RYDER SYSTEM INC
Form 424B2
February 27, 2007

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PROSPECTUS SUPPLEMENT
(To prospectus dated February 27, 2007)

Filed Pursuant to Rule 424(b)(2)
Registration No. 333-140928

Ryder System, Inc.

Medium-Term Notes
Due 9 Months or More From the Date of Issue

We may offer our medium-term notes at one or more times. The following terms may apply to particular notes being offered.

They will have maturities of nine months or more.

They may be subject to redemption or repayment at the option of Ryder System, Inc. or the holder.

They will be denominated in U.S. dollars unless otherwise specified by Ryder System, Inc. and described in a pricing supplement, a form of which is attached as Annex A to this prospectus supplement.

They may bear interest at a fixed or floating interest rate. Certain notes issued at a discount may not bear interest. Floating interest rates may be based on any of the following formulas:

Commercial Paper Rate	Prime Rate
Federal Funds Rate	CMT Rate
LIBOR	Another interest rate index specified
Treasury Rate	in the pricing supplement

They may be issued as indexed notes.

They may be issued in certificated or book-entry form.

Interest will be paid on fixed rate notes semi-annually and at maturity.

Interest will be paid on floating rate notes on dates determined at the time of issuance.

They will be issued in minimum denominations of $1,000 and multiples of $1,000.

We will specify the final terms for each note, which may be different from the terms described in this prospectus supplement, in the applicable pricing supplement.

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

	Price to Public	Agents Commissions	Proceeds to Us

Per Note	100%(1)	.125%-.750%	99.25%-99.875%

(1) Unless the pricing supplement provides otherwise, we will issue the notes at 100% of their principal amount.

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 or the related prospectus. Any representation to the contrary is a criminal offense.

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

Banc of America Securities LLC
BNP PARIBAS
BNY Capital Markets Inc.
Citigroup
Dresdner Kleinwort
JPMorgan
KBC Financial Products
Mizuho Securities USA Inc.
Morgan Stanley
RBC Capital Markets
RBS Greenwich Capital
SunTrust Robinson Humphrey
Wachovia Securities

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. Ryder System, Inc. has not authorized anyone to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus. Ryder System, Inc. is offering to sell the notes and seeking offers to buy the notes only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement, the accompanying prospectus and any pricing supplement, as well as information filed by us with the Securities and Exchange Commission and incorporated by reference in these documents, is accurate only as of their respective dates, regardless of the time of delivery of this prospectus supplement or any sale of the notes. In this prospectus supplement, the Company, we, us and our refer to Ryder System, Inc. and not any of its subsidiaries, except where the context otherwise requires or as otherwise indicated.

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RISK FACTORS

Your investment in the notes is subject to certain risks, especially if the notes involve in some way a foreign currency. This prospectus supplement and any pricing supplement do not describe all of the risks of an investment in the notes. You should consult your own financial and legal advisors about the risks entailed by an investment in the notes and the suitability of your investment in the notes in light of your particular circumstances. You should also consider carefully the matters described below, as well as the Risk Factors and other factors described in the Forward-Looking Statements sections of documents incorporated by reference into the accompanying prospectus.

Risk Factors Related to the Notes

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

If you invest in notes indexed to one or more interest rate, currency 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, 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.

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

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

The information set forth in this prospectus supplement with respect to foreign currency risks is general in nature. We disclaim any responsibility to advise prospective purchasers of foreign currency notes with respect to any matters that may affect the purchase, holding or receipt of payments of principal of, premium, if any, and interest on such notes. Such persons should consult their own counsel with regard to such matters.

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

If your notes are redeemable at our option, this means that we have the right, without your consent, to redeem or call all or a portion of your notes at any time, or at a specific point in time, as specified in the relevant pricing supplement. This does not mean that you have a similar right to require us to repay your notes. Where such redemption right exists, we may choose to redeem your notes when prevailing interest rates are lower than the rate then borne by your notes. In that case you would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the notes being redeemed. Any such redemption right of ours also may adversely impact your ability to sell your notes, and/or the price at which you could sell your notes, as the redemption date approaches. You should consult with a competent professional on related consequences of purchasing redeemable notes before purchasing them.

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

The credit ratings on the Medium-Term Note program may not reflect the potential impact of all risks related to the structure and other factors on the value of the specific notes that you purchase. In addition, real or anticipated changes in our credit ratings will generally affect the market value of the notes.

You may not be able to sell your notes because a trading market for your notes may not develop or be maintained.

In making your evaluation of the notes, you should assume that you will be holding the notes until their maturity. The notes will not have an established trading market when issued. We may not list the notes on any securities exchange. We cannot assure you that a trading market for your notes will ever develop or be maintained. If liquidity is important to you, you should consider this before buying the notes.

Many factors affect the trading market and market value of your notes.

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

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

These factors are interrelated in complex ways. As a result, the effect of any one factor may be offset or magnified by the effect of another factor. In addition, securities that are designed for specific investment objectives or strategies often experience a more limited trading market and more price volatility. You should consider the fact that there may be a limited number of buyers when you decide to sell your notes. The Agents may make a market in the notes, but the Agents are not obligated to do so and they may discontinue market-making activities at any time without notice, at their sole discretion. A lack of buyers will negatively affect the price you may receive for your notes if you decide you want to sell your notes prior to maturity. You may have no ability to sell your notes at all at certain times. In such a case, you will have to retain your notes. You should not purchase notes unless you understand and know you can bear all of the investment risks related to your notes.

There may be certain tax consequences of holding the notes.

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

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ABOUT THIS PROSPECTUS SUPPLEMENT AND THE PRICING SUPPLEMENTS

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

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

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

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TERMS OF THE NOTES

General

The following description (unless otherwise specified in a pricing supplement) of the particular terms of our Medium-Term Notes (the Notes) offered hereby supplements, and to the extent inconsistent therewith replaces, the description of the general terms of the Debt Securities set forth under the heading Description of the Debt Securities in the accompanying prospectus.

The Notes are a series of the debt securities described in the accompanying prospectus. See Description of the Debt Securities on pages [six to twelve] of the accompanying prospectus for additional information concerning the Notes and the Indenture (as defined in the accompanying prospectus) under which they are to be issued. Capitalized terms used but not defined below have the meanings given to them in the accompanying prospectus, and in the Indenture relating to the Notes, or in the applicable pricing supplement.

The Notes are to mature on any day nine months or more from the date of issue (the Issue Date) as selected by the purchaser and agreed to by us.

The Notes issued under the Indenture will constitute our unsecured and unsubordinated general obligations and rank equally with all of our other unsecured and unsubordinated indebtedness outstanding from time to time.

Each Note will bear interest at either:

a fixed rate, which may be zero in the case of certain Notes issued at an Issue Price (as defined below) representing a discount from the principal amount payable at maturity (a Zero Coupon Note), or

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

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

Each Note will be issued initially as either a Book-Entry Note or a Certificated Note. Except as set forth in the accompanying prospectus under Description of the Debt Securities Global Securities, Book-Entry Notes will not initially be issuable as Certificated Notes. The Notes are issuable in denominations of $1,000 or any amount in excess thereof which is an integral multiple of $1,000. Unless otherwise specified in the applicable pricing supplement attached hereto, the Notes will be issued at 100% of their principal amount.

Principal and interest will be payable, and Certificated Notes will be transferable and exchangeable, at the office of The Bank of New York, as Trustee, at 2001 Bryan Street, 10th Floor, Dallas, TX 75201, Attention: MMI Operations or such other office or offices as we designate from time to time, provided that payment of interest on Certificated Notes may be made at our option by check mailed to the registered Holders of such Notes and provided further that the holder of $10 million or more of Certificated Notes with similar tenor or terms will be entitled to receive payment by wire transfer in U.S. dollars, but only if appropriate payment instructions have been received in writing not later than 15 calendar days prior to the applicable Interest Payment Date.

As used herein:

Business Day with respect to any Note means, unless otherwise specified in the applicable pricing supplement, any day, other than a Saturday or Sunday, that meets each of the following applicable requirements: the day is

(a) neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to be closed in The City of New York; and

(b) if such Note is a LIBOR Note, a London Banking Day.

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

Discount Note means

(a) a Note which provides for an amount less than the stated principal amount thereof to be due and payable upon declaration of acceleration of the maturity thereof pursuant to the Indenture; and

(b) any other Note that for United States Federal income tax purposes would be considered an original issue discount note;

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

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

Maturity Date with respect to any Note means the date on which such Note will mature, as specified thereon; and

Principal Financial Center means, as applicable

(a) the capital city of the country issuing the Specified Currency (as defined below); or

(b) the capital city of the country to which the LIBOR Currency relates;

provided, however, that with respect to United States dollars, Australian dollars, Canadian dollars, Euro, South African rand and Swiss francs, the Principal Financial Center shall be The City of New York, Sydney, Toronto, London (solely in the case of the LIBOR Currency), Johannesburg and Zurich, respectively; and

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

Unless otherwise specified in the applicable pricing supplement, the Notes will be denominated in, and payments of principal, premium, if any, and/or interest, if any, in respect thereof will be made in, United States dollars. The Notes also may be denominated in, and payments of principal, premium, if any, and/or interest, if any, in respect thereof may be made in, one or more foreign currencies. The currency in which a Note is denominated (or, if that currency is no longer legal tender for the payment of public and private debts in the country issuing that currency or, in the case of Euro, in the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, the currency which is then legal tender in the related country or in the adopting member states of the European Union, as the case may be) is referred to as the Specified Currency with respect to the particular Note. References to United States dollars , U.S. dollars , U.S.$ or $ are to the lawful currency of the United States of America (the United States).

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

Book-Entry Notes may be transferred or exchanged only through the Depositary. See Book-Entry Notes. Registration of transfer or exchange of Certificated Notes will be made at the office or agency maintained by us for this purpose in the City of New York. No service charge will be imposed for any such registration of transfer or exchange of Notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith (other than certain exchanges not involving any transfer).

The pricing supplement relating to each Note will describe the following terms, as applicable:

the principal amount of each Note;

whether such Note is a Fixed Rate Note, a Floating Rate Note, a Discount Note or a Zero Coupon Note;

the price (expressed as a percentage of the aggregate principal amount thereof) at which such Note will be issued (the Issue Price);

the Issue Date;

the Maturity Date of such Note;

if such Note is a Fixed Rate Note, the rate per annum at which such Note will bear interest, if any (the Interest Rate);

if such Note is a Floating Rate Note, the Base Rate, the Initial Interest Rate, the Interest Reset Period, the Interest Reset Dates, the Interest Payment Dates, the Index Maturity, the Maximum Interest Rate and the Minimum Interest Rate, if any, and the Spread or Spread Multiplier, if any (all as defined herein), and any other terms relating to the particular method of calculating the Interest Rate for such Note;

whether such Note may be redeemed at our option or repaid at the option of the holders thereof prior to its Maturity Date, and if so, the provisions relating to such redemption or repayment;

whether such Note will be represented by a Global Note or a certificate issued in definitive form;

certain special tax consequences of the purchase, ownership and disposition of certain Notes, if any; and

any other terms of such Note not inconsistent with the provisions of the Indenture.

Fixed Rate Notes

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

Interest will be paid to the person in whose name the Fixed Rate Note is registered at the close of business on the Record Date next preceding the April 1 and October 1 interest payment date (each an Interest Payment Date). Notwithstanding the foregoing, periodic payments of interest will not be made with respect to any Zero-Coupon Note. Interest payable on the Maturity Date will be payable to the person in whose name the Fixed Rate Note is registered on the Maturity Date and to whom principal shall be payable. The first payment of interest on any Fixed Rate Note issued between a Record Date and an Interest Payment Date will be made on the next succeeding Interest Payment Date to the registered owner at the close of business on the Record Date next preceding the date of payment.

We may change interest rates from time to time but no such change will affect any Fixed Rate Notes theretofore issued or as to which we have accepted an offer. Each payment of interest shall include interest accrued through the day preceding the Interest Payment Date or Maturity Date or date of redemption or repayment. If any Interest Payment

Date or the Maturity Date or date of redemption or repayment of a Fixed Rate Note falls on a day that is not a Business Day, the payment will be made on the next Business Day as if it were made on the date payment was due, and no interest will accrue after that Interest Payment Date, Maturity Date or the date of redemption or repayment.

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Floating Rate Notes

Each Floating Rate Note will bear interest from its Issue Date at a rate per annum equal to:

the Initial Interest Rate set forth on the applicable pricing supplement until the first Interest Reset Date and

thereafter at rates determined by reference to the Base Rate plus or minus the Spread, if any, or multiplied by the Spread Multiplier, if any (each as specified in the applicable pricing supplement), until the principal thereof is paid or payment thereof is duly provided for.

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

a maximum numerical interest rate limitation, or ceiling, on the rate of interest that may accrue during any interest period (the Maximum Interest Rate) and

a minimum numerical interest rate limitation, or floor, on the rate of interest that may accrue during any interest period (the Minimum Interest Rate).

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

the Commercial Paper Rate (a Commercial Paper Rate Note),

LIBOR (a LIBOR Note),

the Treasury Rate (a Treasury Rate Note),

the Federal Funds Rate (a Federal Funds Rate Note),

the Prime Rate (a Prime Rate Note),

the CMT Rate (a CMT Rate Note) or

such other Base Rate or interest rate formula as is specified in the applicable pricing supplement.

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

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

in the case of Floating Rate Notes that reset daily, each Business Day;

in the case of Floating Rate Notes (other than Treasury Rate Notes) that reset weekly, Wednesday of each week;

in the case of Treasury Rate Notes that reset weekly, Tuesday of each week;

in the case of Floating Rate Notes that reset monthly, the third Wednesday of each month;

in the case of Floating Rate Notes that reset quarterly, the third Wednesday of March, June, September and December;

in the case of Floating Rate Notes that reset semiannually, the third Wednesday of each of two months specified in the applicable pricing supplement; and in the case of Floating Rate Notes that reset annually, the third Wednesday of the month specified in the applicable pricing supplement.

If any Interest Reset Date for any Floating Rate Note would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next day that is a Business Day, except, in the case of a LIBOR Note, if such Business Day is in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Business Day.

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

in the case of Floating Rate Notes which reset daily, weekly or monthly, on the third Wednesday of each month or on the third Wednesday of March, June, September and December;

in the case of Floating Rate Notes which reset quarterly, on the third Wednesday of March, June, September and December;

in the case of Floating Rate Notes which reset semiannually, on the third Wednesday of each of the two months specified in the applicable pricing supplement;

in the case of Floating Rate Notes which reset annually, on the third Wednesday of the month specified in the applicable pricing supplement; and

in each case, on the Maturity Date thereof.

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

Interest will be paid to the person in whose name a Floating Rate Note is registered at the close of business on the Record Date immediately preceding an Interest Payment Date. Interest payable on the Maturity Date or the date of redemption or repayment will be payable to the person in whose name a Floating Rate Note is registered on that date and to whom principal shall be payable. The first payment of interest on any Floating Rate Note issued after a Record Date and before the next succeeding Interest Payment Date shall be made on the second succeeding Interest Payment Date to the registered owner at the close of business on the Record Date next preceding the date of such payment.

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

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

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

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

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

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

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

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

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

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

Commercial Paper Rate Notes

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

Unless otherwise specified in the applicable pricing supplement, the Commercial Paper Rate means, with respect to any Interest Determination Date, the Money Market Yield, calculated as described below, of the rate on such date for commercial paper having the Index Maturity designated in the applicable pricing supplement as published by the Board of Governors of the Federal Reserve System in Statistical Release H.15(519), Selected Interest Rates, or any successor publication of such Board (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 such rate is not published by 3:00 p.m., New York City time, on the Calculation Date pertaining to such Interest Determination Date, then the Commercial Paper Rate shall be the Money Market Yield of the rate on that Interest Determination Date for commercial paper having the Index Maturity designated in the applicable pricing supplement as set forth in the daily update of the Board of Governors of the Federal Reserve System at http://www.bog.frb.fed.us/releases/h15/update or any successor site or publication (the H.15 Daily Update) paper having the Index Maturity on the face hereof.

If such rate is neither published in H.15(519) or in the H.15 Daily Update by 3:00 p.m., New York City time, on the Calculation Date pertaining to such Interest Determination Date, then the Commercial Paper Rate for that Interest Determination Date shall be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean of the offered rates of three leading dealers of commercial paper in The City of New York, which may include the Agents or the Calculation Agent or their affiliates, selected by the Calculation Agent (after consulting with us) as of 11:00 a.m., New York City time, on that Interest Determination Date, for commercial paper having the Index Maturity designated in the applicable pricing supplement placed for an industrial issuer whose bond rating is AA, or the equivalent, from a nationally recognized rating agency; provided, however, that, if the dealers selected as aforesaid are not quoting as mentioned in this sentence, the Commercial Paper Rate will be the Commercial Paper Rate in effect on such Interest Determination Date.

Money Market Yield shall be a yield (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 per annum rate for the commercial paper, quoted on a bank discount basis and expressed as a decimal; and M refers to the actual number of days in the interest period for which interest is being calculated.

LIBOR Notes

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

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

(i) With respect to an Interest Determination Date, LIBOR shall equal either: (A) the arithmetic mean, as determined by the Calculation Agent, of the offered rates which appear on the display specified in the applicable pricing supplement on the LIBOR page of the Reuters Monitor Money Rates Service (or such other relevant page as may replace that page on that service) (the Reuters Screen) or (B) the offered rate which appears on page 3750 of the Moneyline Telerate service, or any successor service, (or such other page as may replace that page on that service) (the Telerate Page), in each case as of 11:00 a.m., London time, on that Interest Determination Date; if neither the Reuters Screen nor the Telerate Page is specified in the applicable pricing supplement, LIBOR will be determined as if the Telerate Page had been specified; provided, however, in the case of (A) above, if fewer than two such offered rates so appear on the Reuters Screen, or in the case of (B) above, if no rate appears on the Telerate Page, LIBOR for that Interest Determination Date will be determined as described in (ii) below.

(ii) If, on any Interest Determination Date, fewer than two offered rates appear on the Reuters Screen and if no rate appears on the Telerate Page, as the case may be, the Calculation Agent will request the principal London office of each of four major banks in the London interbank market, which may include the Agents or the Calculation Agent or their affiliates, as selected by the Calculation Agent (after consulting with us), to provide the Calculation Agent with its quotation of the rate offered to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that Interest Determination Date for deposits in U.S. dollars having the Index Maturity, and in a principal amount equal to an amount not less than $1,000,000 that is representative of a single transaction in such market at such time (a Representative Amount). If at least two such quotations are provided, LIBOR will be the arithmetic

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mean of such quotations. If fewer than two quotations are provided, LIBOR will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on such Interest Determination Date by three major U.S. banks, which may include the Agents or the Calculation Agent or their affiliates, selected by the Calculation Agent (after consulting with us), for loans in U.S. dollars to leading European banks having the Index Maturity designated in the applicable pricing supplement, commencing on the second London Banking Day immediately following that Interest Determination Date and in a Representative Amount, provided, however, that if fewer than three banks selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, LIBOR for such date will be LIBOR in effect on such Interest Determination Date.

Treasury Rate Notes

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

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

(a) the rate from the auction held on the Treasury Rate Interest Determination Date (the Auction) of direct obligations of the United States (Treasury Bills) having the Index Maturity specified in the applicable pricing supplement under the caption INVESTMENT RATE on the display on Moneyline Telerate (or any successor service) on page 56 (or any other page as may replace that page on that service) (Moneyline Telerate Page 56) or page 57 (or any other page as may replace that page on that service) (Moneyline Telerate Page 57), or

(b) if the rate referred to in clause (a) is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as defined below) of the rate for the applicable Treasury Bills as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying the applicable rate, under the caption U.S. Government Securities/ Treasury Bills/ Auction High , or

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

(d) if the rate referred to in clause (c) is not so announced by the United States Department of the Treasury, or if the Auction is not held, the Bond Equivalent Yield of the rate on the particular Interest Determination Date of the applicable Treasury Bills as published in H.15(519) under the caption U.S. Government Securities/ Treasury Bills/ Secondary Market , or

(e) if the rate referred to in clause (d) is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on the particular Interest Determination Date of the applicable Treasury Bills as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying the applicable rate, under the caption U.S. Government Securities/ Treasury Bills/ Secondary Market , or

(f) if the rate referred to in clause (e) is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on the particular Interest Determination Date calculated by the Calculation Agent as the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on that Interest Determination Date, of three primary United States government securities dealers, which may include the Agents or the Calculation Agent or their affiliates, selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable pricing supplement, or

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

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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.

Federal Funds Rate Notes

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

Unless otherwise specified in the applicable pricing supplement, the Federal Funds Rate means, with respect to any Interest Determination Date, the rate on that day for Federal Funds as published in H.15(519) under the heading Federal Funds (Effective). The following procedures will be followed if the Federal Funds Rate cannot be determined as described above:

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

If