effect on the date that the debt security is disposed of by the United States Holder.

A United States Holder may elect to include market discount in income on a current basis as it accrues (on either a ratable or constant-yield basis), in lieu of treating a portion of any gain realized on a sale of a debt security as ordinary income. If a United States Holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply. Any accrued market discount on a foreign currency debt security that is currently includible in income will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the United States Holder's taxable year). Any such election, if made, applies to all market discount bonds acquired by the taxpayer on or after the first day of the first taxable year to which such election applies and is revocable only with the consent of the IRS.

*Short-Term Debt Securities.* The rules set forth above will also generally apply to debt securities having maturities of not more than one year, which we refer to as short-term debt securities, but with modifications, certain of which are summarized below:

First, the OID Regulations treat *none* of the interest on a short-term debt security as qualified stated interest. Thus, all short-term debt securities will be original issue discount debt securities. OID will be treated as accruing on a short-term debt security ratably or, at the election of a United States Holder, under a constant yield method.

Second, a United States Holder of a short-term debt security that uses the cash method of tax accounting and is not a bank, securities dealer, regulated investment company or common trust fund, and does not identify the short-term debt security as part of a hedging transaction, will generally not be required to include OID in income on a current basis. Such a United States Holder may be required to defer the deduction of interest paid or accrued on any indebtedness incurred or maintained to purchase or carry such debt security until the maturity of the debt security or its earlier disposition in a taxable transaction. In addition, such a United States Holder will be required to treat any gain realized on a sale, exchange or retirement of the debt security as ordinary income to the extent such gain does not exceed the OID accrued with respect to the debt security during the period the United States Holder held the debt security. Notwithstanding the foregoing, a cash-basis United States Holder of a short-term debt security may elect to accrue original issue discount into income on a current basis (in which case the limitation on the deductibility of interest described above will not apply). A United States Holder using the accrual method of tax accounting and certain cash-basis United States Holders (including banks, securities dealers, regulated investment companies and common trust funds) generally will be required to include original issue discount on a short-term debt security in income on a current basis.

Third, any United States Holder (whether cash or accrual basis) of a short-term debt security can elect to accrue the acquisition discount, if any, with respect to the debt security on a current basis. If such an election is made, the OID rules will not apply to the debt security. Acquisition discount is the excess of the remaining redemption amount of the debt security at the time of acquisition over the purchase price. Acquisition discount will be treated as accruing ratably or, at the election of the United States Holder, under a constant-yield method based on daily compounding.

Finally, the market discount rules will not apply to a short-term debt security.

*Floating Rate Debt Securities and Other Debt Securities Providing for Contingent Payments.* The Contingent Payment Regulations, which govern the tax treatment of Contingent Debt Obligations, generally require accrual of interest income on a constant-yield basis in respect of such obligations at a yield determined at the time of their issuance, and may require adjustments to such accruals when any contingent payments are made. Prospective purchasers of debt securities should carefully examine the accompanying prospectus supplement to see if we have determined that such debt securities constitute Contingent Debt Obligations. If we have, prospective purchasers should consult their own tax advisors with respect to the tax consequences to them of such obligations.

*Information Reporting and Backup Withholding.* The issuing and paying agent will be required to file information returns with the IRS with respect to payments made to United States Holders of debt securities unless an exemption exists. In addition, United States Holders who are not exempt will be subject to backup withholding tax in respect of such payments if they do not provide their taxpayer identification numbers to the issuing and paying agent. All individuals are subject to these requirements. In general, corporations, tax-exempt organizations and individual retirement accounts are exempt from these requirements.

### **Tax Consequences to Non-United States Holders**

Under present United States federal income and estate tax law, and subject to the discussion below concerning backup withholding:

(a) no withholding of United States federal income tax generally will be required with respect to the payment by us or any issuing and paying agent of principal or interest (which for purposes of this discussion includes OID) on a debt security owned by a Non-United States Holder, provided (i) that the beneficial owner does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of section 871(h)(3) of the Code and the regulations thereunder, (ii) the beneficial owner is not a controlled foreign corporation that is related to us through stock ownership, (iii) the beneficial owner is not a bank whose receipt of interest on a debt security is described in section 881(c)(3)(A) of the Code and (iv) in the case of a registered debt security, the beneficial owner provides a statement signed under penalties of perjury that includes its

name and address and certifies that it is a Non-United States Holder in compliance with applicable requirements, generally made, under current procedures, on IRS Form W-8BEN (or satisfies certain documentary evidence requirements for establishing that is it a Non-United States Holder);



(b) a Non-United States Holder will generally not be subject to United States federal income tax on gain realized on the sale, exchange or redemption of a debt security, unless (i) such gain is effectively connected with the conduct by the holder of a trade or business in the United States or (ii) in the case of gain realized by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the retirement or disposition and certain other conditions are met;

(c) a debt security beneficially owned by an individual who at the time of death is a Non-United States Holder will generally not be subject to United States federal estate tax as a result of such individual's death, provided that such individual does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of section 871(h)(3) of the Internal Revenue Code and provided that the interest payments with respect to such debt security would not have been, if received at the time of such individual's death, effectively connected with the conduct of a United States trade or business by such individual.

Notwithstanding the foregoing, a Non-United States Holder generally will be taxed in the same manner as a United States Holder with respect to interest income that is effectively connected with its U.S. trade or business. In addition, under certain circumstances, effectively connected interest income of a corporate Non-United States Holder may be subject to a branch profits tax imposed at a 30% rate. A Non-United States Holder with effectively connected income will, however, generally not be subject to withholding tax on interest income if, under current procedures, it delivers a properly completed IRS Form W-8ECI.

United States information reporting requirements and backup withholding tax will not apply to payments on a debt security if the beneficial owner (1) certifies its Non-United States Holder status under penalties of perjury, generally made, under current procedures, on IRS Form W-8BEN, or satisfies documentary evidence requirements for establishing that it is a Non-United States Holder, or (2) otherwise establishes an exemption.

Information reporting requirements will generally not apply to any payment of the proceeds of the sale of a debt security effected outside the United States by a foreign office of a foreign broker, provided that such broker derives less than 50% of its gross income for particular periods from the conduct of a trade or business in the United States, is not a controlled foreign corporation for United States federal income tax purposes, and is not a foreign partnership that, at any time during its taxable year, is 50% or more, by income or capital interest, owned by United States Holders or is engaged in the conduct of a United States trade or business.

Backup withholding tax will generally not apply to the payment of the proceeds of the sale of a debt security effected outside the United States by a foreign office of any broker. However, information reporting requirements will be applicable to such payment unless (1) such broker has documentary evidence in its records that the beneficial owner is a Non-United States Holder and other conditions are met or (2) the beneficial owner otherwise establishes an exemption. Information reporting requirements and backup withholding tax will apply to the payment of the proceeds of a sale of a debt security by the U.S. office of a broker, unless the beneficial owner certifies its Non-United States Holder status under penalties of perjury or otherwise establishes an exemption.

For purposes of applying the above rules for Non-United States Holders to an entity that is treated as a pass-through entity, such as a partnership or trust, the beneficial owner means each of the ultimate beneficial owners of the entity.

The rules regarding withholding, backup withholding and information reporting for Non-United States Holders are complex, may vary depending on a holder's particular situation, and are subject to change. In addition, special rules apply to certain types of Non-United States Holders including partnerships, trusts and other entities treated as pass-through entities for United States federal income tax purposes. Non-United States Holders should accordingly consult their own tax advisors as to the specific methods to use and forms to complete to satisfy these rules.

#### **European Union Directive on Taxation of Certain Interest Payments**

Under European Council Directive 2003/48/EC on the taxation of savings income, Member States of the European Union are required to provide to the tax authorities of another Member State details of

payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have agreed to adopt similar measures (some of which involve a withholding system). No additional amounts will be payable if a payment on a debt security to an individual is subject to any withholding or deduction that is required to be made pursuant to any European Union Directive on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such Directive or any agreement on the taxation of savings income entered into by non-EU countries with a view to implementing such Directive. Holders of debt securities should consult their tax advisers regarding the implications of the Directive in their particular circumstance.

**PLAN OF DISTRIBUTION**

We may sell the securities from time to time in one or more of the following ways:

to or through  
underwriters  
or dealers;

directly to  
one or more  
purchasers;

through  
agents; or

through a  
combination  
of any such  
methods of  
sale.

The prospectus supplement with respect to the offered securities will set forth the terms of the offering, including:

the name or  
names of any  
underwriters or  
agents;

the purchase  
price of the  
offered  
securities and  
the proceeds to  
us from their  
sale;

any  
underwriting  
discounts or  
sales agents  
commissions  
and other items  
constituting  
underwriters or  
agents  
compensation;

any initial  
public offering  
price;

any discounts  
or concessions  
allowed or  
reallowed or  
paid to dealers;  
and

any securities  
exchanges on  
which those  
securities may  
be listed.

Only underwriters or agents named in the accompanying prospectus supplement are deemed to be underwriters or agents in connection with the securities offered thereby.

If underwriters are used in the sale, the securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase those securities will be subject to certain conditions precedent, and unless otherwise specified in the accompanying prospectus supplement, the underwriters will be obligated to purchase all the securities of the series offered by such accompanying prospectus supplement relating to that series if any of such securities are purchased. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

We may also sell securities directly or through agents we designate from time to time. Any agent involved in the offering and sale of the offered securities will be named in the accompanying prospectus supplement, and any commissions payable by us to that agent will be set forth in the accompanying prospectus supplement. Unless otherwise indicated in such accompanying prospectus supplement, any agent will be acting on a best efforts basis for the period of its appointment.

If so indicated in an accompanying prospectus supplement, we will authorize agents, underwriters or dealers to solicit offers by certain institutional investors to purchase securities, which offers provide for payment and delivery on a future date specified in such accompanying prospectus supplement. There may be limitations on the minimum amount that may be purchased by any such institutional investor or on the portion of the aggregate principal amount of the particular securities that may be sold pursuant to these arrangements.

Institutional investors to which offers may be made, when authorized, include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and such other institutions as may be approved by us. The obligations of any purchasers pursuant to delayed delivery and payment arrangements will only be subject to the following two conditions:

the purchase  
by an  
institution of  
the particular  
securities will  
not, at the  
time of  
delivery, be  
prohibited  
under the laws

of any  
jurisdiction in  
the United  
States to  
which that  
institution is  
subject; and

if the  
particular  
securities are  
being sold to  
underwriters,  
we will have  
sold to those  
underwriters  
the total  
principal  
amount or  
number of  
those  
securities less  
the principal  
amount or  
number  
thereof, as the  
case may be,  
covered by  
such  
arrangements.

Underwriters will not have any responsibility in respect of the validity of these arrangements or the performance of us or institutional investors thereunder.

In connection with an offering of securities, the underwriters may purchase and sell securities in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves sales of securities in excess of the principal amount of securities to be purchased by the underwriters in an offering, which creates a short position for the underwriters. Covering transactions involve purchases of the securities in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of securities made for the purpose of preventing or retarding a decline in the market price of the securities while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the securities being offered. They may also cause the price of the securities being offered to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

Underwriters and agents may be entitled under agreements entered into with us to indemnification by us against civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that the underwriters or agents may be required to make in that respect. Underwriters and agents or their affiliates may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of business.

### **LEGAL MATTERS**

The validity of the securities will be passed upon for us by Louise M. Parent, Esq., our Executive Vice President and General Counsel, 200 Vesey Street, World Financial Center, New York, New York. In connection with particular offerings of the securities in the future, unless otherwise indicated in the applicable prospectus supplement, the validity of those securities will be passed upon for us by Ms. Parent.

### **EXPERTS**

Our financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting), incorporated in this prospectus by reference to our Annual Report on Form 10-K for the year ended December 31, 2008, 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.



**PART II INFORMATION NOT REQUIRED IN PROSPECTUS****Item 14. Other Expenses of Issuance and Distribution.**

The following is a statement of the estimated expenses (other than underwriting compensation) to be incurred by us in connection with a distribution of an assumed amount of \$25,000,000,000 of securities registered under this registration statement. The assumed amount has been used to demonstrate the expenses of an offering and does not represent an estimate of the amount of securities that may be registered or distributed because such amount is unknown at this time.

|  |           |                  |
|--|-----------|------------------|
| SEC registration fee                                       | \$        | 0 *              |
| Printing and engraving expenses                            |           | 200,000          |
| Legal fees and expenses                                    |           | 200,000          |
| Blue Sky fees and expenses                                 |           | 5,000            |
| Accounting fees and expenses                               |           | 160,000          |
| Fees and expenses of trustee, depository and warrant agent |           | 160,000          |
| Fees of Rating Agencies                                    |           | 600,000          |
| Miscellaneous  |           | 75,000           |
| <b>Total</b>   | <b>\$</b> | <b>1,400,000</b> |

\* Deferred in accordance with Rules 456(b) and 457(r).

**Item 15. Indemnification of Directors and Officers.**

Article VI of the Registrant's By-laws, as amended, provides as follows:

**SECTION 6.1. DIRECTORS, OFFICERS AND EMPLOYEES.** The corporation shall, to the fullest extent permitted by applicable law as the same exists or may hereafter be in effect, indemnify any person, made or threatened to be made, a party to, or who is otherwise involved in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, legislative or investigative, by reason of the fact that such person, is or was or has agreed to become a director of the corporation, or is or was an officer or employee of the corporation, or serves or served or has agreed to serve any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity at the request of the corporation, against judgments, fines, penalties, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred in connection with such action or proceeding, or any appeal therein; provided, however, that no indemnification shall be provided to any such person if a judgment or other final adjudication adverse to the director, officer or employee establishes that (i) his acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (ii) he personally gained in fact a financial profit or other advantage to which he was not legally entitled. Any action or proceeding by or in the right of the corporation to procure a judgment in its

favor or by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director, officer or employee serves or served or agreed to serve at the request of the corporation shall be included in the actions for which directors, officers and employees will be indemnified under the terms of this Section 6.1. Such indemnification shall include the right to be paid advances of any expenses incurred by such person in connection with such action, suit or proceeding, upon receipt of an undertaking by or on behalf of such person to repay such amount consistent with the provisions of applicable law. (B.C.L. Sections 721, 722, 723(c).)

**SECTION 6.2 OTHER INDEMNIFICATION.** The corporation may indemnify any person to whom the corporation is permitted by applicable law or these by-laws to provide indemnification or the advancement of expenses, whether pursuant to rights granted pursuant to, or provided by, the New York Business Corporation Law or any other law or these by-laws or other rights created by (i) a resolution of shareholders, (ii) a resolution of directors, or (iii) an agreement providing for such indemnification, it being expressly intended that these by-laws authorize the creation of other rights in any such manner. The right to be indemnified and to the reimbursement or advancement of expenses incurred in defending a proceeding in advance of its final disposition authorized by this Section 6.2, shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the certificate of

incorporation, by-laws, agreement, vote of shareholders or disinterested directors or otherwise. (B.C.L. Sections 721, 723(c).)

SECTION 6.3 MISCELLANEOUS. The right to indemnification conferred by Section 6.1, and any indemnification extended under Section 6.2, (i) is a contract right pursuant to which the person entitled thereto may bring suit as if the provisions thereof were set forth in a separate written contract between the corporation and such person, (ii) is intended to be retroactive to events occurring prior to the adoption of this Article VI, to the fullest extent permitted by applicable law, and (iii) shall continue to exist after the rescission or restrictive modification thereof with respect to events occurring prior thereto. The benefits of Section 6.1 shall extend to the heirs, executors, administrators and legal representatives of any person entitled to indemnification under this Article.

The form Underwriting Agreements filed or incorporated by reference as Exhibits 1(a) through (d) to this Registration Statement and the form Agency Agreement filed as Exhibit 1(e) to this Registration Statement provide for indemnification of, or contribution to, directors and officers of the Company by the underwriters and agents against certain liabilities under the Securities Act of 1933, as amended, in certain instances.

**Item 16. Exhibits.**

The Exhibit Index on pages II-6 and II-7 is hereby incorporated by reference.

**Item 17. Undertakings.**

The undersigned Registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

*provided, however*, that paragraphs (a)(i), (a)(ii) and (a)(iii) above do not apply if the registration statement is on Form S-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(b) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(d) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by a Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which the prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(e) That, for the purpose of determining liability of the Registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the Registrant undertakes that in a primary offering of securities of the Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the Registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the Registrant or used or referred to by the Registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the Registrant or its securities provided by or on behalf of the Registrant; and

(iv) Any other communication that is an offer in the offering made by the Registrant to the purchaser.

(f) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13 (a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(g) To file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Trust Indenture Act.

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, that the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a

court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

II-3

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**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York on the 30th day of October, 2009.

AMERICAN EXPRESS COMPANY

By: /s/ DANIEL T. HENRY

\_\_\_\_\_  
DANIEL T. HENRY  
*Executive Vice President and Chief  
Financial Officer*

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities indicated on the 30th day of October, 2009.

| <b>Signature</b>                     | <b>Title</b>   |
|--------------------------------------|--|
| *<br>_____<br>KENNETH I.<br>CHENAULT | Chairman, Chief Executive Officer and Director                         |
| *<br>_____<br>DANIEL T.<br>HENRY     | Executive Vice President and Chief Financial Officer                   |
| *<br>_____<br>JOAN C.<br>AMBLE       | Executive Vice President and Comptroller<br>(Chief Accounting Officer) |
| *<br>_____<br>DANIEL F.<br>AKERSON   | Director   |
| *<br>_____                           | Director   |

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CHARLENE  
BARSHEFSKY

\* Director

---

URSULA M.  
BURNS

\* Director

---

PETER  
CHERNIN

\* Director

---

JAN LESCHLY

Director

---

RICHARD C.  
LEVIN

\* Director

---

RICHARD A.  
MCGINN



**Signature**      **Title**

\*                      Director

---

EDWARD D.  
MILLER

\*                      Director

---

STEVEN S  
REINEMUND

\*                      Director

---

ROBERT D.  
WALTER

\*                      Director

---

RONALD A.  
WILLIAMS

\*By:

/s/

LOUISE M.  
PARENT

---

LOUISE M.  
PARENT as  
Agent

**EXHIBIT INDEX**

| <b>Exhibit</b> | <b>Description</b>   |
|----------------|--|
| 1(a)*          | Underwriting Agreement Basic Provisions (Debt Securities).   |
| 1(b)**         | Form of Underwriting Agreement for Convertible Debt Securities and Exchangeable Debt Securities.   |
| 1(c)**         | Form of Underwriting Agreement for Equity Securities.  |
| 1(d)**         | Form of Agency Agreement.  |
| 3(a)           | Registrant's Restated Certificate of Incorporation, dated May 29, 1997, as amended to date (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form S-3 (File No. 333-32525), filed on July 31, 1997). |
| 3(b)           | Registrant's Certificate of Amendment of the Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q (File No. 1-7657) for the quarter ended March 31, 2000).             |
| 3(c)           | Registrant's Certificate of Amendment of the Certificate of Incorporation (incorporated by reference to Exhibit 3.3 of the Registrant's Quarterly Report on Form 10-Q (File No. 1-7657) for the quarter ended March 31, 2008).             |
| 3(d)           | Registrant's Certificate of Amendment of the Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K (File No. 1-7657), dated January 7, 2009 and filed on January 9, 2009). |
| 3(e)           | Registrant's By-laws, as amended (incorporated by reference to Exhibit 3.5 of the Registrant's Annual Report on Form 10-K (File No. 1-7657) for the year ended December 31, 2008).   |
| 4(a)*          | Form of Note with optional redemption provisions.  |
| 4(b)*          | Form of Debenture with optional redemption and sinking fund provisions.  |
| 4(c)*          | Form of Original Issue Discount Note with optional redemption provisions.  |
| 4(d)*          | Form of Zero Coupon Note with optional redemption provision.   |
| 4(e)*          | Form of Variable Rate Note with optional redemption and repayment provisions.  |
| 4(f)*          | Form of Extendible Note with optional redemption and repayment provisions.   |
| 4(g)*          | Form of Fixed Rate Medium-Term Note.   |
| 4(h)*          | Form of Floating Rate Medium-Term Note.  |
| 4(i)*          | Form of Supplemental Indenture providing for an additional trustee.  |
| 4(j)*          | Subordinated Indenture dated as of August 1, 2007, between the Registrant and The Bank of New York Mellon, as trustee.   |
| 4(k)*          | Senior Indenture dated as of August 1, 2007, between the Registrant and The Bank of New York Mellon, as trustee.   |
| 4(l)**         | Form of Deposit Agreement, including form of Depositary Receipt.   |
| 4(m)**         | Form of Warrant Agreement for Common Shares and Preferred Shares (including form of Warrant Certificates).   |
| 4(n)**         | Form of Warrant Agreement for Debt Securities (including form of Warrant Certificates).  |
| 4(o)**         | Form of Currency Warrant Agreement (including form of Currency Warrant).   |
| 4(p)**         | Form of Stock-Index Warrant Agreement.   |
| 4(q)**         | Form of Warrant Agreement for Other Stock (including form of Warrant Certificate).   |

| <b>Exhibit</b> | <b>Description</b>   |
|----------------|--|
| 4(r)           | Form of Common Share Certificate (incorporated by reference to Exhibit 4 to the Registrant's Registration Statement on Form 8-A/A Amendment No. 1 (File No. 1-7657), filed on June 12, 2000).  |
| 5*             | Opinion and consent of Louise M. Parent, Esq.  |
| 12(a)          | Computation in support of ratios of earnings to fixed charges with respect to the years ended December 31, 2004 through 2008 (incorporated by reference to Exhibit 12 to the Registrant's annual report on Form 10-K for the year ended December 31, 2008) and for the nine months ended September 30, 2009 (incorporated by reference to Exhibit 12 to the Registrant's quarterly report on Form 10-Q for the quarterly period ended September 30, 2009). |
| 23(a)*         | Consent of Counsel (included in Exhibit 5).  |
| 23(b)*         | Consent of PricewaterhouseCoopers LLP.   |
| 24(a)*         | Power of Attorney.   |
| 25(a)*         | Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of The Bank of New York Mellon (Senior Debt Securities).   |
| 25(b)*         | Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of the Bank of New York Mellon (Subordinated Debt Securities).   |

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\* Filed  
herewith.

\*\* To be filed  
prior to or in  
connection  
with the first  
offering  
contemplated  
by such  
agreement as  
an exhibit to a  
Current  
Report on  
Form 8-K and  
incorporated  
herein by  
reference.