

WALT DISNEY CO/
 Form 424B5
 March 03, 2017

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Rule 424(b)(5)
Registration No. 333-212597

Calculation of Registration Fee

Title of Each Class of Securities to Be Registered	Amount to be Registered(1)	Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
1.950% Notes Due 2020	\$600,000,000	99.974%	\$599,844,000	
Floating Rate Notes Due 2020	\$400,000,000	100.000%	\$400,000,000	
2.450% Notes Due 2022	\$500,000,000	99.832%	\$499,160,000	
Floating Rate Notes Due 2022	\$500,000,000	100.000%	\$500,000,000	
Total	\$2,000,000,000		\$1,999,004,000	\$231,684.57

(1) Calculated in accordance with Rule 456(b) and Rule 457(r) under the Securities Act of 1933, as amended (the "Securities Act").

Table of Contents**Pricing Supplement No. 1
(To Prospectus Supplement dated July 20, 2016 and
Prospectus dated July 20, 2016)*****\$400,000,000 Floating Rate Notes Due 2020***
Issue price: 100.000%***\$600,000,000 1.950% Notes Due 2020***
Issue price: 99.974%***\$500,000,000 Floating Rate Notes Due 2022***
Issue price: 100.000%***\$500,000,000 2.450% Notes Due 2022***
Issue price: 99.832%

The Floating Rate Notes Due 2020 (the "2020 Floating Rate Notes") will mature on March 4, 2020, the Floating Rate Notes Due 2022 (the "2022 Floating Rate Notes" and, together with the 2020 Floating Rate Notes, the "Floating Rate Notes") will mature on March 4, 2022, the 1.950% Notes Due 2020 (the "2020 Notes") will mature on March 4, 2020 and the 2.450% Notes Due 2022 (the "2022 Notes" and, together with the 2020 Notes, the "Fixed Rate Notes;" the Floating Rate Notes and the Fixed Rate Notes are hereinafter collectively called the "Notes") will mature on March 4, 2022.

The 2020 Floating Rate Notes will bear interest at a rate per annum equal to three-month U.S. dollar LIBOR (as defined in the accompanying prospectus supplement) plus 13 basis points and the 2022 Floating Rate Notes will bear interest at a rate per annum equal to three-month U.S. dollar LIBOR plus 39 basis points, in each case accruing from March 6, 2017 and reset quarterly, determined as provided in this pricing supplement and the accompanying prospectus supplement. We will pay interest on the Floating Rate Notes on each March 4, June 4, September 4 and December 4, commencing on June 4, 2017, subject to adjustment as provided in the accompanying prospectus supplement if such day is not a business day (as defined in the accompanying prospectus supplement), and at maturity. We will pay interest on the 2020 Notes and the 2022 Notes on each March 4 and September 4, commencing on September 4, 2017. The 2020 Floating Rate Notes, the 2022 Floating Rate Notes, the 2020 Notes and the 2022 Notes will be part of a single series of our senior debt securities under the indenture (as defined in the accompanying prospectus supplement) designated as Medium-Term Notes, Series G. The 2020 Floating Rate Notes, the 2022 Floating Rate Notes, the 2020 Notes and the 2022 Notes are sometimes referred to, individually, as a "tranche" of Notes. The Floating Rate Notes will not be subject to redemption at our option. The Fixed Rate Notes of each tranche may be redeemed, in whole or in part, at our option, at any time or from time to time prior to their final maturity date, at the redemption prices described in this pricing supplement under "Description of the Notes Optional Redemption". The Notes will be offered and sold in denominations of \$2,000 and any integral multiples of \$1,000 in excess of \$2,000.

See "Risk Factors" beginning on page S-4 of the accompanying prospectus supplement for a discussion of certain risks that should be considered in connection with an investment in the Notes.

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

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Disney, Before Expenses
Per 2020 Floating Rate Note	100.000%	0.200%	99.800%
Total	\$400,000,000(1)	\$800,000	\$399,200,000
Per 2022 Floating Rate Note	100.000%	0.350%	99.650%
Total	\$500,000,000(1)	\$1,750,000	\$498,250,000

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Per 2020 Note	99.974%	0.200%	99.774%
Total	\$599,844,000(1)	\$1,200,000	\$598,644,000
Per 2022 Note	99.832%	0.350%	99.482%
Total	\$499,160,000(1)	\$1,750,000	\$497,410,000

(1) Plus accrued interest, if any, from and including March 6, 2017.

The underwriters expect that delivery of the Notes will be made to investors on or about March 6, 2017 in book-entry form through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, *société anonyme*, Luxembourg and Euroclear Bank S.A./N.V., as operator of the Euroclear System.

Joint Book-Running Managers

Citigroup

J.P. Morgan

BNP PARIBAS

SunTrust Robinson Humphrey

Co-Managers

SMBC Nikko

Société Générale Corporate & Investment Banking

Standard Chartered Bank

US Bancorp

Junior Co-Managers

C.L. King & Associates

Multi-Bank Securities, Inc.

Ramirez & Co., Inc.

Siebert Cisneros Shank & Co., L.L.C.

March 1, 2017

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You should rely only on the information contained or incorporated by reference in this pricing supplement, the accompanying prospectus supplement and prospectus and any related free writing prospectus. Neither we nor any underwriter has authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. Neither we nor any underwriter is making an offer to sell the Notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained or incorporated by reference in this pricing supplement, the accompanying prospectus supplement and prospectus, any document incorporated or deemed to be incorporated by reference in the accompanying prospectus and any free writing prospectus is accurate only as of the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since the respective dates of those documents.

References in this pricing supplement to "Disney," "the Company," "we," "us," "our" and similar references refer to The Walt Disney Company, excluding, unless otherwise expressly stated or the context otherwise requires, its subsidiaries. In this pricing supplement and the accompanying prospectus supplement and prospectus, references to "U.S. dollars," "dollars," "\$" and "U.S.\$" are to the currency of the United States of America.

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The information set forth in this pricing supplement, the accompanying prospectus supplement and prospectus and any related free writing prospectus is directed to prospective purchasers of Notes who are United States residents, except to the extent expressly set forth in "Material United States Federal Income Tax Considerations" in the accompanying prospectus supplement. 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 payment of principal of, or any premium or interest on, Notes. Such persons should consult their financial and legal advisors with regard to these matters.

This pricing supplement, the accompanying prospectus supplement and prospectus and any related free writing prospectus do not constitute an offer of Notes to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Notes. The communication of this pricing supplement, the accompanying prospectus supplement and prospectus, any related free writing prospectus and any other document or materials relating to the issue of the Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of Section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Notes offered hereby are only available to, and any investment or investment activity to which this pricing supplement, the accompanying prospectus supplement and prospectus and any related free writing prospectus relate will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this pricing supplement, the accompanying prospectus supplement or prospectus or any related free writing prospectus or any of their contents.

DESCRIPTION OF THE NOTES

General

The 2020 Floating Rate Notes, the 2022 Floating Rate Notes, the 2020 Notes and the 2022 Notes will be part of a single series of the Company's senior debt securities (as defined in the accompanying prospectus) under the indenture (as defined in the accompanying prospectus supplement) designated as Medium-Term Notes, Series G. The 2020 Floating Rate Notes, the 2022 Floating Rate Notes, the 2020 Notes and the 2022 Notes are sometimes referred to, individually, as a "tranche" of Notes. The following summary of some of the provisions of the Notes and the indenture supplements and, to the extent inconsistent, replaces, and should be read together with, the general description of some of the provisions of the Company's Medium-Term Notes, Series G and the indenture appearing in the accompanying prospectus supplement under "Description of the Notes" and in the accompanying prospectus under "Description of Debt Securities." The following summary is not complete and is subject to, and qualified in its entirety by reference to, the indenture and the forms of the Notes, copies of which have been or will be filed or incorporated by reference as exhibits to the registration statement of which this pricing supplement is a part or as exhibits to documents incorporated by reference in the accompanying prospectus.

We are issuing \$400,000,000 aggregate principal amount of 2020 Floating Rate Notes, \$500,000,000 aggregate principal amount of 2022 Floating Rate Notes, \$600,000,000 aggregate principal amount of 2020 Notes and \$500,000,000 aggregate principal amount of 2022 Notes, in each case subject to our right from time to time, without the consent of holders of such Notes, to issue additional Notes of any

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such tranche as described in the accompanying prospectus supplement under "Description of the Notes Additional Notes."

The 2020 Floating Rate Notes will be "floating rate notes" as defined in the accompanying prospectus supplement and will mature on March 4, 2020. The 2022 Floating Rate Notes will be "floating rate notes" as defined in the accompanying prospectus supplement and will mature on March 4, 2022. The 2020 Floating Rate Notes will bear interest at a rate per annum equal to three-month U.S. dollar "LIBOR" plus 13 basis points (which, as described below, is the "spread" applicable to the 2020 Floating Rate Notes), accruing from March 6, 2017 and reset quarterly, determined as provided below and in the accompanying prospectus supplement. The 2022 Floating Rate Notes will bear interest at a rate per annum equal to three-month U.S. dollar "LIBOR" plus 39 basis points (which, as described below, is the "spread" applicable to the 2022 Floating Rate Notes), accruing from March 6, 2017 and reset quarterly, determined as provided below and in the accompanying prospectus supplement. The "base rate" applicable to the 2020 Floating Rate Notes and the 2022 Floating Rate Notes will be "LIBOR," determined on the basis of an "index maturity" of three months and an "index currency" of U.S. dollars. The "spread" used to determine the interest rate on the 2020 Floating Rate Notes will, as described above, be plus 13 basis points. The "spread" used to determine the interest rate on the 2022 Floating Rate Notes will, as described above, be plus 39 basis points. The "LIBOR page" used to determine the interest rate on the 2020 Floating Rate Notes and the 2022 Floating Rate Notes will be the display on Reuters (or any successor service) on the LIBOR 01 page (or any other page as may replace such page on such service or any such successor service, as the case may be) for the purpose of displaying the London interbank rates of major banks for U.S. dollars. The "interest reset period" applicable to the 2020 Floating Rate Notes and the 2022 Floating Rate Notes will be quarterly and the "interest reset dates" will be each March 4, June 4, September 4 and December 4, commencing June 4, 2017, subject to adjustment as provided in the accompanying prospectus supplement if any such date is not a "business day." Terms set forth in quotation marks in this paragraph and the immediately following four paragraphs have the respective meanings set forth in the accompanying prospectus supplement.

The "initial interest rate" on the 2020 Floating Rate Notes, which will be applicable for the period from and including March 6, 2017 to but excluding the "interest reset date" falling in June 2017, will be 1.23000% per annum. The "initial interest rate" on the 2022 Floating Rate Notes, which will be applicable for the period from and including March 6, 2017 to but excluding the "interest reset date" falling in June 2017, will be 1.49000% per annum. The interest rate on the 2020 Floating Rate Notes and the 2022 Floating Rate Notes will be reset on each "interest reset date," beginning with the "interest reset date" falling in June 2017, as provided in the accompanying prospectus supplement and this pricing supplement.

Interest on the 2020 Floating Rate Notes and the 2022 Floating Rate Notes will be payable quarterly in arrears on each March 4, June 4, September 4 and December 4 (each, a "Floating Rate interest payment date"), commencing on June 4, 2017, subject to adjustment as provided in the accompanying prospectus supplement if any such date is not a "business day," and at "maturity." The interest payable on the Floating Rate Notes of any tranche on any Floating Rate interest payment date will be paid to the persons in whose name the Floating Rate Notes of such tranche (or one or more predecessor Floating Rate Notes of such tranche) are registered at the close of business on the fifteenth day (whether or not a "business day") immediately preceding such Floating Rate interest payment date; provided, however, that interest payable at "maturity" of the Floating Rate Notes of such tranche shall be payable to the persons to whom principal shall be payable.

The calculation of the interest rate on the 2020 Floating Rate Notes and the 2022 Floating Rate Notes will be made by Wells Fargo Bank, National Association, as "calculation agent." Any such calculation by the "calculation agent" shall be conclusive and binding on us, the trustee under the

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indenture and the holders of the 2020 Floating Rate Notes and the 2022 Floating Rate Notes absent manifest error.

We will not have the option to change the "spread", or the method of calculation of interest, on the 2020 Floating Rate Notes or the 2022 Floating Rate Notes as described in the accompanying prospectus supplement under the caption "Description of the Notes Subsequent Interest Periods."

The 2020 Notes will be "fixed rate notes" as defined in the accompanying prospectus supplement, will mature on March 4, 2020 and will bear interest from March 6, 2017 at the rate of 1.950% per annum. The 2022 Notes will be "fixed rate notes" as defined in the accompanying prospectus supplement, will mature on March 4, 2022 and will bear interest from March 6, 2017 at the rate of 2.450% per annum. Interest on the 2020 Notes and the 2022 Notes will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Fixed Rate Notes of each tranche will be payable semiannually in arrears on March 4 and September 4 of each year, commencing on September 4, 2017, to the persons in whose names the Fixed Rate Notes of such tranche (or one or more predecessor Fixed Rate Notes of such tranche) are registered at the close of business on the February 17 or August 20, as the case may be, immediately preceding the applicable interest payment date; provided, however, that interest payable at maturity (as defined in the accompanying prospectus supplement) of the Fixed Rate Notes of such tranche shall be payable to the persons to whom principal shall be payable.

The 2020 Floating Rate Notes, the 2022 Floating Rate Notes, the 2020 Notes and the 2022 Notes will be denominated and payable in U.S. dollars and will be offered, sold and issued in denominations of \$2,000 and any integral multiples of \$1,000 in excess thereof. The 2020 Floating Rate Notes, the 2022 Floating Rate Notes, the 2020 Notes and the 2022 Notes will not be entitled to the benefit of any sinking fund and the Company will not be required to repurchase the 2020 Floating Rate Notes, the 2022 Floating Rate Notes, the 2020 Notes or the 2022 Notes at the option of the holders.

The 2020 Floating Rate Notes, the 2022 Floating Rate Notes, the 2020 Notes and the 2022 Notes will be issued in fully registered form without coupons and will be evidenced by one or more Notes of the applicable tranches in global form (each, a "global Note") registered in the name of The Depository Trust Company, as depository for the global Notes (the "Depository"), or its nominee and will be delivered through the facilities of the Depository for the accounts of its participants, which may include Clearstream Banking, société anonyme, and Euroclear Bank S.A./N.V., against payment. You will not be entitled to receive physical delivery of the 2020 Floating Rate Notes, the 2022 Floating Rate Notes, the 2020 Notes or the 2022 Notes in definitive form except under the limited circumstances described in the accompanying prospectus supplement under "Description of the Notes Book-Entry Notes and Information Relating to DTC."

Optional Redemption

The 2020 Floating Rate Notes and the 2022 Floating Rate Notes will not be subject to redemption at our option.

The Fixed Rate Notes of any tranche may be redeemed, in whole or in part, at the option of the Company, at any time or from time to time prior to their final maturity date, at a redemption price equal to the greater of the following amounts:

- (1) 100% of the principal amount of the Fixed Rate Notes of such tranche to be redeemed; or
- (2) as determined by the Independent Investment Banker (as defined below), the sum of the present values of the remaining scheduled payments of principal of and interest on the Fixed Rate Notes of such tranche to be redeemed (not including any portion of any payments of interest accrued to the applicable redemption date) discounted to such redemption date on a semiannual

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basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 7.5 basis points in the case of the 2020 Notes or 10 basis points in the case of the 2022 Notes,

plus, in the case of both clauses (1) and (2) above, accrued and unpaid interest on the principal amount of the Fixed Rate Notes of such tranche being redeemed to such redemption date.

Notwithstanding the foregoing, installments of interest on the Fixed Rate Notes of any tranche that are due and payable on an interest payment date falling prior to a redemption date for the Fixed Rate Notes of such tranche shall be payable to the registered holders of such Notes (or one or more predecessor Notes of such tranche) of record at the close of business on the relevant regular record date, all as provided in the indenture.

"Treasury Rate" means, with respect to any redemption date for the Fixed Rate Notes of any tranche, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Treasury Rate will be calculated on the third business day preceding the applicable redemption date. As used in the preceding sentence and in the definition of "Reference Treasury Dealer Quotation" below, the term "business day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York.

"Comparable Treasury Issue" means, with respect to any redemption date for the Fixed Rate Notes of any tranche, the United States Treasury security selected by the Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Fixed Rate Notes of such tranche that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

"Comparable Treasury Price" means, with respect to any redemption date for the Fixed Rate Notes of any tranche, (i) if the Independent Investment Banker obtains four Reference Treasury Dealer Quotations for that redemption date, the average of those Reference Treasury Dealer Quotations after excluding the highest and lowest of those Reference Treasury Dealer Quotations, (ii) if the Independent Investment Banker obtains fewer than four but more than one such Reference Treasury Dealer Quotations, the average of all of those quotations, or (iii) if the Independent Investment Banker obtains only one such Reference Treasury Dealer Quotation, such quotation.

"Independent Investment Banker" means one of Citigroup Global Markets Inc., J.P. Morgan Securities LLC, BNP Paribas Securities Corp. and SunTrust Robinson Humphrey, Inc. and their respective successors appointed by the Company to act as the Independent Investment Banker from time to time, or if any such firm is unwilling or unable to serve in that capacity, an independent investment banking institution of national standing appointed by the Company.

"Reference Treasury Dealer" means, with respect to any redemption date for the Fixed Rate Notes of any tranche, (A) Citigroup Global Markets Inc., J.P. Morgan Securities LLC and BNP Paribas Securities Corp. and their respective successors, provided that, if any such firm ceases to be a primary U.S. Government securities dealer in the United States (a "Primary Treasury Dealer"), the Company will substitute another Primary Treasury Dealer and (B) one Primary Treasury Dealer selected by SunTrust Robinson Humphrey, Inc. and its successors.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date for the Fixed Rate Notes of any tranche, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue

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(expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third business day preceding that redemption date.

Unless the Company defaults in payment of the redemption price, interest on each Fixed Rate Note or portion thereof called for redemption will cease to accrue on the applicable redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the Fixed Rate Notes of any tranche to be redeemed. If fewer than all of the Fixed Rate Notes of any tranche and all Additional Notes (as defined in the accompanying prospectus supplement), if any, with the same stated maturity, interest rate and other terms (other than original issue date and, if applicable, issue price, date from which interest shall accrue and first payment of interest) as the Fixed Rate Notes of such tranche are to be redeemed at any time, selection of such Notes and Additional Notes, if any, for redemption will be made, in the case of Notes evidenced by global Notes, in accordance with the procedures of the applicable Depositary or, in the case of definitive Notes, by the trustee (as defined in the accompanying prospectus supplement) by such method as the trustee shall deem fair and appropriate. If any Fixed Rate Note is to be redeemed in part, such Note must be redeemed in a minimum principal amount of \$2,000 or a multiple of \$1,000 in principal amount in excess thereof; provided that the unredeemed portion of such Note must be an authorized denomination.

Material United States Federal Income Tax Considerations

For a discussion of the material United States federal income tax considerations related to the acquisition, ownership and disposition of the Notes, please see "Material United States Federal Income Tax Considerations" in the accompanying prospectus supplement.

The 2020 Floating Rate Notes and the 2022 Floating Rate Notes will be "variable rate debt instruments" as described in the accompanying prospectus supplement under "Material United States Federal Income Tax Considerations United States Holders Floating Rate Notes".

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USE OF PROCEEDS

We will receive \$1,993,504,000 of net proceeds (after deducting underwriting discounts and commissions but before deducting estimated offering expenses payable by us) from the sale of the Notes. We intend to use the net proceeds from the sale of the Notes for general corporate purposes, which may include, among others, the general corporate purposes identified in the accompanying prospectus under the caption "Use of Proceeds."

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Pursuant to the terms and subject to the conditions contained in the terms agreement dated the date hereof, the underwriters named below, acting as principal, for whom Citigroup Global Markets Inc. and J.P. Morgan Securities LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them severally, the respective amount of the Notes of each tranche set forth opposite their names below. The underwriters severally have agreed to purchase all of the Notes if any Notes are purchased.

Underwriter	Principal Amount of 2020 Floating Rate Notes	Principal Amount of 2022 Floating Rate Notes	Principal Amount of 2020 Notes	Principal Amount of 2022 Notes
Citigroup Global Markets Inc.	\$ 85,000,000	\$ 106,250,000	\$ 127,500,000	\$ 106,250,000
J.P. Morgan Securities LLC	85,000,000	106,250,000	127,500,000	106,250,000
BNP Paribas Securities Corp.	85,000,000	106,250,000	127,500,000	106,250,000
SunTrust Robinson Humphrey, Inc.	85,000,000	106,250,000	127,500,000	106,250,000
SMBC Nikko Securities America, Inc.	10,000,000	12,500,000	15,000,000	12,500,000
Société Générale	10,000,000	12,500,000	15,000,000	12,500,000
Standard Chartered Bank	10,000,000	12,500,000	15,000,000	12,500,000
U.S. Bancorp Investments, Inc.	10,000,000	12,500,000	15,000,000	12,500,000
C.L. King & Associates, Inc.	5,000,000	6,250,000	7,500,000	6,250,000
Multi-Bank Securities, Inc.	5,000,000	6,250,000	7,500,000	6,250,000
Samuel A. Ramirez & Company, Inc.	5,000,000	6,250,000	7,500,000	6,250,000
Siebert Cisneros Shank & Co., L.L.C.	5,000,000	6,250,000	7,500,000	6,250,000
Total	\$ 400,000,000	\$ 500,000,000	\$ 600,000,000	\$ 500,000,000

The underwriters propose to offer the Notes initially at the respective public offering prices appearing on the cover page of this pricing supplement and to certain dealers at those respective prices less a concession of not more than 0.120%, 0.200%, 0.120% and 0.200% of the principal amount of the 2020 Floating Rate Notes, the 2022 Floating Rate Notes, the 2020 Notes and the 2022 Notes, respectively. The underwriters and those dealers may allow a discount of not more than 0.075%, 0.120%, 0.075% and 0.120% of the principal amount of the 2020 Floating Rate Notes, the 2022 Floating Rate Notes, the 2020 Notes and the 2022 Notes, respectively, on sales to other dealers. After the initial public offering, the public offering prices, concessions and discounts to dealers may be changed.

The following table shows the underwriting discounts and commissions that the Company is to pay to the underwriters in connection with this offering:

	Per 2020 Floating Rate Note	Per 2022 Floating Rate Note	Per 2020 Note	Per 2022 Note	Total
Underwriting discounts and commissions	0.200%	0.350%	0.200%	0.350%	\$ 5,500,000

The terms agreement provides that the obligations of the several underwriters to purchase the Notes offered hereby are subject to certain conditions. If an underwriter defaults, the terms agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the terms agreement may be terminated.

The underwriters are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to the conditions contained in the terms agreement. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

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The Company has agreed to indemnify the underwriters against certain liabilities under the Securities Act of 1933, as amended, or to contribute to payments which the underwriters may be required to make in that regard.

In connection with the offering of the Notes, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the market prices of the Notes. Specifically, the underwriters may overallocate in connection with this offering, creating a short position. In addition, the underwriters may bid for, and purchase, the Notes in the open market to cover short positions or to stabilize the prices of the Notes. Any of these activities may stabilize or maintain the market prices of the Notes above independent market levels, but no representation is made hereby that the underwriters will engage in any of those transactions or of the magnitude of any effect, if any, that the transactions described above may have on the market prices of the Notes. The underwriters will not be required to engage in these activities, and if they engage in these activities, they may end any of these activities at any time without notice.

There is no established trading market for the Notes and the Notes will not be listed on any securities exchange. The underwriters have advised us that they may from time to time purchase and sell Notes in the secondary market, as permitted by applicable laws and regulations. The underwriters are not obligated, however, to make any such purchases and sales and any such purchases and sales may be discontinued at any time without notice at the sole discretion of the underwriters. There can be no assurance that the underwriters will engage in these activities or that there will be a secondary market for the Notes or as to the liquidity of any secondary market if one develops.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters or their affiliates may, from time to time, engage in investment banking and/or commercial banking transactions with, and may provide services for, Disney and its affiliates, for which they have received and may in the future receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of Disney and its affiliates. Underwriters or their affiliates that have a lending relationship with us or our affiliates routinely hedge their credit exposure to us and our affiliates consistent with their customary risk management policies. Typically, these underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities or securities of our affiliates, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and financial instruments.

Société Générale is not a U.S. registered broker-dealer and, therefore, to the extent that it intends to effect any sales of the Notes in the United States, it will do so through its registered U.S. broker-dealer SG Americas Securities, LLC.

Standard Chartered Bank is not a U.S. registered broker-dealer and will not effect any offers or sales of any Notes in the United States unless it is through one or more U.S. registered broker-dealers as permitted by the regulations of FINRA.

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Canada. The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this document (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

European Economic Area. None of this pricing supplement, the accompanying prospectus supplement and prospectus nor any related free writing prospectus is a prospectus for the purposes of the Prospectus Directive (as defined below). This pricing supplement, the accompanying prospectus supplement and prospectus and any related free writing prospectus have been prepared on the basis that all offers of the Notes offered hereby made to persons in the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus in connection with offers of such Notes. Neither the Company nor the underwriters have authorized, nor does it or do they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the underwriters which constitute the final placement of the Notes contemplated in this pricing supplement, the accompanying prospectus supplement and prospectus and any related free writing prospectus.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each underwriter has severally represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this pricing supplement, the accompanying prospectus supplement and prospectus and any related free writing prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State at any time:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives of the underwriters for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Company or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor

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to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom.

Each underwriter severally has represented and agreed that:

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the "FSMA")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong. The contents of this pricing supplement, the accompanying prospectus supplement and prospectus and any related free writing prospectus have not been reviewed or approved by any regulatory authority in Hong Kong. This pricing supplement, the accompanying prospectus supplement and prospectus and any related free writing prospectus do not constitute an offer or invitation to the public in Hong Kong to acquire the Notes. Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purpose of issue, this pricing supplement, the accompanying prospectus supplement and prospectus or any related free writing prospectus or any advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than in relation to the Notes which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" (as such term is defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO") and the subsidiary legislation made thereunder) or in circumstances which do not result in this pricing supplement, the accompanying prospectus supplement and prospectus and any related free writing prospectus being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Cap. 32 of the Laws of Hong Kong) ("CO") or which do not constitute an offer or an invitation to the public for the purposes of the SFO or the CO. The offer of the Notes is personal to the person to whom this pricing supplement, the accompanying prospectus supplement and prospectus or any related free writing prospectus has been delivered by or on behalf of the Company, and a subscription for the Notes will only be accepted from such person. No person to whom a copy of this pricing supplement, the accompanying prospectus supplement and prospectus or any related free writing prospectus is issued may issue, circulate or distribute this pricing supplement, the accompanying prospectus supplement and prospectus or any related free writing prospectus in Hong Kong or make or give a copy of this pricing supplement, the accompanying prospectus supplement and prospectus or any related free writing prospectus to any other person. You are advised to exercise caution in relation to the offer. If you are in any doubt about the contents of this pricing supplement, the accompanying prospectus supplement and prospectus or any related free writing prospectus, you should obtain independent professional advice.

Japan. The Notes have not been and will not be registered for a public offering in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA"). The Notes may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan or having its principal office in Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of

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any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Singapore. This pricing supplement, the accompanying prospectus supplement and prospectus and any related free writing prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this pricing supplement, the accompanying prospectus supplement and prospectus, any related free writing prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the Notes under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32").

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the Notes under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer pursuant to Section 276(4)(i)(B) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Each underwriter severally has represented to, and agreed with, the Company that it has not offered, sold or delivered and that it will not offer, sell or deliver, directly or indirectly, any of the Notes or distribute this pricing supplement and the accompanying prospectus supplement and prospectus or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with the applicable laws and regulations thereof.

Purchasers of the Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the applicable public offering price.

The Company estimates that the total expenses of the offering payable by the Company, excluding underwriting discounts and commissions, will be approximately \$1,180,000.

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GENERAL INFORMATION

The 2020 Floating Rate Notes have been assigned CUSIP No. 25468PDR4, ISIN No. US25468PDR47 and Common Code No. 157669885. The 2022 Floating Rate Notes have been assigned CUSIP No. 25468PDS2, ISIN No. US25468PDS20 and Common Code No. 157670115. The 2020 Notes have been assigned CUSIP No. 25468PDP8, ISIN No. US25468PDP80 and Common Code No. 157669974. The 2022 Notes have been assigned CUSIP No. 25468PDQ6, ISIN No. US25468PDQ63 and Common Code No. 157669982.

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**PROSPECTUS SUPPLEMENT
(To Prospectus dated July 20, 2016)**

**500 South Buena Vista Street
Burbank, California 91521
(818) 560-1000**

**Medium-Term Notes, Series G
Due Nine Months or More From Date of Issue**

The following terms will generally apply to the medium-term notes, series G (the "notes") that we may sell from time to time under this prospectus supplement and the accompanying prospectus. We will include information on the specific terms for each note in a pricing supplement to this prospectus supplement that we will deliver to prospective purchasers of any note.

Currency Denomination: Each note will be denominated in U.S. dollars or in one or more foreign or composite currencies or currency units.

Maturity: Each note will mature on a day nine months or more from the date of issue, as specified in the applicable pricing supplement.

Interest Rate: Each note will bear interest at (i) a fixed rate, which may be zero in the case of certain notes issued at a price representing a discount from the principal amount payable at maturity, (ii) a floating rate that is reset daily, weekly, monthly, quarterly, semiannually or annually or (iii) a combination of fixed and floating rates.

Interest Accrual and Payment: Unless otherwise specified in the applicable pricing supplement, interest on fixed rate notes will accrue from their date of issue and will be payable semiannually in arrears on February 1 and August 1 of each year and at final maturity and interest on floating rate notes will accrue from their date of issue and, as specified in the applicable pricing supplement, will be payable in arrears monthly, quarterly, semiannually or annually and at final maturity.

Redemption and Repurchase: The notes may be subject to redemption at our option, in whole or in part, prior to their stated maturity, if so provided in the applicable pricing supplement. Unless otherwise provided in the applicable pricing supplement, the notes will not be subject to repurchase by us at the option of the holders of the notes.

Form of notes: Each note will be issued in fully registered book-entry form or definitive form. Each book-entry note will be represented by a global security deposited with or on behalf of The Depository Trust Company (or another depository identified in the applicable pricing supplement) and registered in the name of the depository's nominee. Interests in book-entry notes will be shown on, and transfers of book-entry notes will be effected only through, records maintained by the depository and its participants. Book-entry notes will not be issuable as definitive notes except under the limited circumstances described in this prospectus supplement.

Unless otherwise indicated in the applicable pricing supplement, the notes will be offered at a public offering price of 100% of the principal amount and the agents' discounts or commissions will equal between .125% and .750% of the principal amount, and proceeds, before expenses, to us will equal between 99.875% and 99.250% of the principal amount, except that, in the case of a note with a stated maturity of 30 years or more from the date of issuance, the agents' discounts or commissions will be determined by us and the relevant agents.

Investing in the notes involves risks. See "Risk Factors" beginning on page S-4 for a discussion of certain risks that should be considered in connection with an investment in the notes.

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

The notes are being offered on a continuing basis by us through the agents listed below, who have agreed to act as agents for us in soliciting offers to purchase the notes. We may also sell notes to an agent or agents, as principal, for resale to investors or other purchasers, and we reserve the right to sell notes to or through others and directly to investors on our own behalf. We reserve the right to cancel or modify the offer made by this prospectus supplement and the accompanying prospectus without notice. There is no termination date for the offering of the notes. Any offer to purchase notes solicited by us or by an agent may be rejected by us or the agent in whole or in part. The notes will not be listed on any securities exchange, and there can be no assurance that the notes offered by this prospectus supplement will be sold or that there will be a secondary market for the notes.

Banca IMI
Blaylock Beal Van, LLC
BNP PARIBAS
BNY Mellon Capital Markets, LLC
BofA Merrill Lynch
CastleOak Securities, L.P.
Citigroup
Credit Suisse
Deutsche Bank Securities
Drexel Hamilton
Goldman, Sachs & Co.
HSBC
J.P. Morgan
Lebenthal Capital Markets
Lloyds Securities
Loop Capital Markets
Mizuho Securities
Morgan Stanley
MUFG
Ramirez & Co., Inc.
RBC Capital Markets
Siebert Brandford Shank & Co., L.L.C.
SMBC Nikko
Société Générale Corporate & Investment Banking
Standard Chartered Bank
SunTrust Robinson Humphrey
TD Securities
US Bancorp
Wells Fargo Securities
The Williams Capital Group, L.P.

The date of this Prospectus Supplement is July 20, 2016.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus, any applicable pricing supplement and any related free writing prospectus. Neither we nor any agent has authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. Neither we nor any agent is making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus, any document incorporated or deemed to be incorporated by reference in the accompanying prospectus, any pricing supplement and any free writing prospectus is accurate only as of the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since the respective dates of those documents.

References in this prospectus supplement to "Disney," "the Company," "we," "us" or "our" are to The Walt Disney Company.

References in this prospectus supplement to "U.S. dollars," "U.S.\$," "dollar" or "\$" are to the currency of the United States of America.

The information set forth in this prospectus supplement is directed to prospective purchasers of notes who are United States residents, except to the extent expressly set forth in "Material United States Federal Income Tax Considerations" below. We disclaim any responsibility to advise prospective purchasers who are residents of countries other than the United States regarding any matters that may

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affect the purchase or holding of, or receipt of payment of principal, any premium, or interest on, notes. Such persons should consult their financial and legal advisors with regard to these matters.

This prospectus supplement, the accompanying prospectus and any related pricing supplement or free writing prospectus do not constitute an offer of notes to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the notes. The communication of this prospectus supplement, the accompanying prospectus, any related pricing supplement or free writing prospectus and any other document or materials relating to the issue of the notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of Section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the notes offered hereby are only available to, and any investment or investment activity to which this prospectus supplement and the accompanying prospectus relate will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus supplement or the accompanying prospectus or any of their contents.

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RISK FACTORS

Your investment in the notes involves certain risks. In consultation with your own financial and legal advisers, you should carefully consider, among other matters, the following discussion of risks before deciding whether an investment in the notes is suitable for you. Notes are not an appropriate investment for you if you are unsophisticated with respect to their significant components.

This prospectus supplement and the accompanying prospectus do not describe all the risks of an investment in notes, including those risks that result from the denomination of, or the payment on, any notes in a foreign currency or a composite currency or currency unit or notes indexed to currency values, commodities or interest rate indices, and we disclaim any responsibility to advise prospective purchasers of such risks as they exist at the date of this prospectus supplement or as such risks may change from time to time. You should consult your financial, legal and tax advisors as to the risks entailed in an investment in foreign currency notes or indexed notes. Such notes are not an appropriate investment for prospective purchasers who are unsophisticated with respect to foreign currency or indexed transactions.

General

For an enterprise as large and complex as we are, a wide range of factors could materially affect future developments and performance. For a discussion of some of these risks, see "Risk Factors" in our most recent annual report on Form 10-K and any subsequent quarterly reports on Form 10-Q, as well as any subsequent current reports on Form 8-K filed with the Securities Exchange Commission (the "Commission") that include a "Risk Factors" section or discusses such risks, in addition to the other information that is included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

The Notes Are Structurally Subordinated to the Liabilities of Our Subsidiaries

The notes are our obligations exclusively and not of any of our subsidiaries. Our operations are conducted almost entirely through our subsidiaries. Our subsidiaries are separate legal entities that have no obligation to pay any amounts due under the notes or to make any funds available therefor, whether by dividends, loans or other payments. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors (including trade creditors) of our subsidiaries will have priority with respect to the assets of such subsidiaries over our claims (and therefore the claims of our creditors, including holders of the notes). Consequently, the notes will be effectively subordinated to all indebtedness or other liabilities of our subsidiaries, including any subsidiaries that we may in the future acquire or establish.

Notes Indexed to Interest Rate or Other Indices or Formulas May Have Risks Not Associated With a Conventional Debt Security

If you invest in notes indexed to one or more interest rates or other indices or formulas, you will be subject to significant risks not associated with a conventional fixed rate or floating rate debt security. These risks include fluctuation of the particular indices or formulas and the possibility that you will receive a lower, or no, amount of principal, premium or interest and at different times than you expected. We have no control over a number of matters, including economic, financial and political events, that are important in determining the existence, magnitude and longevity of these risks and their results. In addition, if an index or formula used to determine any amounts payable in respect of the notes contains a multiplier or leverage factor, the effect of any change in the particular index or formula will be magnified. In recent years, values of certain indices and formulas have been volatile and volatility in those and other indices and formulas may be expected in the future. However, past experience is not necessarily indicative of what may occur in the future.

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

The risk of loss as a result of linking principal or interest payments on indexed notes 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 notes.

Redemption May Adversely Affect Your Return on the Notes

If your notes are redeemable at our option, we may choose to redeem your notes at times when prevailing interest rates are relatively low. In addition, if your notes are subject to mandatory redemption, we may be required to redeem your notes at times when prevailing interest rates are relatively low. As a result, you generally will not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on your notes being redeemed.

There May Not Be Any Trading Market for Your Notes; Many Factors Affect the Trading and Market Value of Your Notes

The notes are new issues of securities and, upon issuance, your notes will not have an established trading market. Unless otherwise stated in the applicable pricing supplement, we do not intend to apply for listing or quotation of the notes on any securities exchange or on any automated quotation system. We cannot assure you a trading market for your notes will ever develop or be maintained if developed. Furthermore, we cannot assure you as to the liquidity of any trading market that may develop for any of the notes, whether you will be able to sell the notes, or the prices at which you may be able to sell the notes. In addition to our creditworthiness, many factors affect the trading market for, and trading value of, your notes. These factors include:

the complexity and volatility of the index or formula applicable to your notes;

the method of calculating the principal, premium and interest in respect of your notes;

the time remaining to the maturity of your notes;

the outstanding amount of your notes;

any redemption features of your notes;

the amount of other debt securities linked to the index or formula applicable to your notes;

the level, direction and volatility of market interest rates generally;

fluctuations in exchange rates between your currency and the specified currency in which your note is denominated; and

market perceptions of the level, direction and volatility of any index property or formula applicable to your notes or interest rates generally.

There may be a limited number of buyers when you decide to sell your notes. This may affect the price you receive for your notes or your ability to sell your notes at all. In addition, notes that are designed for specific investment objectives or strategies often experience a more limited trading market and more price volatility than those not so designed. You should not purchase notes unless you understand and know you can bear all of the investment risks involving your notes.

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Our Credit Ratings May Not Reflect All Risks of an Investment in the Notes and a Downgrade in our Credit Ratings Could Adversely Affect the Market Value of the Notes

The credit ratings assigned to some of our debt securities, including the notes, do not purport to reflect the potential impact of all risks relating to an investment in those securities. Such ratings are limited in scope and reflect only the view of each rating agency at the time the rating was issued. These ratings are subject to ongoing evaluation by credit rating agencies and there can be no assurance that such credit ratings will not be lowered, suspended or withdrawn entirely by the rating agencies or placed on a so-called "watch list" for a possible downgrade or assigned a negative ratings outlook if, in any rating agency's judgment, circumstances so warrant. Moreover, these credit ratings are not recommendations to buy, sell or hold any of our debt securities. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade or have been assigned a negative outlook, would likely adversely affect any trading market for, and the market value of, the notes, and also increase our borrowing costs.

An Increase in Market Interest Rates Could Result in a Decrease in the Market Value of the Notes.

In general, as market interest rates rise, debt securities bearing interest at fixed rates of interest generally decline in value and the value of debt securities bearing interest at floating rates may also decline. Consequently, if you purchase notes and market interest rates increase, the market values of those notes may decline. We cannot predict the future level of market interest rates.

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

We may issue notes in a denomination other than U.S. dollars. An investment in foreign currency notes, which are notes denominated in 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 note on which all or a 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 notes. These risks include, but are not limited to:

the possibility of significant changes in market rates of exchange between U.S. dollars and the specified currency, including such changes resulting from official redenomination relating to such specified currency; and

the possibility of the imposition or modification of foreign exchange controls by either the United States or foreign governments.

These risks generally depend on factors over which we have no control and which cannot be readily foreseen, such as

economic events;

political events;

the supply of, and demand for, the relevant currencies;

inflation rates;

interest rate levels; and

governmental surpluses or deficits in the countries of the relevant currencies.

If payments on your notes denominated in a foreign currency are determined by reference to a formula containing a multiplier or leverage factor, the effect of any change in the exchange rates between the applicable currencies will be magnified. In recent years, rates of exchange between the U.S. dollar and some foreign currencies in which our notes may be denominated, and between these

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foreign currencies and other foreign currencies, have been volatile and similar or greater volatility may occur in the future. Fluctuations that have occurred in any particular exchange rate in the past are not necessarily indicative, however, of fluctuations that may occur in the rate during the term of any foreign currency note. Depreciation of the specified currency of a foreign currency note against U.S. dollars would result in a decrease in the effective yield (expressed in U.S. dollars) of the foreign currency note below its coupon rate and could result in a substantial loss to the investor on a U.S. dollar basis. In addition, depending on the specific terms of a currency linked note, changes in exchange rates relating to any of the relevant currencies may result in a decrease in the note's effective yield and in your loss of all or a substantial portion of the principal of that note.

Governments have imposed from time to time, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a specified currency other than U.S. dollars at the time of payment of principal, any premium, or interest on a foreign currency note. There can be no assurance that exchange controls will not restrict or prohibit payments of principal, any premium, or interest on the notes, if any, denominated in any specified currency.

Even if there are no actual exchange controls, it is possible that the specified currency would not be available to us when payments on such note are due because of circumstances beyond our control. In this event, we will make required payments in U.S. dollars on the basis described in this prospectus supplement or the applicable pricing supplement. However, if the specified currency for any note is not available because the Euro has been substituted for that currency, we would make the payments in Euro. 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" and "Description of the Notes Payment Currency" below.

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

Except as set forth below, if payment on a note is required to be made in a specified currency, currency unit or composite currency other than U.S. dollars and the specified currency, currency unit or composite 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 the specified currency; or

no longer used for the settlement of transactions by public institutions of the international banking community;

then all payments on the note will be made in U.S. dollars until the specified currency, currency unit or composite currency is again available or so used. The amounts so payable on any date in the specified currency, currency unit or composite currency will be converted into U.S. dollars on the basis of the most recently available market exchange rate for the specified currency, currency unit or composite currency or as otherwise indicated in the applicable pricing supplement. Any payment on the note made under these circumstances in U.S. dollars will not constitute an event of default under the indenture under which the note will be issued. Notwithstanding the foregoing, if the specified currency for any note is not available because the Euro has been substituted for that currency, the payments will be made in Euro.

If the specified currency, currency unit or composite currency of a note is officially redenominated, then our payment obligations on the note will be the amount of redenominated currency, currency unit or composite currency that represents the amount of our obligations immediately before the

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redenomination. The notes will not provide for any adjustment to any amount payable under the notes as a result of:

except in the case of notes that are expressly indexed to certain currencies or currency exchange rates, any change in the value of the specified currency, currency unit or composite currency of the notes relative to any other currency, currency unit or composite currency due solely to fluctuations in exchange rates; or

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

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

The notes 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 the U.S. dollar. It is not clear, however, whether in granting any judgment, the rate of conversion into U.S. dollars would be determined with reference to the date of default, the date judgment is rendered, the date when the obligation is actually paid as several states have adopted the Uniform Foreign Money Claims Act, which endorses the "payment date" rule, or some other date. Under the New York judiciary law, an action based upon an obligation denominated in a currency other than U.S. dollars will be rendered in the foreign currency of the underlying obligation. Any judgment awarded in such an action will be converted into U.S. dollars at the rate of exchange prevailing on the date of the entry of the judgment or decree. The exchange rate on the date of judgment could be more or less favorable than the exchange rate on the date the judgment is paid. There will be no provision for any further payments if exchange rates continue to change after the judgment is rendered.

IMPORTANT CURRENCY INFORMATION

Purchasers are required to pay for each note in a currency specified by us for such note. Currently, there are limited facilities in the United States for conversion of U.S. dollars into foreign currencies, currency units or composite 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 notes 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 applicable pricing supplement. If requested by a prospective purchaser of a note having a specified currency other than U.S. dollars, an agent may at its discretion arrange for the conversion of U.S. dollars into such specified currency to enable the purchaser to pay for such note. Such requests must be made on or before the third business day preceding the date of delivery of the notes, or by such other dates as determined by such agent on such terms and subject to such conditions, limitations and charges as such agent may from time to time establish. All costs of exchange will be borne by purchasers of a note. There can be no assurances that you will be able to convert such specified currencies into U.S. dollars on a timely basis or at all.

DESCRIPTION OF THE NOTES

Our medium-term notes, series G (the "notes") will be issued as a series of senior debt securities (as defined in the accompanying prospectus under "Description of Debt Securities") under an indenture, dated as of September 24, 2001 (the "indenture"), between Disney and Wells Fargo Bank, National Association, a national banking association, as trustee (referred to herein as the "trustee"). The following summary of selected provisions of the notes and of the indenture is not complete and is qualified in its entirety by reference to the indenture and the form of notes. You should review the indenture and the notes, the forms of which have been or will be filed or incorporated by reference as exhibits to the registration statement of which this prospectus supplement and the accompanying

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prospectus are a part. Capitalized terms used but not defined herein or in the accompanying prospectus have the meanings given to them in the indenture. Unless otherwise expressly stated or the context otherwise requires, the term "securities," as used under this caption, refers to all senior debt securities issued and issuable from time to time under the indenture and includes the notes. The following description supplements and, to the extent inconsistent, supersedes, the discussion of certain terms and provisions of the notes and the indenture set forth under "Description of Debt Securities" in the accompanying prospectus. The pricing supplement and any free writing prospectus for each offering of notes will contain the specific information and terms for that offering. If any information in the pricing supplement or any such free writing prospectus, including any changes in the method of calculating interest on any notes, is inconsistent with this prospectus supplement or the accompanying prospectus, you should rely on the information in the pricing supplement or free writing prospectus, as the case may be. The pricing supplement and any free writing prospectus may also add, update or change information contained in the prospectus and this prospectus supplement. It is important for you to consider the information contained in the accompanying prospectus, this prospectus supplement, the pricing supplement and any free writing prospectus in making your investment decision. The following description will apply to the notes unless otherwise specified in a pricing supplement or free writing prospectus.

Unless otherwise provided in the applicable pricing supplement, each note will be denominated and payable in U.S. dollars. If so provided in the applicable pricing supplement, we may issue notes which are denominated and/or payable in one or more foreign or composite currencies or currency units and the denominated currency and the payment currency may be the same currency or different currencies. If the denominated currency or the payment currency is not U.S. dollars, the applicable pricing supplement or free writing prospectus will also include any other terms relating to the currency or currencies, including exchange rates as against the U.S. dollar at selected times. See "Risk Factors" above and "Material United States Federal Income Tax Considerations" below.

As used under this caption "Description of the Notes," references to "Disney," the "Company," "we," "us" or "our" and similar references refer to The Walt Disney Company, excluding, unless otherwise expressly stated or the context otherwise requires, its subsidiaries. Unless otherwise expressly stated or the context otherwise requires, references to the "principal" of any note shall be deemed to include the premium, if any, payable on such note.

General

All securities, including the notes, issued and to be issued under the indenture will be our senior unsecured obligations and will rank *pari passu* with all of our other senior unsecured indebtedness from time to time outstanding. The indenture does not limit the aggregate principal amount of securities which may be issued thereunder and securities may be issued thereunder from time to time in separate series up to the aggregate principal amount from time to time authorized by us for each series. The notes will constitute a separate series of securities under the indenture with an indeterminate aggregate initial offering price and principal amount and will not be part of the same series of securities as any prior series of medium-term notes that we have issued under the indenture. We may, from time to time, without the consent of the holders of the notes, provide for the issuance of additional notes under the indenture in addition to the notes offered hereby. Any such additional notes, together with the notes offered hereby, will constitute a single series of securities under the indenture. We may also from time to time, without the consent of the holders of the notes, provide for the issuance of other securities under the indenture.

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The notes are our exclusive obligations. Our operations are conducted almost entirely through subsidiaries. Accordingly, the cash flow and our consequent ability to service our debt, including the notes, are dependent upon the earnings of our subsidiaries and the distribution of those earnings to us, whether by dividends, loans or otherwise. The payment of dividends and the making of loans and advances to us by our subsidiaries may be subject to statutory or contractual restrictions, are contingent upon the earnings of those subsidiaries and are subject to various business considerations. Our right to receive assets of any of our subsidiaries upon their liquidation or reorganization (and the consequent right of the holders of the notes to participate in those assets) will be effectively subordinated to the claims of that subsidiary's creditors (including trade creditors), except to the extent that we are recognized as a creditor of that subsidiary, in which case our claims would still be subordinate to any security interests in the assets of that subsidiary and any indebtedness of that subsidiary senior to that held by us. The indenture does not limit our or our subsidiaries' ability to incur indebtedness in the future. For additional information, see "Risk Factors The Notes Are Structurally Subordinated to the Liabilities of Our Subsidiaries" herein.

The notes will be offered on a continuing basis and will mature on a day nine months or more from the date of issue, as set forth in the applicable pricing supplement. The terms of the notes will be determined by us from time to time in our sole discretion and we may issue notes with different interest rates, maturity dates, redemption provisions and other terms. Interest-bearing notes will bear interest at either a fixed rate (referred to as "fixed rate notes"), or a rate determined by reference to one or more base rates (as defined herein), which may be adjusted by a spread or spread multiplier (as defined herein) (referred to as "floating rate notes"). Each floating rate note will provide that the interest rate on such floating rate note 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. Discount notes (as defined herein) may be issued at significant discounts from their principal amount payable at stated maturity and some discount notes may be zero coupon notes which will bear no interest, except in the case of default in payment of principal upon acceleration, at stated maturity or upon repurchase or redemption (if applicable), or may bear no interest for a specified period following the date of issue. Unless otherwise specified in an applicable pricing supplement, the notes will be denominated and will be payable in U.S. dollars.

Interest rates, interest rate formulas and other terms of the notes are subject to change by us from time to time, but no such change will affect any note already issued or as to which an offer to purchase has been accepted by us. Interest rates and other terms offered by us with respect to the notes may differ, depending upon, among other things, the aggregate principal amount of the notes purchased in any single transaction.

Each note will be issued in fully registered book-entry form, referred to as a "book-entry note," or definitive form, referred to as a "definitive note", in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof, unless a different denomination is specified in the applicable pricing supplement. Each book-entry note will be represented by one or more notes in permanent global form ("global securities") registered in the name of a nominee of The Depository Trust Company ("DTC"), as depository, except for foreign currency notes. Book-entry notes may be transferred or exchanged only through a participating member of the depository. See "Book-Entry Notes and Information Relating to DTC." Registration of transfers of definitive notes will be made at an office or agency maintained by us for such purposes, which on the date of this prospectus supplement is the corporate trust office of the trustee located in Los Angeles, California (the "corporate trust office"). No service charge will be made by us, the trustee or the registrar for any registration of transfer or exchange of notes, but we may require, subject to certain exceptions specified in the indenture, payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Notes denominated in a currency other than U.S. dollars will be issued in denominations of the equivalent of U.S. \$2,000 or any integral multiple of the equivalent of U.S. \$1,000 in excess thereof (or

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any different denomination specified in the applicable pricing supplement, if applicable), as determined by reference to the noon U.S. dollar buying rate in New York City for cable transfers of such denominated currency published by the Federal Reserve Bank of New York (the "market exchange rate") for the business day immediately preceding the date of issuance.

We will pay principal of and interest, if any, on book-entry notes through the trustee to the depositary. See "Book-Entry Notes and Information Relating to DTC." In the case of definitive notes, we will pay principal and interest at the stated maturity of each definitive note (or on any prior date on which the principal or an installment of principal of such definitive note becomes due and payable, whether by declaration of acceleration, call for redemption, put for repurchase, or otherwise) (each such date, a "maturity"), upon presentation of the definitive note at the corporate trust office or at any other place designated by us. Payment of interest due at maturity will be made to the person to whom payment of the principal of the definitive note shall be made. Payment of interest due on definitive notes other than at maturity will be made at the corporate trust office of the trustee (and at such additional office or agencies as we may designate) or, at our option, may be made by check mailed to the addresses of the persons entitled thereto as the addresses may appear in the register of notes or by wire transfer of immediately available funds to the accounts of the holders of such notes if appropriate wire transfer instructions have been received in writing by the trustee not less than 15 days prior to the applicable interest payment date. Notwithstanding the foregoing, we will make payments of interest, if any, on any interest payment date other than the maturity date to each registered holder of \$10,000,000 (or, if the payment currency is other than United States dollars, the equivalent thereof in the particular payment currency) or more in aggregate principal amount of definitive notes (whether having identical or different terms and provisions) by wire transfer of immediately available funds if the applicable registered holder has delivered appropriate wire transfer instructions in writing to the trustee not less than 15 days prior to the particular interest payment date. Any wire transfer instructions received by the trustee shall remain in effect until revoked by the applicable registered holder.

The indenture does not afford holders of the notes protection in the event of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction involving us that may adversely affect holders of the notes.

As used in this prospectus supplement, "business day" means:

for any note, any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York;

for notes the payment of which is to be made in a currency other than U.S. dollars only, the day is also not a day on which commercial banks are authorized or required by law, regulation or executive order to close in the principal financial center (as defined below) of the country of such currency;

for LIBOR notes only, the day is also a London business day, which means any day on which commercial banks are open for business (including dealings in the applicable index currency (as defined below under "Interest LIBOR Notes")) in London; and

for EURIBOR notes and notes denominated in Euros only, the day is also a TARGET business day, which means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System, which utilizes a single shared platform and which was launched on November 19, 2007, is open.

"Principal financial center" means, as applicable:

the capital city of the country issuing the payment currency; or

the capital city of the country to which the index currency relates;

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provided, however, that with respect to United States dollars, Australian dollars, Canadian dollars, Euros, South African rand and Swiss francs, the "principal financial center" shall be The City of New York, Sydney, Toronto (solely in the case of the payment currency), London (solely in the case of the index currency), Johannesburg and Zurich, respectively.

"Discount note" means any security which provides for an amount less than the face amount or principal amount at stated maturity thereof to be due and payable upon acceleration of the stated maturity thereof.

"U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which The Bond Market Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

Additional Notes

We may from time to time, without the consent of existing note holders, issue additional notes ("Additional Notes") having the same terms and conditions (including maturity and interest payment terms) as previously issued notes in all respects, except for issue date, and, if applicable, issue price, date from which interest or discount shall accrue and the first payment of interest. Additional Notes issued in this manner will be fungible with the previously issued notes to the extent specified in the applicable pricing supplement.

Payment Currency and Redenomination

If the applicable pricing supplement provides for payments of interest and principal on non-U.S. dollar denominated notes to be made in U.S. dollars, conversion of the payment currency into U.S. dollars will be effected in the manner set forth in the applicable pricing supplement.

Except as set forth below, if payment on a note is required to be made in a specified currency, currency unit or composite currency other than U.S. dollars and such currency, currency unit or composite 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 the specified currency; or

no longer used for the settlement of transactions by public institutions of the international banking community,

then all payments on such note will be made in U.S. dollars until such specified currency, currency unit or composite currency is again available or so used. The amounts so payable on any date in such specified currency, currency unit or composite currency will be converted into U.S. dollars on the basis of the most recently available market exchange rate for the specified currency, currency unit or composite currency or as otherwise specified in the applicable pricing supplement. Any payment on a note made under such circumstances in U.S. dollars will not constitute an event of default with respect to the notes under the indenture. Notwithstanding, the foregoing, if the specified currency for any note is not available because the Euro has been substituted for that currency, the payments will be made in Euro.

If the specified currency, currency unit or composite currency of a note (other than a note denominated in U.S. dollars) is officially redenominated, then our payment obligations on such note will be the amount redenominated currency, currency unit or composite currency that represents the

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amount of our obligations immediately before the redenomination. The notes will not provide for any adjustment to any amount payable under the notes as a result of:

except in the case of notes that are expressly indexed to certain currencies or currency exchange rates, any change in the value of the specified currency, currency unit or composite currency of the notes relative to any other currency, currency unit or composite currency, as applicable, due solely to fluctuations in exchange rates; or

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

All determinations referred to above made by us or any of our agents shall be at our or our agent's sole discretion and, in the absence of manifest error, shall be conclusive for all purposes and binding on holders of the notes.

Redemption and Repurchase

Unless otherwise specified in an applicable pricing supplement, the notes will not be subject to any sinking fund. If provided in an applicable pricing supplement, the notes may be subject to redemption, in whole or in part, prior to their stated maturity at our option or through operation of a mandatory or optional sinking fund or analogous provisions. The applicable pricing supplement will set forth the terms of redemption, including, but not limited to, the dates after or on which and the price or prices (including premium, if any) at which such notes may be redeemed. Unless otherwise provided in the applicable pricing supplement, if any note is to be redeemed in part, such note must be redeemed in a minimum principal amount of \$2,000 or a multiple of \$1,000 in principal amount in excess thereof; provided that the unredeemed portion of any note redeemed in part must be an authorized denomination. For limitations on the transfer and exchange of notes called or being selected for redemption, see "Description of Debt Securities Form, Exchange, Registration and Transfer" in the accompanying prospectus.

Unless otherwise specified in an applicable pricing supplement, notes will not be subject to purchase by us at the option of the holder thereof. If a purchase date or dates (each, a "purchase date") with respect to a note is specified in an applicable pricing supplement, on each specified purchase date, we will become obligated to purchase, at the option of the holder, all or a portion of the note for which a written purchase notice has been delivered by the holder to the trustee, at any time from the opening of business on the date that is 60 days prior to the purchase date until the close of business on the date that is 30 days prior to the purchase date, subject to certain additional conditions described below. The delivery to the trustee of a purchase notice is irrevocable.

Each purchase notice must state:

- (i) the CUSIP numbers of the notes to be delivered by the holder thereof for purchase by us;
- (ii) the portion of the principal amount of notes to be purchased, which portion must be a minimum denomination of \$2,000 or a multiple of \$1,000 in excess thereof; and
- (iii) that the notes are to be purchased by us pursuant to the applicable provisions of the notes.

If fewer than all of the notes with the same original issue date, interest rate, stated maturity and other terms and all Additional Notes, if any, with the same stated maturity and other terms (other than original issue date, and, if applicable, issue price, date from which interest or discount shall accrue and first payment of interest) as such notes are to be redeemed at any time, selection of such notes and Additional Notes, if any, for redemption will be made, in the case of notes evidenced by global securities, in accordance with the procedures of the applicable depository or, in the case of definitive

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notes, by the trustee by such method as the trustee shall deem fair and appropriate. Any note which is to be redeemed or repurchased by us only in part must be surrendered at a place of payment therefor, and we will execute, and the trustee will authenticate and deliver to the holder of the note without service charge, a new note or notes of like tenor and terms, of any authorized denomination as requested by the holder, in an aggregate principal amount equal to and in exchange for the unredeemed or unredeemed portion, as the case may be, of the principal of the note so surrendered.

The price payable on any purchase date with respect to any applicable note will be equal to the applicable purchase price specified in the applicable pricing supplement, together with accrued interest to but excluding the purchase date. Any installments of interest payable prior to the purchase date will be payable to the holders of the notes, or one or more predecessor securities, registered as such at the close of business on the relevant regular record dates, all according to the provisions of the indenture.

If a purchase notice has been given with respect to an applicable note, from and after the applicable purchase date (unless we default in payment of the purchase price and accrued interest), the note (or portion thereof to be purchased) will cease to bear interest and all other rights of the holder (other than the right to receive the purchase price, together with accrued interest to but excluding the purchase date, upon the delivery of the note in accordance with its terms) will terminate. Payment of the purchase price, together with accrued interest to but excluding the purchase date, for a note for which a purchase notice has been delivered is conditioned upon delivery of such note (with, if we or the trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to us and the trustee duly executed by, the holder thereof or his attorney duly authorized in writing) to the trustee at the corporate trust office, or at any other place of payment designated by us for that purpose, at any time (whether prior to, on or after the purchase date) after delivery of the purchase notice. Payment of the purchase price for the note (or portion thereof to be purchased), together with accrued interest to the purchase date, will be made on the later of the purchase date or promptly following the time of delivery of the note.

We will not be required to:

(i) issue, register the transfer of or exchange any note having a purchase date specified therein during a period beginning at the opening of business 15 days before the first date any purchase notice may be delivered to the trustee with respect thereto and ending at the close of business on the last date a purchase notice may be delivered to the trustee with respect thereto; or

(ii) register the transfer of or exchange any note, or portion thereof, for which a purchase notice has been delivered to the trustee, except the portion of any the note for which the purchase notice has not been delivered to the trustee.

We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934 and any other applicable securities laws or regulations in connection with any such repurchase.

For all purposes of this prospectus supplement, any applicable pricing supplement and the indenture, unless the context otherwise requires, all provisions relating to the redemption of notes or the purchase by us of notes at the option of the holder shall relate, in the case of any notes redeemed or purchased or to be redeemed or purchased by us only in part, to the portion of the principal amount of the notes which has been or is to be so redeemed or purchased.

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

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Interest

General

Unless otherwise specified in an applicable pricing supplement, each note will bear interest from the date of original issue at the rate per annum, or, in the case of a floating rate note, pursuant to the interest rate formula, stated therein, until the principal thereof is paid or made available for payment. Interest will be payable in arrears on each date specified in a note on which an installment of interest is due and payable (an "interest payment date") and at maturity. Each interest payment shall be the amount of interest accrued from and including the most recent interest payment date in respect of which interest has been paid or duly provided for (or from and including the date of original issue if no interest has been paid or duly provided for with respect to the note) to but excluding the next succeeding interest payment date or the maturity date, as the case may be. Unless otherwise specified in the applicable pricing supplement, the first payment of interest on any note originally issued between a regular record date and the related interest payment date will be made on the interest payment date immediately following the next succeeding regular record date to the registered holder on the next succeeding regular record date. As a result of certain interest rate characteristics of the notes, they may be issued with original issue discount for United States Federal income tax purposes. Certain United States Federal tax considerations and other considerations applicable to any notes may be described in an applicable pricing supplement. See "Material United States Federal Income Tax Considerations."

Interest rates offered by us with respect to the notes may differ depending upon, among other factors, the aggregate principal amount of notes purchased in any single transaction. Notes with different terms other than interest rates may also be offered concurrently to different investors. Interest rates or formulas and other terms of notes are subject to change by us from time to time, but none of these changes will affect any note previously issued or as to which an offer to purchase has been accepted by us.

Fixed Rate Notes

Unless otherwise specified in an applicable pricing supplement, the interest payment dates with respect to any fixed rate note will be February 1 and August 1 of each year, and the regular record dates in respect of the interest payment dates will be the immediately preceding January 15 and July 15 (whether or not a business day), respectively. If any interest payment date or maturity of a fixed rate note falls on a day that is not a business day with respect to such fixed rate note, the payment due on such interest payment date or at maturity may be made on the following day that is a business day with respect to the fixed rate note as if it were made on the date the payment was due and no interest will accrue on the amount so payable for the period from and after the interest payment date or maturity, as the case may be. Interest on each fixed rate note will be computed on the basis of a 360-day year of twelve 30-day months.

Floating Rate Notes

General. Unless otherwise specified in an applicable pricing supplement, floating rate notes will be issued as described below. Interest on floating rate notes will be determined by reference to a "base rate," to be specified in the applicable pricing supplement, which may be one or more of the following:

the Commercial Paper Rate (as defined below), in which case such note will be a "Commercial Paper Rate note;"

LIBOR (as defined below), in which case the note will be a "LIBOR note;"

the Federal Funds Rate (as defined below), in which case the note will be a "Federal Funds Rate note;"

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the Treasury Rate (as defined below), in which case the note will be a "Treasury Rate note;"

the Prime Rate (as defined below), in which case the note will be a "Prime Rate note;"

the CMT Rate (as defined below), in which case the note will be a "CMT Rate note;"

the Eleventh District Cost of Funds Rate (as defined below), in which case the note will be an "Eleventh District Cost of Funds Rate note;"

EURIBOR (as defined below), in which case the note will be a "EURIBOR note;" or

any other base rate or interest rate formula as may be set forth in the applicable pricing supplement.

In addition, a floating rate note may bear interest calculated by reference to the lowest of two or more base rates on the applicable interest determination date, determined in the same manner as the base rates are determined for the types of notes described above. Each floating rate note and the applicable pricing supplement will specify the base rate or rates applicable thereto.

Interest Rate Calculation. The interest rate on each floating rate note will be calculated by reference to the specified base rate or the lowest of two or more specified base rates, in either case plus or minus the spread, if any, or multiplied by the spread multiplier, if any. The "spread" is the number of basis points to be added to or subtracted from the related base rate or rates applicable to the floating rate note. The "spread multiplier" is the percentage by which the related base rate or rates are to be multiplied to determine the applicable interest rate on the floating rate note. The "index maturity" is the period to maturity of the instrument or obligation with respect to which the related base rate or rates are calculated. Each floating rate note and the applicable pricing supplement will specify the index maturity and the spread or spread multiplier, if any, applicable thereto.

Each floating rate note and the applicable pricing supplement will specify whether the rate of interest on the floating rate note will be reset daily, weekly, monthly, quarterly, semiannually or annually and the date or dates on which the interest rate will be reset (each, an "interest reset date") and the period between interest reset dates (each, an "interest reset period"). Unless otherwise specified in a floating rate note and the applicable pricing supplement, the interest reset date will be, in the case of a floating rate note which resets:

- (a) daily, each business day;
- (b) weekly, the Wednesday of each week (with the exception of weekly reset Treasury Rate notes, which reset the Tuesday of each week, except as specified below);
- (c) monthly, the third Wednesday of each month, other than Eleventh District Cost of Funds Rate notes, which will reset the first calendar day of each month;
- (d) quarterly, the third Wednesday of March, June, September and December of each year;
- (e) semiannually, the third Wednesday of each of the two months of each year specified in the applicable pricing supplement;
and
- (f) annually, the third Wednesday of the month of each year specified in the applicable pricing supplement.

Unless otherwise provided in the applicable pricing supplement, commencing with the first interest reset date for any floating rate note following the original issue date of such floating rate note, the rate at which interest on such floating rate note is payable shall be adjusted daily, weekly, monthly, quarterly, semi-annually or annually, as applicable, whichever is specified as the interest reset period in the applicable pricing supplement. If any interest reset date for any floating rate note would otherwise be a day that is not a business day with respect to such floating rate note, such interest reset date will

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be the next succeeding day that is a business day with respect to such floating rate note, except that in the case of a LIBOR note or a EURIBOR note (or a note for which LIBOR or EURIBOR is the applicable base rate), if the business day is in the next succeeding calendar month, the interest reset date will be the immediately preceding day that is a business day with respect to such note.

The interest rate applicable to each interest reset period commencing on the interest reset date with respect to the interest reset period will be the rate determined on the applicable "interest determination date." Unless otherwise specified in an applicable pricing supplement, the interest determination date will be as set forth below for each note:

with respect to a Commercial Paper Rate note (the "Commercial Paper Interest determination date"), a Federal Funds Rate note (the "Federal Funds Interest determination date"), and a Prime Rate note (the "Prime Rate Interest determination date"), the interest determination date will be the business day preceding each interest reset date;

with respect to a LIBOR note (the "LIBOR Interest determination date"), the interest determination date will be the second London business day preceding each interest reset date;

with respect to a CMT Rate note (the "CMT Interest determination date"), the interest determination date will be the second U.S. Government Securities Business Day preceding each interest reset date;

with respect to a EURIBOR note (the "EURIBOR determination date"), the interest determination date will be the second TARGET business day preceding each interest reset date;

with respect to an Eleventh District Cost of Funds Rate note (the "Eleventh District Cost of Funds Interest determination date"), the interest determination date will be the last working day of the month immediately preceding each interest reset date on which the Federal Home Loan Bank of San Francisco (the "FHLB of San Francisco") publishes the Eleventh District Cost of Funds Index;

with respect to a Treasury Rate note (the "Treasury Rate Interest determination date"), the interest determination date will be the day in the week in which the interest reset date falls on which day Treasury Bills normally would be auctioned (Treasury Bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday) or, if no auction is held for a particular week, the first business day of that week. If, as a result of a legal holiday, an auction is held on the Friday of the week preceding the interest reset date, the related interest determination date shall be such preceding Friday and if an auction shall fall on any interest reset date, then the interest reset date shall instead be the first business day immediately following the auction; and

with respect to a note the interest rate of which is determined with reference to two or more base rates, the interest determination date will be the latest business day which is at least two business days prior to the interest reset date for the note on which each base rate shall be determinable. Each base rate shall be determined and compared on that date, and the applicable interest rate shall take effect on the related interest reset date.

Any floating rate note and the applicable pricing supplement may also specify either or both a maximum interest rate and a minimum interest rate at which interest may accrue during any interest reset period. In addition to any maximum interest rate which may be applicable to any floating rate note pursuant to the above provisions, the interest rate on floating rate notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. Under present New York law, the maximum rate of interest, with certain exceptions, is 16% per annum on a simple interest basis for any note in which less than \$250,000 has

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been invested and 25% per annum on a simple interest basis for any note in which \$250,000 or more has been invested. These limits may not apply to notes in which \$2,500,000 or more has been invested.

The interest rate in effect with respect to a floating rate note on each day that is not an interest reset date will be the interest rate determined as of the interest determination date pertaining to the immediately preceding interest reset date and the interest rate in effect on any day that is an interest reset date will be the interest rate determined as of the interest determination date pertaining to that interest reset date, subject in either case to applicable provisions of law and any maximum or minimum interest rate limitation referred to above. The applicable pricing supplement will specify the initial interest rate, which is the interest rate in effect with respect to a floating rate note for the period from the date of original issue to the first interest reset date, or will specify the manner in which such initial interest rate shall be determined.

With respect to each floating rate note, accrued interest is calculated by multiplying its face amount by an accrued interest factor. The accrued interest factor is computed by adding the interest factor calculated for each day from the date of issue, or from the last date to which interest has been paid or duly provided for, to the date for which accrued interest is being calculated. The interest factor for each day is computed by dividing the interest rate applicable to that day by 360, in the case of Commercial Paper Rate notes, LIBOR notes, Federal Funds Rate notes, Prime Rate notes, Eleventh District Cost of Funds Rate notes and EURIBOR notes and by the actual number of days in the year, in the case of Treasury Rate notes and CMT Rate notes. Unless otherwise specified in an applicable pricing supplement, the interest factor for notes for which the interest rate is calculated with reference to two or more base rates will be calculated in each period in the same manner as if only the lowest applicable base rate specified in the applicable pricing supplement applied.

All percentages resulting from any calculation on floating rate notes will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 9.876545% (or .09876545) will be rounded upward to 9.87655% (or .0987655)), and all amounts used in or resulting from the calculation on floating rate notes will be rounded, in the case of United States dollars, to the nearest cent or, in the case of a foreign currency, to the nearest unit (with one-half cent or unit being rounded upward).

Unless otherwise specified in an applicable pricing supplement, the trustee will be the "calculation agent" with respect to all floating rate notes. Upon the request of the holder of any floating rate note, the trustee will provide the interest rate then in effect and, if determined, the interest rate that will become effective as a result of a determination made for the next interest reset date with respect to the floating rate note. If at any time the trustee is not the calculation agent, we will notify the trustee of each determination of the interest rate applicable to any the floating rate note promptly after the determination is made by any successor calculation agent. The "calculation date," where applicable, pertaining to any interest determination date is the date by which the applicable interest rate must be calculated and will be the earlier of (a) the tenth calendar day after the interest determination date, or, if any such day is not a business day, the next succeeding business day and (b) the business day preceding the applicable interest payment date or maturity date, as the case may be. Any such calculation by the calculation agent shall be conclusive and binding on us, the trustee and the holders of the notes, absent manifest error.

Interest Payment Date. Except as provided below or in the applicable pricing supplement, the interest payment date will be:

- (a) in the case of a floating rate note which resets daily, weekly or monthly, other than Eleventh District Cost of Funds Rate notes, on the third Wednesday of each month or on the third Wednesday of each March, June, September and December of each year, as specified therein and in the applicable pricing supplement;

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(b) in the case of Eleventh District Cost of Funds Rate notes, on the first calendar day of each March, June, September and December;

(c) in the case of a floating rate note which resets quarterly, on the third Wednesday of March, June, September and December of each year;

(d) in the case of a floating rate note which resets semiannually, on the third Wednesday of each of the two months of each year specified therein and in the applicable pricing supplement; and

(e) in the case of a floating rate note which resets annually, on the third Wednesday of the month of each year specified therein and in the applicable pricing supplement;

and, in each case, at maturity.

If any interest payment date (other than an interest payment date occurring on the maturity date) for a floating rate note falls on a day that is not a business day with respect to the note, such interest payment date will be the following day that is a business day with respect to that note, except that, in the case of a LIBOR note or a EURIBOR note (or a note for which LIBOR or EURIBOR is the applicable base rate), if the business day is in the next succeeding calendar month, the interest payment date shall be the immediately preceding day that is a business day with respect to that note. If any maturity of a floating rate note falls on a day that is not a business day with respect to the note, the payment of principal and interest may be made on the next succeeding business day with respect to that note, and no interest on that payment shall accrue for the period from and after such maturity. Unless otherwise specified in a floating rate note and the applicable pricing supplement, the regular record date or dates for interest payable on the floating rate note will be the fifteenth day (whether or not a business day) immediately preceding the related interest payment date or dates.

Regular Floating Rate Notes. Unless a floating rate note is designated as a floating rate/fixed rate note or an inverse floating rate note, or as having an addendum attached or having other/additional provisions apply, in each case relating to a different interest rate formula, the particular floating rate note will be a regular floating rate note and will bear interest at the rate determined by reference to the applicable interest rate basis or bases:

plus or minus the applicable spread, if any, and/or

multiplied by the applicable spread multiplier, if any.

Commencing on the first interest reset date, the rate at which interest on a regular floating rate note is payable will be reset as of each interest reset date; provided, however, that the interest rate in effect for the period, if any, from the date of issue to the first interest reset date will be the initial interest rate.

Floating Rate/Fixed Rate Notes. If a floating rate note is designated as a floating rate/fixed rate note, the particular floating rate component will bear interest at the rate determined by reference to the applicable interest rate basis or bases:

plus or minus the applicable spread, if any, and/or

multiplied by the applicable spread multiplier, if any.

Commencing on the first interest reset date, the rate at which interest on a floating rate/fixed rate note is payable will be reset as of each interest reset date; provided, however, that:

the interest rate in effect for the period, if any, from the date of issue to the first interest reset date will be the initial interest rate; and

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the interest rate in effect commencing on the fixed rate commencement date will be the fixed interest rate, if specified in the applicable pricing supplement, or, if not so specified, the interest rate in effect on the day immediately preceding the fixed rate commencement date.

Inverse Floating Rate Notes. If a floating rate note is designated as an "inverse floating rate note," the particular floating rate note will bear interest at the fixed interest rate minus the rate determined by reference to the applicable interest rate basis or bases:

plus or minus the applicable spread, if any, and/or

multiplied by the applicable spread multiplier, if any;

provided, however, that interest on an inverse floating rate note will not be less than zero. Commencing on the first interest reset date, the rate at which interest on an inverse floating rate note is payable will be reset as of each interest reset date; provided, however, that the interest rate in effect for the period, if any, from the date of issue to the first interest reset date will be the initial interest rate.

Certain Definitions. As used in this prospectus supplement, the terms "H.15(519)" and "H.15 Daily Update" have the following meanings:

"H.15(519)" means the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

"H.15 Daily Update" means the daily update of H.15(519), available through the world-wide-web site of the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/h15/update>, or any successor site or publication.

The interest rate in effect with respect to a floating rate note from the date of issue to the first interest reset date will be the initial interest rate. The interest rate for each subsequent interest reset date will be determined by the calculation agent in accordance with the provisions described below.

Commercial Paper Rate Notes

Commercial Paper Rate notes will bear interest at the interest rates (calculated with reference to the Commercial Paper Rate and the spread or spread multiplier, if any) specified in the Commercial Paper Rate notes and in an applicable pricing supplement. The calculation agent will determine the Commercial Paper Rate on each Commercial Paper Interest determination date.

Unless otherwise specified in an applicable pricing supplement, "Commercial Paper Rate" means, with respect to any Commercial Paper Interest determination date, the money market yield on such date of the rate for commercial paper having the index maturity specified in the applicable pricing supplement as published in 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:

If the rate is not published by 3:00 P.M., New York City time, on the calculation date pertaining to the Commercial Paper Interest determination date, then the Commercial Paper Rate will be the money market yield on that Commercial Paper Interest determination date of the rate for commercial paper of the index maturity specified in the applicable pricing supplement as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate, under the heading "Commercial Paper Nonfinancial".

If the rate is not published in either H.15(519) or H.15 Daily Update by 3:00 P.M., New York City time, on that calculation date, then the Commercial Paper Rate will be calculated by the calculation agent and will be the money market yield of the arithmetic mean of the offered rates, as of approximately 11:00 A.M., New York City time, on that Commercial Paper Interest

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determination date, of three leading dealers of United States dollar commercial paper in New York, New York (which may include one or more of the agents or their affiliates) selected by the calculation agent (after consultation with us) for commercial paper of the specified index maturity placed for an industrial issuer whose bond rating is "AA," or the equivalent, from a nationally recognized statistical rating agency.

If the dealers selected by the calculation agent are not quoting offered rates as mentioned in the preceding sentence, the rate of interest in effect for the applicable period will be the same as the interest rate in effect on that Commercial Paper Interest determination date.

"Money market yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{money market yield} = \frac{D \times 360}{360 (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for 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.

LIBOR Notes

LIBOR notes will bear interest at the interest rates (calculated with reference to LIBOR and the spread or spread multiplier, if any) specified in the LIBOR notes and in an applicable pricing supplement. Unless otherwise specified in an applicable pricing supplement, "LIBOR" means the rate determined by the calculation agent in accordance with the following provisions:

(a) With respect to a LIBOR Interest determination date, LIBOR will be the rate for deposits in the index currency specified in the applicable pricing supplement having the index maturity specified in the applicable pricing supplement, commencing on the second London business day immediately following that LIBOR Interest determination date, that appears on the LIBOR Page (as defined below) as of 11:00 A.M., London time, on that LIBOR Interest determination date.

(b) If the rate referred to in subparagraph (a) above does not appear on the LIBOR Page by 11:00 A.M., London time, on such LIBOR Interest determination date, LIBOR will be determined as follows:

The calculation agent will select (after consultation with us) four major reference banks (which may include one or more of the agents or their affiliates) in the London interbank market and will request the principal London office of each of those four selected banks to provide the calculation agent with such bank's quotation of the rate at which deposits in the index currency specified in the applicable pricing supplement having the index maturity specified in the applicable pricing supplement, commencing on the second London business day immediately following such LIBOR Interest determination date, are offered to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such LIBOR Interest determination date and in a principal amount of not less than \$1,000,000 (or the equivalent in the index currency, if the index currency is not the U.S. dollar) that is representative for a single transaction in such market at such time.

If at least two such quotations are provided, then LIBOR for such LIBOR Interest determination date will be the arithmetic mean of such quotations.

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If fewer than two quotations are provided, then LIBOR for such LIBOR Interest determination date will be the arithmetic mean of the rates quoted as of approximately 11:00 A.M. in the applicable principal financial center on such LIBOR Interest determination date by three major banks (which may include one or more of the agents or their affiliates) in such principal financial center selected by the calculation agent (after consultation with us) for loans in the specified index currency to leading European banks having the specified index maturity, commencing on the second London business day immediately following such LIBOR Interest determination date, and in a principal amount of not less than \$1,000,000 (or the equivalent in the index currency, if the index currency is not the U.S. dollar) that is representative for a single transaction in such market at such time; provided, however, that if the banks selected as aforesaid by the calculation agent are not quoting as mentioned in this sentence, the rate of interest in effect for the applicable period will be the same as the interest rate in effect on such LIBOR Interest determination date.

"Index currency" means the currency (including composite currencies) specified in the applicable pricing supplement as the currency for which LIBOR shall be calculated. If no currency is specified in the applicable pricing supplement, the index currency shall be U.S. dollars.

"LIBOR Page" means either:

the display on the page specified in the applicable pricing supplement for the purpose of displaying the London interbank rates of major banks for the index currency; or

if no such page is specified in the applicable pricing supplement as the method for calculating LIBOR, the display on Reuters (or any successor service) on the LIBOR 01 page (or any other page as may replace such page on such service or any such successor service, as the case may be) for the purpose of displaying the London interbank rates of major banks for the index currency.

Federal Funds Rate Notes

Federal Funds Rate notes will bear interest at the interest rates (calculated with reference to the Federal Funds Rate and the spread or spread multiplier, if any) specified in the Federal Funds Rate notes and in an applicable pricing supplement. The calculation agent will determine the Federal Funds Rate on each Federal Funds Interest determination date.

Unless otherwise indicated in the applicable pricing supplement, "Federal Funds Rate" means, with respect to any Federal Funds Interest determination date:

If "Federal Funds (Effective) Rate" is specified in the applicable pricing supplement, the Federal Funds Rate will be the rate on that date for Federal Funds as published in H.15(519) under the heading "Federal Funds (Effective)" and displayed on Reuters (or any successor service) on page FEDFUNDS 1 (or any other page as may replace the specified page on that service) ("FEDFUNDS 1 Page") or, if the rate does not so appear on FEDFUNDS 1 Page, or is not so published by 3:00 P.M., New York City time, on the calculation date pertaining to that Federal Funds Interest determination date, the Federal Funds Rate will be the rate on that Federal Funds Interest determination date for United States dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "Federal Funds (Effective)".

If "Federal Funds Open Rate" is specified in the applicable pricing supplement, the Federal Funds Rate will be the rate on that date set forth under the caption "Federal Funds" for the index maturity specified in the applicable pricing supplement opposite the caption "Open" and displayed on Reuters (or any successor service) on page 5 (or any other page as may replace the

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specified page on that service) ("Reuters Page 5") or, if the rate does not appear on Reuters Page 5 or is not so published by 3:00 P.M., New York City time, on the calculation date pertaining to that Federal Funds Interest determination date, the Federal Funds Rate will be the rate on that Federal Funds Interest determination date displayed on FFPREBON Index page on Bloomberg L.P. ("Bloomberg"), which is the Fed Funds Opening Rate as reported by Prebon Yamane (or a successor) on Bloomberg.

If "Federal Funds Target Rate" is specified in the applicable pricing supplement, the Federal Funds Rate will be the rate on that date for U.S. dollar federal funds displayed on the FDTR Index page on Bloomberg, or if the rate does not appear on the FDTR Index page on Bloomberg or is not so published by 3:00 P.M., New York City time, on the calculation date, the rate for that day appearing on Reuters (or any successor service) on page USFFTARGET= (or any other page as may replace the specified page on that service) ("Reuters Page USFFTARGET=").

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

If, by 3:00 P.M., New York City time, on the calculation date pertaining to the Federal Funds Interest determination date the rate referred to above is not yet published, the Federal Funds Rate for that Federal Funds Interest determination date will be calculated by the calculation agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of federal funds transactions in The City of New York (which may include one or more of the agents or their affiliates), which brokers have been selected by the calculation agent (after consultation with us), as of 9:00 A.M., New York City time, on that Federal Funds Interest determination date.

If the brokers selected by the calculation agent are not quoting rates as set forth above, the rate of interest in effect for the applicable period will be the same as the interest rate in effect on that Federal Funds Interest determination date.

Treasury Rate Notes

Treasury Rate notes will bear interest at the interest rates (calculated with reference to the Treasury Rate and the spread or spread multiplier, if any) specified in the Treasury Rate notes and in an applicable pricing supplement.

Unless otherwise specified in an applicable pricing supplement, "Treasury Rate" means, with respect to any Treasury Rate Interest determination date, the rate from the auction held on the Treasury Rate Interest determination date (the "Auction") of direct obligations of the United States ("Treasury Bills") having the index maturity specified in the applicable pricing supplement under the caption "INVEST RATE" on the display on Reuters (or any successor service) on page USAUCTION 10 (or any other page as may replace that page on that service) ("USAUCTION 10 Page") or page USAUCTION 11 (or any other page as may replace that page on that service) ("USAUCTION 11 Page"), or, if not so displayed, as displayed on the Bloomberg service (or any successor service) on page AUCR 18 (or any other page as may replace that page on that service).

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

If the rate referred to in the preceding sentence is not so published by 3:00 P.M., New York City time, on the related calculation date, the Treasury Rate for that Treasury Rate Interest determination date will be the Bond Equivalent Yield of the auction rate of the applicable Treasury Bills as announced by the United States Department of the Treasury.

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If the rate referred to in the preceding sentence is not so announced by the United States Department of the Treasury, or if the Auction is not held, the Treasury Rate for that Treasury Rate Interest determination date will be the Bond Equivalent Yield of the rate on the Treasury Rate Interest determination date of the applicable Treasury Bills as published in H.15(519) under the caption "U.S. Government Securities/Treasury Bills/Secondary Market".

If the rate referred to in the preceding sentence is not so published by 3:00 P.M., New York City time, on the related calculation date, the Treasury Rate for that Treasury Rate Interest determination date will be the rate on the Treasury Rate Interest determination date of the applicable Treasury Bills as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying the applicable rate, under the caption "U.S. Government Securities/Treasury Bills/Secondary Market".

If the rate referred to in the preceding sentence is not so published by 3:00 P.M., New York City time, on the related calculation date, the Treasury Rate for that Treasury Rate Interest determination date will be the rate on the Treasury Rate Interest determination date calculated by the calculation agent as the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on the Treasury Rate Interest determination date, of three leading primary United States government securities dealers (which may include one or more of the agents or their affiliates) selected by the calculation agent (after consultation with us), for the issue of Treasury Bills with a remaining maturity closest to the specified index maturity.

If the dealers selected by the calculation agent are not quoting rates as set forth in the preceding sentence, the rate of interest in effect for the applicable period will be the same as the interest rate in effect on that Treasury Rate Interest determination date.

"Bond Equivalent Yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

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

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

Prime Rate Notes

Prime Rate notes will bear interest at the interest rate (calculated with reference to the Prime Rate and the spread or spread multiplier, if any) specified in the Prime Rate notes and in an applicable pricing supplement, except that the initial interest rate for each Prime Rate note will be the rate specified in the applicable pricing supplement. The calculation agent will determine the Prime Rate for each interest reset period on each Prime Rate Interest determination date.

Unless otherwise specified in an applicable pricing supplement, "Prime Rate" means, with respect to any Prime Rate Interest determination date, the rate published in H.15(519) for that date under the caption "Bank Prime Loan" or, if not so published by 3:00 P.M., New York City time, on the calculation date pertaining to that Prime Rate Interest determination date, the rate on that Prime Rate Interest determination date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "Bank Prime Loan".

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

If neither rate is so published by 3:00 P.M., New York City time, on the calculation date, the Prime Rate for that Prime Rate Interest determination date will be calculated by the calculation agent as the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME1 Page (as defined below) as the applicable bank's prime rate or base lending rate as of 11:00 A.M., New York City time, on that prime rate interest determination date, or if fewer than four rates are so published by 3:00 P.M., New York City time, on the related calculation date, the rate on the prime rate interest determination date calculated by the calculation agent as the arithmetic mean of the prime rates or base lending 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 Prime Rate Interest determination date by three major banks (which may include one or more of the agents or their affiliates) in The City of New York selected by the calculation agent (after consultation with us).

If the banks selected by the calculation agent are not quoting as mentioned in the preceding paragraph, the "Prime Rate" for the interest reset period will be the same as the Prime Rate for the immediately preceding interest reset period (or, if there was no such interest reset period, the rate of interest payable on the Prime Rate notes for which the Prime Rate is being determined shall be the initial interest rate).

"Reuters Screen USPRIME1 Page" means the display on the Reuters Monitor Money Rates Service (or any successor service) on the "USPRIME 1" page (or any other page as may replace that page on that service) for the purpose of displaying prime rates or base lending rates of major United States banks.

CMT Rate Notes

CMT Rate notes will bear interest at the interest rate (calculated with reference to the CMT Rate and the spread or spread multiplier, if any) specified in the CMT Rate notes and in the applicable pricing supplement. The calculation agent will determine the CMT Rate on each CMT Interest determination date.

Unless otherwise specified in the applicable pricing supplement, "CMT Rate" means, with respect to any CMT Interest determination date relating to a CMT Rate note or any floating rate note for which the interest rate is determined with reference to the CMT Rate, if Reuters Page FRBCMT is specified in the applicable pricing supplement:

(a) the percentage equal to the yield for United States Treasury securities at "constant maturity" having the index maturity specified in the applicable pricing supplement as published in H.15(519) under the caption "Treasury Constant Maturities", as the yield is displayed on Reuters (or any successor service) on page FRBCMT (or any other page as may replace the specified page on that service) ("Reuters Page FRBCMT"), or, if not so displayed, on the Bloomberg service (or any successor service) on page NDX 7 (or any other page as may replace the specified page on that service) ("Bloomberg Page NDX 7"), for that CMT Interest determination date, or

(b) if the rate referred to in clause (a) does not so appear on Reuters Page FRBCMT or Bloomberg Page NDX7, as the case may be, the percentage equal to the yield for United States Treasury securities at "constant maturity" having the particular index maturity and for that CMT Interest determination date as published in H.15(519) under the caption "Treasury Constant Maturities", or

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(c) if the rate referred to in clause (b) does not so appear in H.15(519), the rate on that CMT Interest determination date for the period of the particular index maturity as may then be published by either the Federal Reserve System Board of Governors or the United States Department of the Treasury that the calculation agent determines to be comparable to the rate which would otherwise have been published in H.15(519), or

(d) if the rate referred to in clause (c) is not so published, the rate on that CMT Interest determination date calculated by the calculation agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Interest determination date of three leading primary United States government securities dealers in The City of New York (which may include one or more of the agents or their affiliates) (each, a "Reference Dealer"), selected by the calculation agent from five Reference Dealers selected by the calculation agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular index maturity, a remaining term to maturity no more than one year shorter than that index maturity and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

(e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on that CMT Interest determination date calculated by the calculation agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

(f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on that CMT Interest determination date calculated by the calculation agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Interest determination date of three Reference Dealers selected by the calculation agent from five Reference Dealers selected by the calculation agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity closest to the particular index maturity, a remaining term to maturity closest to that index maturity and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

(g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on that CMT Interest determination date calculated by the calculation agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations will be eliminated, or

(h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on that CMT Interest determination date;

if Reuters Page FEDCMT is specified in the applicable pricing supplement:

(a) the percentage equal to the one-week or one-month, as specified in the applicable pricing supplement, average yield for United States Treasury securities at "constant maturity" having the index maturity specified in the applicable pricing supplement as published in H.15(519) opposite the caption "Treasury Constant Maturities", as the yield is displayed on Reuters (or any successor service) on page FEDCMT (or any other page as may replace the specified page on that service) ("Reuters Page FEDCMT") or, if not so displayed, on the Bloomberg service (or any successor service) on Bloomberg Page NDX7 for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which that CMT Interest determination date falls, or

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(b) if the rate referred to in clause (a) does not so appear on Reuters Page FEDCMT or Bloomberg Page NDX7, as the case may be, the percentage equal to the one-week or one-month, as applicable, average yield for United States Treasury securities at "constant maturity" having the particular index maturity and for the week or month, as applicable, preceding that CMT Interest determination date as published in H.15(519) opposite the caption "Treasury Constant Maturities", or

(c) if the rate referred to in clause (b) does not so appear in H.15(519), the one-week or one-month, as applicable, average yield for United States Treasury securities at "constant maturity" having the particular index maturity as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which that CMT Interest determination date falls, or

(d) if the rate referred to in clause (c) is not so published, the rate on that CMT Interest determination date calculated by the calculation agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Interest determination date of three Reference Dealers selected by the calculation agent from five Reference Dealers selected by the calculation agent and eliminating the highest quotation or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular index maturity, a remaining term to maturity no more than one year shorter than that index maturity and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

(e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on that CMT Interest determination date calculated by the calculation agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

(f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on that CMT Interest determination date calculated by the calculation agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Interest determination date of three Reference Dealers selected by the calculation agent from five Reference Dealers selected by the calculation agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular index maturity, a remaining term to maturity closest to that index maturity and in a principal amount that is representative for a single transaction in the securities in that market at the time, or

(g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on that CMT Interest determination date calculated by the calculation agent based on the arithmetic mean of the bid prices obtained and neither the highest or the lowest of the quotations will be eliminated, or

(h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on that CMT Interest determination date.

If two United States Treasury securities with an original maturity greater than the index maturity specified in the applicable pricing supplement have remaining terms to maturity equally close to the particular index maturity, the quotes for the United States Treasury security with the shorter original remaining term to maturity will be used.

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Eleventh District Cost of Funds Rate Notes

Eleventh District Cost of Funds Rate notes will bear interest at the interest rate (calculated with reference to the Eleventh District Cost of Funds Rate and the spread or spread multiplier, if any) specified in the Eleventh District Cost of Funds Rate notes and in the applicable pricing supplement. The calculation agent will determine the Eleventh District Cost of Funds Rate on each Eleventh District Cost of Funds Interest determination date.

The "Eleventh District Cost of Funds Rate" means, with respect to any Eleventh District Cost of Funds Rate Interest determination date, the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which the Eleventh District Cost of Funds Interest determination date falls as set forth under the caption "11th District" on the display on Reuters (or any successor service) on page COFI/ARMS (or any other page as may replace the specified page on that service) ("COFI/ARMS Page") or, if not so displayed, on Bloomberg service (or any successor service) on page ALLX COF (or any other page as may replace the specified page on that service) ("Bloomberg Page ALLX COF") in each case as of 11:00 A.M., San Francisco time, on the Eleventh District Cost of Funds Interest determination date.

The following procedures will be followed if the Eleventh District Cost of Funds Rate cannot be determined as described above:

If the rate does not appear on the COFI/ARMS Page or Bloomberg Page ALLX COF on any related Eleventh District Cost of Funds Interest determination date, the Eleventh District Cost of Funds Rate for the Eleventh District Cost of Funds Interest determination date will be the Eleventh District Cost of Funds Rate Index, as defined below.

If the FHLB of San Francisco fails to announce the rate for the calendar month next preceding the Eleventh District Cost of Funds Interest determination date, then the Eleventh District Cost of Funds Rate for that date will be the Eleventh District Cost of Funds Rate in effect on that Eleventh District Cost of Funds Interest determination date.

The "Eleventh District Cost of Funds Rate Index" will be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that the FHLB of San Francisco most recently announced as the cost of funds for the calendar month immediately preceding the Eleventh District Cost of Funds Interest determination date.

EURIBOR Notes

EURIBOR notes will bear interest at the interest rate (calculated with reference to the European Interbank Offered Rate for deposits in Euros, or EURIBOR, and the spread or spread multiplier, if any) specified in the EURIBOR notes and in the applicable pricing supplement. The calculation agent will determine EURIBOR on each EURIBOR interest determination date.

"EURIBOR" means the rate for deposits in Euros as sponsored, calculated and published jointly by the European Banking Federation and ACI The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the index maturity specified in the applicable pricing supplement, commencing on the applicable interest reset date, as that rate appears on Reuters, or any successor service, on page EURIBOR01 or any other page as may replace that specified page on that service ("Reuters Page EURIBOR01") as of 11:00 A.M., Brussels time, on the applicable interest determination date.

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

The calculation agent will select four major banks in the Euro-zone interbank market, which may include one or more of the agents or their affiliates.

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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 interest determination date. These quotations shall be for deposits in Euros for the period of the specified index maturity, commencing on such interest reset date. Offered quotations must be based on a principal amount equal to at least \$1,000,000 or the approximate equivalent in Euros that is representative of a single transaction in such market at such time.

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

(2) If fewer than two quotations are provided, the calculation agent will select four major banks in the Euro-zone, which may include one or more of the agents or their affiliates, and follow the steps in the two bullet points below.

The calculation agent will then determine EURIBOR for the interest reset period as the arithmetic mean of rates quoted by those four major banks in the Euro-zone to leading European banks at approximately 11:00 A.M., Brussels time, on the EURIBOR interest determination date. The rates quoted will be for loans in Euros, for the period of the specified index maturity, commencing on the interest reset date. Rates quoted must be based on a principal amount of at least \$1,000,000 or the approximate equivalent in Euros that is representative of a single transaction in such market at such time.

If the banks so selected by the calculation agent are not quoting rates as described above, EURIBOR will be the EURIBOR in effect on the applicable interest determination date.

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on the European Union.

Subsequent Interest Periods

We may provide in the applicable pricing supplement relating to any note that we will have the option to reset the interest rate, or the spread, spread multiplier, or method of calculation, as the case may be, for the note. If we have the option to reset, the pricing supplement will also indicate the optional reset date or dates on which the interest rate or the spread, spread multiplier, or method of calculation, as the case may be, may be reset.

We will notify the trustee whether or not we intend to exercise the option relating to the note at least 45 but not more than 60 days prior to an optional reset date for the note. Not later than 40 days prior to the optional reset date, the trustee will mail to the holder of the note a reset notice first class, postage prepaid, indicating whether we have elected to reset the interest rate, or the spread, spread multiplier or method of calculation, as the case may be.

If we elect to reset the interest rate, or the spread, spread multiplier or method of calculation, as the case may be, the trustee will mail to the holder in a manner described above a notice indicating the new interest rate or the new spread, spread multiplier or method of calculation, as the case may be. The notice will also indicate any provisions for redemption during the subsequent interest period, including the date or dates on which or the period or periods during which and the price or prices at which redemption may occur during the subsequent interest period. The subsequent interest period is the period from the optional reset date to the next optional reset date or, if there is no such next optional reset date, to the stated maturity of the note.

Upon the transmittal by the trustee of a reset notice to the holder of a note, the new interest rate or the new spread, spread multiplier and/or method of calculation, as the case may be, will take effect automatically. Except as modified by the reset notice and as described below, the note will have the same terms as prior to the transmittal of the reset notice.

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Despite the foregoing, not later than 20 days prior to an optional reset date for a note, we may, at our option, revoke the interest rate, or the spread or spread multiplier, provided for in the reset notice relating to the optional reset date and establish a higher interest rate, or a higher spread or spread multiplier, as applicable, for the subsequent interest period commencing on the optional reset date.

We can make the revocations by causing the trustee to mail notice of the higher interest rate or higher spread or spread multiplier, as the case may be, first class, postage prepaid, to the holder of the note. The notice will be irrevocable. All notes for which the interest rate or spread or spread multiplier is reset on an optional reset date will bear the higher interest rate, or higher spread, spread multiplier, as the case may be, whether or not tendered for repayment.

The holder of a note will have the option to elect repayment of the note by us on each optional reset date at a price equal to the principal amount of the note plus interest accrued to the optional reset date. In order for a note to be repaid on an optional reset date, the holder of the note must follow the procedures set forth above under "Redemption and Repurchase" for optional repayment. However, the period for delivery of the note or notification to the trustee for the note will be at least 25 but not more than 35 days prior to the optional reset date. Further, a holder who has tendered a note for repayment pursuant to a reset notice may, by written notice to the trustee for the note, revoke any tender for repayment until the close of business on the tenth day prior to the optional reset date.

Renewable Notes

We may also issue from time to time floating rate renewable notes that will bear interest at the interest rate (calculated with reference to a base rate and the spread or spread multiplier, if any) specified in the renewable notes and in the applicable pricing supplement.

The renewable notes will mature on the respective "initial maturity dates" specified in the applicable pricing supplements (each of which shall be an interest payment date for the applicable renewable notes), unless the maturity of all or any portion of the principal amount thereof is extended in accordance with the procedures described below. On the respective "election dates" specified in the applicable pricing supplements for any renewable notes (each of which shall be an interest payment date for the applicable renewable notes), the maturity of the renewable notes will be automatically extended to the interest payment date occurring twelve months after the election date, unless the holder thereof elects to terminate the automatic extension of the maturity of the renewable notes or of any portion thereof having a principal amount of \$2,000 or any multiple of \$1,000 in excess thereof by delivering a notice to that effect to the trustee not less than nor more than a number of days to be specified in the applicable pricing supplement prior to the election date. If no such notice period is specified in the applicable pricing supplement, such notice shall be given no less than 30 days nor more than 60 days prior to the election date. This option may be exercised with respect to less than the entire principal amount of the renewable notes; provided that the principal amount for which the option is not exercised is at least \$2,000 or any larger amount that is an integral multiple of \$1,000. Notwithstanding the foregoing, the maturity of the renewable notes may not be extended beyond the final maturity date, as specified in the applicable pricing supplement. If the holder elects to terminate the automatic extension of the maturity of any portion of the principal amount of the renewable notes and the election is not revoked as described below, that portion will become due and payable on the interest payment date falling six months (unless another period is specified in the applicable pricing supplement) after the election date prior to which the holder made the election.

An election to terminate the automatic extension of maturity may be revoked as to any portion of the renewable notes having a principal amount of \$2,000 or any multiple of \$1,000 in excess thereof by delivering a notice to that effect to the trustee on any day following the effective date of the election to terminate the automatic extension of maturity and prior to the date 15 days before the date on which the portion would otherwise mature. A revocation may be made for less than the entire principal

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amount of the renewable notes for which the automatic extension of maturity has been terminated; provided that the principal amount of the renewable notes for which the automatic extension of maturity has been terminated and for which such a revocation has not been made is at least \$2,000 or any larger amount that is an integral multiple of \$1,000. Notwithstanding the foregoing, a revocation may not be made during the period from and including a record date to but excluding the immediately succeeding interest payment date.

An election to terminate the automatic extension of the maturity of the renewable notes, if not revoked as described above by the holder making the election or any subsequent holder, will be binding upon the subsequent holder.

The renewable notes may be redeemed in whole or in part at our option on the interest payment dates in each year specified in the applicable pricing supplement, commencing with the interest payment date specified in the applicable pricing supplement, at a redemption price as stated in the applicable pricing supplement, together with accrued and unpaid interest to the date of redemption. If any renewable note is redeemed in part, such renewable note must be redeemed in a minimum principal amount of \$2,000 or a multiple of \$1,000 in principal amount in excess thereof; provided that the unredeemed portion of such Redeemable Note must be an authorized denomination. Notwithstanding anything to the contrary in this prospectus supplement, notice of redemption will be provided by mailing a notice of redemption to each holder by first class mail, postage prepaid, at least 180 days (unless otherwise specified in the applicable pricing supplement) prior to the date fixed for redemption. Any redemption of a renewable note shall otherwise be made in accordance with the other terms and provisions set forth in the applicable pricing supplement and in the indenture.

Discount Notes

Discount notes, and possibly other notes, may be issued at a price less than their face amount, principal amount at stated maturity or "stated redemption price at maturity" or may have certain interest payment characteristics that may result in the notes being treated as issued with original issue discount for United States Federal income tax purposes. See "Material United States Federal Income Tax Considerations." Discount notes may bear no interest, except in the case of a default in payment of principal upon acceleration, at stated maturity or upon redemption or repurchase (if applicable), or may bear no interest for a specified period following the date of issue or may bear interest at a rate that at the time of issuance is below market rates. If any maturity of a discount note which bears no interest falls on a day that is not a business day with respect to the discount note, the payment due at maturity will be made on the following day that is a business day with respect to the discount note as if it were made on the date the payment was due and no interest shall accrue on the amount so payable for the period from and after maturity.

In the case of a default in payment of principal upon acceleration, at stated maturity or upon redemption or repurchase (if applicable), the accreted value (as defined below) of discount notes at the date of such default in payment shall bear interest at the "yield to maturity" specified in the applicable note plus 1% (to the extent that the payment of the interest shall be legally enforceable), which shall accrue from the date of the default in payment to the date payment of the principal has been made or duly provided for. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The "accreted value" of a discount note at any date shall be equal to (i) the original issue price of the note plus (ii) the accrued amortization of original issue discount of the note attributable ratably on a daily basis to the period from and including the original issue date to but excluding such date. The calculation of accrual of original issue discount will be computed on the basis of a 360-day year of twelve 30-day months, compounded semiannually.

If an event of default with respect to a discount note occurs and is continuing, a portion of the principal of the note may be declared or, in certain cases, may automatically become due and payable

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in the manner and with the effect provided in the indenture. This portion shall be equal to the accreted value of the note at the time of the acceleration. Upon payment (i) of the accreted value and (ii) of interest on any overdue accreted value (to the extent that the payment of interest shall be legally enforceable), all of our obligations in respect of the payment of the principal of and interest, if any, on the note shall terminate.

If a bankruptcy case is commenced by or against us under the United States Bankruptcy Code (the "Bankruptcy Code"), it is likely that a portion of the face amount of a discount note would be treated as interest and the unamortized portion thereof would be treated as unmatured interest under Section 502(b)(2) of the Bankruptcy Code. Unmatured interest is not allowable as part of a claim under Section 502(b)(2) of the Bankruptcy Code. Although it is impossible to predict accurately what portion, if any, of the face amount of a discount note would be treated as unmatured interest, one possible result is that the bankruptcy court might determine the amount of unmatured interest on the note by reference to the amount of amortized original issue discount of the note for tax purposes or the unamortized debt discount of the note for financial accounting purposes. Each method may yield a substantially different result.

Holders of notes issued with original issue discount will be required to include the amount of original issue discount in income in accordance with applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder. See "Material United States Federal Income Tax Considerations." Certain United States Federal tax considerations and other considerations applicable to any discount notes may be described in an applicable pricing supplement.

Currency Indexed Notes

We may also issue from time to time notes with the principal amount payable on any principal payment date, or the amount of interest payable on any interest payment date, to be determined by reference to the value of one or more currencies (or composite currencies or currency units).

The applicable pricing supplement will set forth:

information as to the one or more currencies (or composite currencies or currency units) to which the principal amount payable on any principal payment date or the amount of interest payable on any interest payment date is indexed;

the denominated currency of the note;

the payment currency of the note;

any material currency risks relating to the specific currencies selected; and

certain additional tax considerations, if any.

The denominated currency and the payment currency may be the same currency or different currencies. Unless otherwise specified in the applicable pricing supplement, interest on currency indexed notes shall be paid in the denominated currency based on the face amount of the note at the rate per annum and on the dates set forth in the applicable pricing supplement. Currency indexed notes may include, but are not limited to, notes of the types described below. An investment in a currency indexed note involves special tax considerations. See "Material United States Federal Income Tax Considerations." Certain United States Federal tax considerations and other considerations applicable to any currency indexed notes may be described in an applicable pricing supplement.

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Currency Linked Securities ("CLS")

CLS are notes pursuant to which the principal amount payable at stated maturity equals the payment currency equivalent at stated maturity of a fixed amount of a designated currency (or composite currency or currency units) (referred to herein as the "indexed currency"). Generally, the fixed amount of indexed currency to which the principal of a CLS will be linked will be approximately equal in value to the face amount of the CLS in the denominated currency based on the exchange rate between the indexed currency and the denominated currency in effect at the time of pricing. The denominated currency, the indexed currency and the payment currency will be identified in the applicable pricing supplement. In addition, the fixed amount of the indexed currency to which the principal of the CLS is linked will be set forth in the applicable pricing supplement for a specific representative face amount of the CLS as well as for the aggregate face amount of all CLS forming part of the same issue.

Holders of CLS may receive an amount of principal greater than, less than or equal in value to the face amount of CLS, depending on the change, if any, from the issue date to the date which is two exchange rate days (as defined below) prior to stated maturity, in the relative exchange rates of the denominated currency, the payment currency and the indexed currency. "Exchange rate day" means, with respect to any currency conversion, any day other than a Saturday or Sunday or a day on which banking institutions in New York City are authorized or required by law or executive order to close and that is a business day in each of the cities designated in the pricing supplement for the currencies being converted.

If the payment currency and the indexed currency are not the same, the payment currency equivalent of the indexed currency amount on any date shall be determined in the manner specified in the applicable pricing supplement.

Reverse Currency Linked Securities ("Reverse CLS")

Reverse CLS are notes pursuant to which the principal amount payable at stated maturity equals the payment currency equivalent at stated maturity of a fixed amount of a designated currency (or composite currencies or currency units) (the "first indexed currency") minus the amount of the payment currency equivalent at stated maturity of a fixed amount of another designated currency (or composite currency or currency units) (the "second indexed currency"). The minimum principal amount payable at stated maturity shall be zero. Generally, the fixed amount of the first indexed currency to which the principal of a Reverse CLS will be linked will be approximately equal in value to twice the face amount of the Reverse CLS in the denominated currency, and the fixed amount of the second indexed currency to which the principal of a Reverse CLS will be linked will be approximately equal in value to the face amount of the Reverse CLS in the denominated currency, in each case based on the exchange rate between each indexed currency and the denominated currency in effect at the time of pricing.

Holders of Reverse CLS may receive an amount of principal greater than, less than (with a minimum of zero) or equal in value to the face amount of the Reverse CLS, depending on the change, if any, from the issue date to the date which is two exchange rate days prior to stated maturity in the relative exchange rates of the denominated currency, the payment currency and the first and second indexed currencies.

The denominated currency, the first and second indexed currencies and the payment currency will be identified in the applicable pricing supplement. In addition, the fixed amounts of the first and second indexed currencies to which the principal of the Reverse CLS is linked shall be set forth in the applicable pricing supplement for a specific representative face amount of the Reverse CLS as well as for the aggregate face amount of all Reverse CLS forming part of the same issue.

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If the payment currency and the first indexed currency or the second indexed currency are not the same, the payment currency equivalent of the first indexed currency amount or the second indexed currency amount, as the case may be, on any date shall be determined in the manner specified in the applicable pricing supplement.

Multicurrency Currency Linked Securities ("Multicurrency CLS")

Multicurrency CLS are notes pursuant to which the principal amount payable at stated maturity equals the payment currency equivalent at stated maturity of a fixed amount of a designated currency (or composite currency or currency units) (the "first indexed currency") plus or minus the payment currency equivalent at stated maturity of a fixed amount of a second designated currency (or composite currency or currency units) (the "second indexed currency") plus or minus the payment currency equivalent at stated maturity of a fixed amount of a third designated currency (or composite currency or currency units) (the "third indexed currency"). The minimum principal amount payable at stated maturity shall be zero. Generally, the added and subtracted fixed amounts of the first, second and third indexed currencies to which the principal of a Multicurrency CLS will be linked will have an aggregate value approximately equal to the face amount of the Multicurrency CLS in the denominated currency based on exchange rates between each indexed currency and the denominated currency in effect at the time of pricing.

Holders of Multicurrency CLS may receive an amount of principal greater than, less than (with a minimum of zero) or equal in value to the face amount of the Multicurrency CLS, depending on the change, if any, from the issue date to the date which is two exchange rate days prior to maturity in the relative exchange rates for the denominated currency, the payment currency and the first, second and third indexed currencies.

The denominated currency, each indexed currency, the payment currency and whether the fixed amounts of the second and third indexed currencies are to be added or subtracted to determine the principal amount payable at stated maturity of the Multicurrency CLS shall be set forth in the applicable pricing supplement. In addition, the fixed amounts of the first, second and third indexed currencies to which the principal of the Multicurrency CLS is linked shall be set forth in the applicable pricing supplement for a specific representative face amount of the Multicurrency CLS as well as for the aggregate face amount of all Multicurrency CLS forming part of the same issue. As used herein, "added indexed currency" means the first indexed currency and any other indexed currency that is added to determine the principal amount payable at stated maturity of the Multicurrency CLS and a "subtracted indexed currency" means an indexed currency that is subtracted to determine the principal amount payable at stated maturity of the Multicurrency CLS.

If any added indexed currency or subtracted indexed currency is not the same as the payment currency, the payment currency equivalent of the added indexed currency amount or subtracted indexed currency amount, as the case may be, on any date shall be determined in the manner specified in the applicable pricing supplement.

Payments upon Acceleration of Maturity

If the principal amount payable at the stated maturity of any CLS, Reverse CLS or Multicurrency CLS shall be declared due and payable prior to its stated maturity, the amount payable with respect to the note will be paid in the denominated currency and will equal the face amount of the note plus accrued interest to but excluding the date of payment.

Notes Linked to Commodity Prices, Equity Indices or Other Factors

We may issue from time to time notes with the principal amount payable on any principal payment date, or the amount of interest payable on any interest payment date, to be determined by reference to

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one or more commodity prices, equity indices or other factors and on any other terms as may be set forth in the applicable pricing supplement.

Payments on Amortizing Notes

We may also issue notes, from time to time, as amortizing notes. "Amortizing notes" are notes for which payments of principal and interest are made in equal installments over the life of the note. Interest on each amortizing note will be computed on the basis of a 360-day year of twelve 30-day months. Payments with respect to amortizing notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof.

Extension of Maturity

We will provide in the applicable pricing supplement relating to each note whether we have the option to extend the stated maturity of the note for one or more whole year periods (each an "extension period") up to but not beyond the final maturity date set forth in such pricing supplement and the basis or formula, if any, for setting the interest rate or the spread or spread multiplier, as the case may be, applicable to any such extension period.

We may exercise the option with respect to a note by notifying the trustee of the exercise at least 45 but not more than 60 days prior to the original stated maturity date of the note in effect prior to the exercise of the option. No later than 40 days prior to the original stated maturity date, the trustee will mail to the holder of the note an extension notice relating to the extension period, first class, postage prepaid, setting forth:

our election to extend the stated maturity of the note;

the new stated maturity;

in the case of a fixed rate note, the interest rate applicable to the extension period;

in the case of a floating rate note, the spread or spread multiplier applicable to the extension period; and

the provisions, if any, for redemption during the extension period, including the date or dates on which or the period or periods during which and the price or prices at which the redemption may occur during the extension period.

Upon the mailing by the trustee of an extension notice to the holder of a note, the stated maturity of the note shall be extended automatically as set forth in the extension notice, and, except as modified by the extension notice and as described in the next paragraph, the note will have the same terms as prior to the mailing of the extension notice.

Notwithstanding the above, not later than 20 days prior to the original stated maturity date for a note, we may, at our option, revoke the interest rate, in the case of a fixed rate note, or the spread or spread multiplier, in the case of a floating rate note, provided for in the extension notice and establish a higher interest rate, in the case of a fixed rate note, or a higher spread or spread multiplier, in the case of a floating rate note, for the extension period by mailing or causing the trustee to mail notice of such higher interest rate or higher spread or spread multiplier, as the case may be, first class, postage prepaid, to the holder of the note. The notice shall be irrevocable. All notes with respect to which the original stated maturity date is extended will bear the higher interest rate, in the case of a fixed rate note, or higher spread or spread multiplier, in the case of a floating rate note, for the extension period.

If we elect to extend the stated maturity of a note, the holder of the note may, if provided for in the applicable pricing supplement, have the option to require repurchase of the note by us on the original stated maturity date at a price equal to the principal amount thereof plus any accrued interest

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to that date. In order for a note to be so repurchased on the original stated maturity date, the holder thereof must follow the procedures set forth above under "Redemption and Repurchase" for repurchase at the option of the holder, except that the period for delivery of the note or notification to the trustee shall be at least 30 but not more than 35 business days prior to the original stated maturity date and except that a holder who has tendered a note for repurchase pursuant to an extension notice may, by written notice to the trustee, revoke the tender for repayment until the close of business on the tenth day prior to the original stated maturity date.

Book-Entry Notes and Information Relating to DTC

The descriptions of operations and procedures of DTC that follow are provided solely as a matter of convenience. These operations and procedures are solely within DTC's control and are subject to changes by DTC, from time to time. Neither we nor the agents take any responsibility for these operations and procedures and urge you to contact DTC or its participants directly to discuss these matters. DTC has advised us as follows:

DTC 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 Securities Exchange Act of 1934.

DTC holds securities that its direct participants deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry transfers and pledges in direct participants' accounts, thereby eliminating the need for physical movement of securities certificates.

Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation, or DTCC. DTCC, in turn, is owned by its principal users, which include banks, broker-dealers, mutual funds and other financial institutions.

Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly, which are referred to as indirect participants and, together with the direct participants, the participants.

The rules applicable to DTC and its participants are on file with the Commission.

Unless otherwise specified in the applicable prospectus supplement, DTC will act as securities depository for the book-entry notes. The book-entry notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). Upon issuance, all book-entry notes having the same original issue date, stated maturity and other terms will be represented by the same global security or securities. One fully registered global security will be issued for all such book-entry notes having the same original issue date, stated maturity and other terms and will be deposited with or on behalf of DTC. If, however, the aggregate principal amount of any book-entry notes with the same stated maturity and other terms exceeds \$500,000,000, then one global security will be issued with respect to each \$500,000,000 of principal amount, and an additional global security will be issued with respect to any remaining principal amount of such notes.

Purchases of book-entry notes under DTC's system must be made by or through direct participants, which will receive a credit for such book-entry notes on DTC's records. The ownership

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interest of each actual purchaser of each book-entry note represented by a global security ("Beneficial Owner") is in turn to be recorded on the records of direct participants and indirect participants. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct participants or indirect participants through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in a global security representing book-entry notes are to be accomplished by entries made on the books of participants acting on behalf of Beneficial Owners.

To facilitate subsequent transfers, all global securities representing book-entry notes which are deposited with, or on behalf of, DTC are registered in the name of DTC's nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of global securities with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the global securities representing the book-entry notes; DTC's records reflect only the identity of the direct participants to whose accounts such book-entry notes are credited, which may or may not be the Beneficial Owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the book-entry notes represented by such global security for all purposes under the indenture. Except as provided below, Beneficial Owners of a global security or securities will not be entitled to have book-entry notes represented by such global security registered in their names, will not receive or be entitled to receive physical delivery of book-entry notes in definitive form (except under the limited circumstances described below) and will not be considered the owners or holders thereof under the indenture. Accordingly, each person owning a beneficial interest in a global security must rely on the procedures of DTC and, if the person is not a participant, on the procedures of the participants through which such person owns its interest, to exercise any rights of a holder under the indenture.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect, from time to time.

If the global securities are redeemable, redemption notices shall be sent to Cede & Co. If less than all of the global securities with the same stated maturity and other terms are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such global securities to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the global securities representing the book-entry notes. Under its usual procedures, DTC mails an Omnibus Proxy to us as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the book-entry notes are credited on the applicable record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, premium, if any, and/or interest, if any, on the global securities representing the book-entry notes will be made to DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detailed information from us or the trustee for such notes on the payable date in accordance with the respective holdings shown on DTC's records. Payments by participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participant and not of DTC, the trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of

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principal, premium, if any, and/or interest, if any, on any of the global securities representing book-entry notes to DTC is the responsibility of us and the trustee, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of direct participants and indirect participants.

A Beneficial Owner will give notice of any option to elect to have its book-entry notes repaid by us, through its participant, to the trustee, and will effect delivery of the applicable book-entry notes by causing the participant to transfer the participant's interest in the global security or securities representing such book-entry notes, on DTC's records, to the trustee. The requirement for physical delivery of book-entry notes in connection with a demand for repayment will be deemed satisfied when the ownership rights in the global security or securities representing such book-entry notes are transferred by direct participants on DTC's records.

DTC may discontinue