

PRINCIPAL FINANCIAL GROUP INC

Form 424B3

November 21, 2007

**PROSPECTUS SUPPLEMENT**

**(To prospectus dated November 21, 2007)**

**\$5,000,000,000**

**Secured Medium-Term Notes (That are also Asset-Backed Securities)  
Due Between Nine Months and Thirty Years From the Date of Issue  
Issued Through and Obligations of  
Principal Life Income Fundings Trusts  
Secured by Funding Agreements Issued by  
Principal Life Insurance Company and  
Guarantees Issued by Principal Financial Group, Inc.**

**Principal Life:** We are Principal Life Insurance Company, an Iowa insurance company, the sponsor of the program and the depositor and issuer of the funding agreements described below. This prospectus supplement relates to the offering, from time to time, through newly established separate and distinct issuing entities in the form of the trusts described below, of one or more series of secured medium-term notes (that are also asset-backed securities), which we refer to in this prospectus supplement as notes, in an aggregate principal amount of up to \$5,000,000,000 or the equivalent amount in one or more foreign or composite currencies, less any principal amount of notes previously issued under this program pursuant to this prospectus supplement, our Principal<sup>®</sup> Life CoreNotes<sup>®</sup> program issued primarily to retail investors pursuant to a separate prospectus supplement dated the date hereof, our secured medium-term notes retail program issued primarily to retail investors pursuant to a separate prospectus supplement dated the date hereof or otherwise under the accompanying prospectus.

**Issuing Entities:** The applicable trust will use the net proceeds from the offering of its series of notes to purchase a funding agreement sold to, and deposited into, the applicable trust, by us. Our payment obligations under the funding agreement relating to the applicable series of notes will be fully and unconditionally guaranteed by a guarantee issued by Principal Financial Group, Inc., a Delaware corporation and our indirect parent ( PFG ).

Each trust exists for the exclusive purpose of issuing and selling one series of notes to investors, using the net proceeds from the sale of that series of notes to acquire a funding agreement from us, collaterally assigning and granting a security interest in the applicable funding agreement, and collaterally assigning and granting a security interest in the applicable guarantee, in favor of the indenture trustee, and engaging in other activities necessary or incidental thereto.

The notes are obligations of the applicable issuing entity. The notes are secured medium-term notes that are also asset-backed securities.

You should read this prospectus supplement, the accompanying prospectus and the applicable pricing supplement carefully before you invest in the notes.

**The notes:** The specific terms and conditions of each series of notes will be as set forth in a separate pricing supplement. The notes of each series will:

be issued by a separate and distinct trust and will be the obligations of that issuing entity;

rank as secured indebtedness of the trust secured primarily by a funding agreement issued by us;

unless otherwise specified in the applicable pricing supplement, not be listed on any securities exchange;

be issued in only one class;

unless otherwise specified in the applicable pricing supplement, have a minimum denomination of \$1,000 and integral multiples in excess thereof or other specified denominations for foreign currencies;

be in book-entry or definitive form;

have a stated maturity of between 9 months and 30 years from the date of issue;

have redemption and/or repayment provisions, if applicable, whether mandatory or at the option of the trust or the holders of the notes;

represent non-recourse obligations of the trust and be paid only from the assets of that trust;

represent the trust's obligations only and will not represent obligations of, represent interests in, or be guaranteed by, us, PFG or any of our or its affiliates;

provide for payment in U.S. dollars or one or more foreign currencies;

bear interest at fixed or floating rates, or bear no interest at all;

pay interest on each series of notes on a monthly, quarterly, semi-annual or annual basis (unless otherwise specified in the applicable pricing supplement); and

be sold to United States and foreign institutional and other investors.

Holders of a series of notes may look only to the trust's rights and title in the funding agreement issued to, and deposited into, the applicable trust by us, the related guarantee issued by PFG and any proceeds of that funding agreement and guarantee held in the trust and not to any other assets or collateral held by any other trust, us or PFG.

**Investing in the notes involves risks that are described in the Risk Factors section beginning on page 2 of the accompanying prospectus.**

**None of the Securities and Exchange Commission (the SEC), any state securities commission or any state insurance commission has approved or disapproved of these securities or determined if this prospectus supplement, the accompanying prospectus or any pricing supplement is truthful or complete. Any representation to the contrary is a criminal offense.**

The trusts may sell notes to one or more of the applicable agents referred to below (collectively, the Agents) as principals for resale at varying or fixed offering prices or through the applicable Agents using their reasonable efforts on behalf of the trust.

**Merrill Lynch & Co.  
Banc of America Securities LLC  
Barclays Capital  
Bear, Stearns & Co. Inc.**

**Citi**  
**Credit Suisse**  
**Deutsche Bank Securities**  
**Goldman, Sachs & Co.**  
**JPMorgan**  
**Lehman Brothers**  
**Morgan Stanley**  
**UBS Investment Bank**  
**Wachovia Securities**

The date of this prospectus supplement is November 21, 2007.

Principal<sup>®</sup> and Principal Financial Group and Design<sup>®</sup> are registered service marks of Principal Financial Services, Inc. and are used under license.

CoreNotes<sup>®</sup> is a registered service mark of Merrill Lynch & Co., Inc.

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**ABOUT THIS PROSPECTUS SUPPLEMENT AND THE PRICING SUPPLEMENTS**

This document is a prospectus supplement and supplements a prospectus which is part of the registration statement that we and PFG have filed with the SEC. This prospectus supplement provides you with a general description of the notes being offered, through newly established separate and distinct trusts and the underlying funding agreements and guarantees, and supplements the description of the notes, the underlying funding agreements and guarantees contained in the accompanying prospectus. These notes may be offered from time to time, through trusts, in one or more series of notes with a total initial public offering price or purchase price of up to \$5,000,000,000 or the equivalent amount in one or more foreign or composite currencies, less any principal amount of notes previously issued under this program pursuant to this prospectus supplement, our Principal<sup>®</sup> Life CoreNotes<sup>®</sup> program issued primarily to retail investors pursuant to a separate prospectus supplement dated the date hereof, our secured medium-term notes retail program issued primarily to retail investors pursuant to a separate prospectus supplement dated the date hereof or otherwise under the accompanying prospectus.

The specific terms and conditions of notes being offered and the related funding agreement and guarantee will be contained in a pricing supplement. A copy of that pricing supplement will be provided to you along with a copy of this prospectus supplement and the accompanying prospectus. That pricing supplement also may add, update, supplement or clarify information in this prospectus supplement and the

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accompanying prospectus. You should carefully review such additional, updated, supplemental or clarifying information contained in the pricing supplement. You should read this prospectus supplement and the accompanying prospectus and the pricing supplement together with the additional information that is incorporated by reference in this prospectus supplement and the accompanying prospectus. That additional information is described under the heading "Incorporation of Certain Documents by Reference" beginning on page 12 of the accompanying prospectus.

You should rely only on the information incorporated by reference or provided in this prospectus supplement, the accompanying prospectus and the applicable pricing supplement. None of us, PFG, any trust or 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. None of us, PFG, any trust or 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 and the applicable pricing supplement, as well as information PFG previously filed with the SEC and incorporated by reference, is accurate only as of its respective date. The business, financial condition, results of operations and prospects of us and PFG may have changed since that date.

In this prospectus supplement, references to "Principal Life," "we," "us" and "our" are to Principal Life Insurance Company, an Iowa life insurance company, references to "PFG" are to Principal Financial Group, Inc., a Delaware corporation and our indirect parent company, and references to "trust" are to the applicable newly established separate and distinct special purpose common law trust, formed in a jurisdiction located in the United States of America specified in the applicable pricing supplement, which actually issues the applicable series of notes. In this prospectus supplement, we refer to each series of Secured Medium-Term Notes as a "series of notes" and to Secured Medium-Term Notes in general as "notes."

In this prospectus supplement, references to "United States dollars," "U.S. dollars" or "\$" are to lawful currency of the United States of America, and references to "euros" are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the treaty establishing the European Community, as amended.

## SUMMARY

*This section summarizes the material legal and financial terms of the notes and the underlying funding agreements and guarantees that are described in more detail in Description of the Notes beginning on page S-13 of this prospectus supplement, Description of the Funding Agreements beginning on page S-38 of this prospectus supplement, and Description of the Guarantees beginning on page 36 of the accompanying prospectus. Final terms of any particular series of notes and the related funding agreement and guarantee are set at the time of sale and will be contained in a pricing supplement relating to that series of notes and the related funding agreement and guarantee. That pricing supplement may add to, update, supplement or clarify the terms contained in this summary. In addition, you should read the more detailed information appearing elsewhere in the accompanying prospectus, this prospectus supplement and the applicable pricing supplement.*

The Trusts	Each series of notes will be issued by a newly established and separately created common law trust. Each trust will be established by GSS Holdings II, Inc., as trust beneficial owner, and U.S. Bank Trust National Association, as trustee, pursuant to a trust agreement (each, a trust agreement ). The assets and liabilities of each trust are separate and distinct from the assets and liabilities of every other trust, us and PFG.
The Sponsor and the Depositor	We are the sponsor of the program and a registrant as the depositor and issuer of the funding agreements under the program.
The Guarantor	PFG is a registrant as the issuer of the guarantees that will fully and unconditionally guarantee our payment obligations under the funding agreements.
Purpose of Trusts	<p>The sole purpose of each trust is to facilitate a program for the issuance of notes to the public. Each trust may only issue one series of notes and such notes will be issued only on the original issue date for such notes. Each series of notes will be secured by only one funding agreement purchased from us by the applicable trust, the principal amount of which may not be increased. Our payment obligations under each funding agreement will be fully and unconditionally guaranteed by PFG. The trust will use the net proceeds received from issuing a series of notes to acquire a funding agreement for, and to be held in, the trust. The trust will hold the collateral described below pertaining to the applicable series of notes to fund its obligations under that series of notes. Notes issued by the trust will be the direct obligations of the trust and will not be the obligations of any other trust, us or PFG. Holders of notes of a particular series may only look to the funding agreement issued by us, the related guarantee issued by PFG and any proceeds of such funding agreement and guarantee held in the related trust for payment on their notes and not to the assets held in any other trust or by us or PFG.</p> <p>We and PFG are not affiliated with any trust. Neither we, PFG nor any of our officers, directors, subsidiaries or affiliates owns any beneficial interest in any trust nor has any of these persons or entities entered into any agreement with any trust other than in furtherance of the issuance of</p>

notes from time to time as contemplated by this prospectus supplement and the accompanying prospectus.

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Neither we, PFG nor any of our officers, directors, subsidiaries or affiliates is affiliated with the trustee, the trust beneficial owner or the indenture trustee relating to the notes.

Below is a diagram showing the parties involved in the issuance of notes by each trust.

**We Can Issue Medium-Term Notes and Funding Agreements Directly to Investors**

We are able to issue our own medium-term notes directly to investors and do issue funding agreements directly to investors. However, by securing each trust's notes with a funding agreement, such trust's notes are secured by an asset that would have a higher priority in insolvency than our unsecured medium-term notes, if any, and may be entitled to receive a higher investment rating from one or more nationally recognized rating agencies than our unsecured medium-term notes. In addition, funding agreements are very difficult to transfer and have no active secondary market. By securing each trust's notes with a funding agreement, investors may be able to avail themselves of many of the benefits of our funding agreements while benefiting from the liquidity afforded by each trust's medium-term notes.

**Agents**

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Banc of America Securities LLC, Barclays Capital Inc., Bear, Stearns & Co. Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., J.P. Morgan Securities Inc., Lehman Brothers Inc., Morgan Stanley & Co. Incorporated, UBS Securities LLC and Wachovia Capital Markets, LLC.

**Secured Medium-Term Notes Program**

This prospectus supplement relates to notes that one or more trusts may issue and sell to United States and foreign institutional and other investors under our secured medium-term notes program.

Principal<sup>®</sup> Life CoreNotes<sup>®</sup> Program

Included in the registration statement, of which this prospectus supplement is a part, is another prospectus supplement relating to notes that may be issued and sold to retail investors by newly established trusts under the related Principal<sup>®</sup> Life CoreNotes<sup>®</sup> program. The terms of the Principal<sup>®</sup> Life CoreNotes<sup>®</sup> are identical in all material respects to the terms of the notes to be sold under this program, as described in this prospectus supplement, except that the Principal<sup>®</sup> Life CoreNotes<sup>®</sup>:

may not be issued as amortizing notes;

will be denominated in U.S. dollars only;

will not provide for the payment of additional amounts relating to any required withholding under any circumstances; and

may contain a survivor's option, permitting optional repayment of notes of a series of notes, subject to certain limitations, prior to maturity, if requested, following the death of the beneficial owner of notes of that series of notes.

Secured Medium-Term Notes Retail Program

Included in the registration statement, of which this prospectus supplement is a part, is another prospectus supplement relating to notes that may be issued and sold to retail investors by newly established trusts under the related secured medium-term notes retail program. The terms of the secured medium-term notes retail program are identical in all material respects to the terms of the notes to be sold under this program, as described in this prospectus supplement, except that the secured medium-term retail notes:

may not be issued as amortizing notes;

will be denominated in U.S. dollars only;

will not provide for the payment of additional amounts relating to any required withholding under any circumstances; and

may contain a survivor's option, permitting optional repayment of notes of a series of notes, subject to certain limitations, prior to maturity, if requested, following the death of the beneficial owner of notes of that series of notes.

Amount

The trusts may collectively issue up to a maximum aggregate principal amount of \$5,000,000,000 of notes, or the equivalent in one or more foreign or composite currencies, in connection with this prospectus supplement, less any principal amount of notes previously issued under this program pursuant to this prospectus supplement, our Principal<sup>®</sup> Life CoreNotes<sup>®</sup> program pursuant to a separate prospectus supplement dated the date hereof, our secured medium-term notes retail program pursuant to

a separate prospectus supplement dated the date hereof or otherwise under the accompanying prospectus.

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Flow of Funds

Other than during the occurrence and continuance of an event of default under the notes of a trust, amounts received by or on behalf of the trust will be paid:

*first*, to amounts due under the notes; and

*second*, with respect to any remaining funds, in accordance with the applicable trust agreement.

During the occurrence and continuance of an event of default under the notes of a trust, amounts received by or on behalf of the trust will be paid:

*first*, to the payment of the reasonable and customary expenses and counsel fees incurred by the indenture trustee and any other amounts due and unpaid to the indenture trustee, in an aggregate amount of no more than \$250,000 for all notes issued under the program, to the extent not paid pursuant to the applicable expense and indemnity agreement;

*second*, to amounts due under the notes; and

*third*, with respect to any remaining funds, in accordance with the applicable trust agreement.

See Description of the Notes Application of Money Collected Under the Indenture in the accompanying prospectus.

Since we and PFG are registrants, purchasers of notes may proceed directly against us and PFG to enforce their rights under the United States federal and state securities laws. The right of such purchasers to proceed against us, with respect to the applicable funding agreement, under the United States federal and state securities laws, is no different than if we had issued the funding agreement directly to such purchasers. The right of such purchasers to proceed against PFG, with respect to the applicable guarantee, under the United States federal and state securities laws is no different than if PFG had issued the guarantee directly to such purchasers.

Terms of the Notes:

*Status*

Each series of notes will be the unconditional, direct, non-recourse, secured and unsubordinated obligations of the applicable trust. Each series of notes will be secured by the collateral relating to that series of notes.

Each series of notes may be accelerated in the payment of principal and outstanding interest if an event of default under the notes occurs. Upon the occurrence of an event of default, the indenture trustee (described below), on behalf of the holders of such notes, may only proceed against the collateral held in the related trust.

The notes of each series are not, and will not be, obligations of, or guaranteed by, us or any other insurance company or any affiliate of ours, including

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PFG. The notes will not benefit from any insurance guarantee fund coverage or any similar protection.

*Payment of Principal and Interest*

Principal and interest payments, if any, on any series of notes will be made solely from the proceeds of a funding agreement purchased with respect to such series of notes for, and to be held in, the related trust and the full and unconditional guarantee issued by PFG of our payment obligations under the relevant funding agreement.

Each series of notes may be interest bearing or non-interest bearing as specified in the applicable pricing supplement. Each series of notes may bear interest at either a fixed rate or a floating rate, or a combination of fixed rates and floating rates, as specified in the applicable pricing supplement.

The principal amount of each note (other than amortizing notes) will be payable on its stated maturity date, repayment date or redemption date, as specified in the applicable pricing supplement, at the corporate trust office of the paying agent, acting in its capacity as servicer, or any other place the relevant trust designates.

Unless otherwise specified in the applicable pricing supplement, interest, if any, on each series of notes will be payable on a monthly, quarterly, semi-annual or annual basis.

A trust may issue amortizing notes that pay an amount in respect of both interest and principal amortized over the life of the note as specified in the applicable pricing supplement.

*Interest Rate*

Each fixed rate note will bear interest from its date of issue at the rate(s) stated in the applicable pricing supplement until the principal is paid. Each floating rate note will bear interest from the date of original issuance until the principal is paid at a rate determined by reference to an interest rate or interest rate formula, which may be adjusted by a spread and/or spread multiplier (each as more fully described under *Description of the Notes* ). The applicable pricing supplement will designate one or more of the following interest rate bases along with the index maturity for that interest rate basis:

the CD Rate;

the CMT Rate;

the Commercial Paper Rate;

the Eleventh District Cost of Funds Rate;

EURIBOR;

the Federal Funds Open Rate;

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the Federal Funds Rate;

LIBOR;

the Prime Rate; or

the Treasury Rate.

Interest, if any, will be payable monthly, quarterly, semi-annually or annually on each interest payment date and on the maturity date or, if applicable, earlier redemption or repayment, and, with respect to fixed rate notes, will be computed on the basis of a 360-day year of twelve 30-day months, unless otherwise specified in the applicable pricing supplement.

*Maturities*

Unless otherwise specified in the applicable pricing supplement, each series of notes will mature between nine months and 30 years from its date of original issuance on the last scheduled interest payment date, as specified in the applicable pricing supplement.

*Redemption and Repayment*

A trust will redeem its series of notes if we redeem the funding agreement securing such series of notes. Except as otherwise specified in the accompanying prospectus, this prospectus supplement or the applicable pricing supplement, the funding agreement securing a series of notes will not be redeemable by us and no series of notes will be repayable at the option of the holder prior to their stated maturity date. Unless otherwise specified in the applicable pricing supplement, the notes will not be subject to any sinking fund.

Each trust may issue a series of notes which may be redeemed by the issuing trust when 20% or more of the original principal balance is outstanding. Notes that may be redeemed at a time when 20% or more of the original principal amount of such notes are outstanding will be designated in their title as *callable* in the applicable pricing supplement.

**Withholding Tax**

All amounts due in respect of the notes of any series, the related guarantee and the related funding agreement will be made without any applicable withholding or deduction for or on account of any present or future taxes, duties, levies, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of any governmental authority, unless such withholding or deduction is required by law. Unless otherwise specified in the applicable pricing supplement, none of the notes, the related guarantee or the related funding agreement will provide for the payment of additional amounts relating to any required withholding or deduction imposed or levied on payments in respect of a series of notes, the related guarantee or the related funding agreement. As a result, unless otherwise specified in the applicable pricing supplement, the risk of any such withholding or deduction, whether or not as a result of a change in law or otherwise, will be borne by the holders of such series of notes.

Material United States Federal Income  
Tax Considerations

We intend to take the position, for United States federal income tax purposes, that each trust will be disregarded and that the notes will be treated as representing our indebtedness (the Intended Tax

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Characterization ). Each holder of a note (or any beneficial interest therein), by acceptance of the note (or beneficial interest therein), agrees to the Intended Tax Characterization. Accordingly, holders of the notes generally will have the same United States federal income tax consequences from the purchase of the notes as they would have had if they purchased a debt obligation issued directly by us. Prospective purchasers of the notes must carefully consider the tax consequences of the ownership and disposition of the notes set forth under Material United States Federal Income Tax Considerations.

Fees and Expenses

We will pay the costs and expenses incurred by a trust under the expense and indemnity agreements with each of the indenture trustee, the custodian, the trust beneficial owner and the trustee (on behalf of itself and each trust formed in connection with the issuance of a series of notes) and any additional service provider appointed from time to time.

Under each expense and indemnity agreement, we will pay certain costs and expenses relating to the offering, sale, issuance and administration of any series of notes and certain costs, expenses and taxes incurred by a trust and will indemnify the indenture trustee, the custodian, the trust beneficial owner, the trustee, each trust and additional service providers appointed from time to time with respect to certain matters. See Fees and Expenses in the accompanying prospectus.

We anticipate that the indenture trustee fees for the program will be approximately \$215 per year for each series of notes.

Denominations; Currency

Unless otherwise specified in the applicable pricing supplement, the notes will be denominated in U.S. dollars and sold in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

Listing

Unless otherwise specified in the applicable pricing supplement, your series of notes will not be listed on any securities exchange.

Form of Notes

Unless otherwise specified in the applicable pricing supplement, each series of notes will be issued in fully registered form and will be initially represented by one or more book-entry notes registered in the name of Cede & Co., the nominee of The Depository Trust Company, as depositary. Each book-entry note will be held by the indenture trustee as custodian for the depositary or its nominee.

Clearing Systems

The Depository Trust Company and/or, in relation to any series of notes, any other clearing system as may be specified in the applicable pricing supplement.

Collateral

The notes of any series will be secured by the right, title and interest of the applicable trust in and to (1) the relevant funding agreement held in that trust, (2) the related guarantee issued by PFG to the trust fully and unconditionally guaranteeing our payment obligations under the funding

agreement, (3) all proceeds of the funding agreement and the guarantee and all amounts and instruments on deposit from time to time in the related collection account, (4) all books and records pertaining to the relevant funding

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agreement and the related guarantee and (5) all rights of the trust pertaining to the foregoing.

Each series of notes will be secured by the collateral held in the applicable trust. The trust will collaterally assign and grant a security interest in the related funding agreement and the related guarantee in favor of the indenture trustee for the benefit of the holders of notes of the applicable series.

Under the custodial agreement (the custodial agreement ) entered into among the indenture trustee, Bankers Trust Company, N.A. (the custodian ) and the trustee (on behalf of each trust to be formed in connection with the issuance of a series of notes), upon the collateral assignment of and grant of security interest in the funding agreement and the guarantee related to a series of notes of a trust, the custodian will hold the funding agreement and the guarantee, on behalf of the indenture trustee in the State of Iowa.

#### Funding Agreements

A funding agreement is a type of insurance company product in which the purchaser, usually an institutional investor, pays the insurance company a deposit and, in turn, receives scheduled payments of principal and interest. The deposit we receive on the issuance of a funding agreement will be part of our general account and not allocated to any of our separate accounts. Our general account is the account which contains all of our assets and liabilities other than those held in our separate accounts. (Separate accounts are segregated accounts which are established for certain products that we sell. A separate account holds assets and liabilities specifically related to one or more products and segregates these assets and liabilities from the assets and liabilities of all other separate accounts and the assets and liabilities of our general account.) Since the deposit made under any funding agreement will be part of our general account, our obligations under each funding agreement will be the obligations of our general account, rather than the obligations of any separate account. As such, we will invest the proceeds from the sale of funding agreements in a portfolio of assets which along with our other general account assets will be used to meet our contractual obligations under the funding agreements and our other general account obligations. We will earn the spread differential between the cost of our obligations under the funding agreements and the yield on our invested assets. We may periodically, consistent with our past practice and subject to all applicable regulatory restrictions on our insurance operations, dividend a portion of the spread income to PFG.

Each trust will use the net proceeds received from the sale of its series of notes to purchase a funding agreement issued by us, the terms of which will be set forth in the applicable pricing supplement. The funding agreement will have a deposit amount equal to the sum of the principal amount (or issue price in the case of discount notes) of the related series of notes and the amount of the beneficial interest in the related trust. The rate

at which the funding agreement bears interest will be equal to the rate of interest, if any, on the related series of notes. The funding agreement will otherwise have substantially similar payment and other terms to the related series of notes.

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Each funding agreement is our unsecured obligation. See Ratings below.

In the event of our impairment or insolvency, the Iowa Insurance Commissioner will be authorized and directed to commence delinquency proceedings for the purpose of liquidating, rehabilitating, reorganizing or conserving us pursuant to Iowa Code Sections 507C.4, 507C.12, 507C.13, 507C.14 and 507C.16. In conducting delinquency proceedings, claims are prioritized and an order of distribution is specified pursuant to Iowa Code Section 507C.42. There are nine classes within the priority scheme, with each successive class being fully junior to the preceding class. Class 1 priority is given to the costs and expenses of administration of the insurer during the delinquency proceedings and Class 2 priority is given to the claims (1) of the insurer's policyholders, (2) of guaranty associations, (3) under funding agreements of the insurer, (4) for an insufficiency in the assets of a separate account and (5) for unearned premium. We believe that, in a properly prepared and presented case, a court applying Iowa law would conclude that loss claims of principal and interest in respect of each funding agreement would be accorded Class 2 priority under Iowa Code Section 507C.42 and paid equally in priority with our other policyholders. See Description of the Funding Agreements in the accompanying prospectus.

Iowa law would apply to our insolvency or receivership proceedings. Investors should note, however, that the statutory liquidation priority accorded to funding agreements under Iowa law does not clearly apply to any additional amounts required to be paid (if specified in the applicable pricing supplement and related funding agreement) as may be necessary in order that the net amounts receivable by a holder after any withholding or deduction shall equal the respective amounts which would have been receivable by such holder in the absence of such withholding or deduction. Accordingly, in the event of our insolvency or receivership, claims under a funding agreement for such payments, if any, may not rank equally with either life insurance policy and annuity claims or funding agreement claims, and may rank equally with our unsecured debt obligations, which are given Class 5 priority under Iowa Code Section 507C.42. See Description of the Funding Agreements in the accompanying prospectus.

#### Guarantees

Our payment obligations under the funding agreement issued to each trust will be fully and unconditionally guaranteed by PFG under a guarantee issued by PFG to the trust as described in the accompanying prospectus. Each guarantee will be an unsecured, unsubordinated, contingent obligation of PFG. See Description of the Guarantees in the accompanying prospectus.

#### Ratings

Unless otherwise indicated in the applicable pricing supplement, the notes will have an issue credit rating of AA from Standard & Poor's Rating Service, a division of The McGraw-Hill Companies, Inc. (Standard & Poor's). Standard & Poor's has rated the program AA. If Standard & Poor's changes the program rating, the new program rating will be specified in

the applicable pricing supplement. We expect the program to be rated Aa2 by Moody's

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Investors Service, Inc. ( Moody's ). If Moody's changes the program rating, the new program rating will be specified in the applicable pricing supplement. Notes of a series will be issued under the program only in the event that, at the time of issuance of such series of notes, at least one nationally recognized rating agency would assign an investment grade rating to such series of notes and the funding agreement securing such series of notes.

**Indenture, Indenture Trustee and Servicer** Each trust will issue its series of notes to the public pursuant to an indenture between that trust and Citibank, N.A., in its capacity as indenture trustee. See Description of the Notes General Indenture. The indenture trustee will act as servicer with respect to the program. The indenture is subject to the Trust Indenture Act of 1939, as amended. The indenture trustee is not affiliated with any trust, with us or PFG.

**Administration of the Trusts** U.S. Bank Trust National Association, a national banking association, will be each trust's sole trustee (the trustee). The trustee will not be obligated in any way to make payments under or in respect of the notes. The trustee is not affiliated with us or PFG.

**Trust Beneficial Owner** GSS Holdings II, Inc., a Delaware corporation, will be the sole beneficial owner of each trust (the trust beneficial owner). The beneficial interest of each trust:

will be purchased by the trust beneficial owner for \$15 (or in the case of a trust that issues discount notes, such other amount as corresponds to the discount on such notes), unless otherwise specified in the applicable pricing supplement;

will be issued in book-entry form only;

will entitle the trust beneficial owner to receive payments in respect thereof on the same terms as the payments to be made to the holders of notes of the related series; and

will be subordinated to the related series of notes.

The trust beneficial owner will receive periodic distributions on its beneficial interest at the same rate and on the same day that holders of notes of the related series receive interest payments. On the maturity date of the trust beneficial owner's beneficial interest and the related series of notes, the trust will redeem the principal amount of the related series of notes to the holders of such notes and the principal amount of the beneficial interest to the trust beneficial owner.

The trust beneficial owner is not affiliated with us or PFG.

**Governing Law** The notes and each indenture will be governed by, and construed in accordance with, the laws of the State of New York. Each guarantee

issued by PFG will be governed by, and construed in accordance with, the laws of the State of New York. The trust agreement for the applicable trust will be governed by, and construed in accordance with, the laws of the jurisdiction in which it is formed. Each funding agreement will be governed by the laws of the State of Iowa.

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## DESCRIPTION OF THE NOTES

The following description of the material provisions of the notes supplements the general description of the notes provided in the accompanying prospectus. You should therefore review the accompanying prospectus carefully. You should carefully review the information in this prospectus supplement. The pricing supplement for each offering of notes will contain the specific information and terms and conditions for that offering. As such, you should carefully review the information contained in the pricing supplement, including any description of the method of calculating interest on any note. The applicable pricing supplement may also add, update, supplement or clarify information contained in this prospectus supplement or the accompanying prospectus. It is important for you to consider the information contained in the accompanying prospectus, this prospectus supplement, the applicable pricing supplement, the indenture and the notes in making your investment decision.

This section describes some technical concepts and uses some capitalized terms that are not defined in this prospectus supplement. You should refer to the form of indenture and the form of note certificates filed as exhibits to the registration statement (of which this prospectus supplement and the accompanying prospectus are a part) for the full description of those concepts and complete definitions of these terms.

### General

#### *Indenture*

Each trust will issue one series of notes, subject to and entitled to the benefits of a separate indenture between the trust and the indenture trustee, which will adopt and incorporate the standard indenture terms. Such notes will be issued only on the original issue date for such notes. With respect to a particular trust, we refer to the applicable indenture and the standard indenture terms as the indenture. Each series of notes will be the subject of a pricing supplement. The indenture is subject to, and governed by, the Trust Indenture Act of 1939, as amended. For a description of the terms of the indenture, see *Description of the Notes* beginning 19 the accompanying prospectus.

At the date of this prospectus supplement, the notes offered pursuant to this prospectus supplement are limited to an aggregate initial public offering price or purchase price of up to \$5,000,000,000, or its equivalent in one or more foreign or composite currencies. This amount is subject to reduction as a result of the issuance of notes previously under this program, our Principal® Life CoreNotes® program, our secured medium-term notes retail program or otherwise under the accompanying prospectus.

#### *Collateral*

The notes of a series will be the trust's unconditional, direct, non-recourse, secured and unsubordinated obligations. Under the indenture, the funding agreement issued to and deposited into a trust by us, in exchange for the proceeds received by the trust from the offering of its series of notes and trust beneficial interest, will be collaterally assigned by the trust, and the trust will grant a security interest in the funding agreement, to the indenture trustee for the benefit of the holders of the related series of notes. A trust may purchase only one funding agreement from us and the principal amount of the funding agreement may not be increased. The trust will also collaterally assign and grant a security interest in the guarantee issued by PFG to the trust in favor of the indenture trustee for the benefit of the holders of the related series of notes. Each series of notes will be secured by a security interest in the collateral, consisting of:

the relevant funding agreement;

the related guarantee issued by PFG to the trust, which fully and unconditionally guarantees our payment obligations under the relevant funding agreement;

all proceeds of the relevant funding agreement and the relevant guarantee and all amounts and instruments on deposit from time to time in the related collection account;

all books and records pertaining to the relevant funding agreement and the related guarantee; and

all of the trust's rights pertaining to the foregoing.

Under the custodial agreement, upon the collateral assignment and grant of security interest in the funding

agreement and the guarantee related to a series of notes of a trust, the custodian will hold the funding agreement and the guarantee, on behalf of the indenture trustee in the State of Iowa.

***Ranking***

The notes of a series of a trust will rank equally among themselves.

***Pricing Options***

Notes that bear interest will either be fixed rate notes or floating rate notes, or a combination of fixed rate and floating rate, as specified in the applicable pricing supplement. A trust may also issue discount notes and amortizing notes as specified in the applicable pricing supplement.

***Pricing Supplement***

The pricing supplement relating to the offering of a series of notes will describe the following terms:

the principal amount and specified currency for the note;

whether the note:

(1) is a fixed rate note,

(2) is a floating rate note,

(3) is an amortizing note, meaning that a portion or all of the principal amount is payable prior to the stated maturity date in accordance with a schedule or by application of a formula, and/or

(4) is a discount note that does not bear any interest currently or bears interest at a rate that is below market rates at the time of issuance;

the price at which the note will be issued, which will be expressed as a percentage of the aggregate principal amount or face amount;

the original issue date on which the note will be issued;

the stated maturity date;

if the note is a fixed rate note, the rate per annum at which the note will bear any interest and the Interest Payment Date frequency;

if the note is a floating rate note, relevant terms such as:

(1) the Interest Rate Basis,

(2) the Initial Interest Rate,

(3) the Interest Reset Period or the Interest Reset Dates,

- (4) the Interest Payment Dates,
- (5) the Index Maturity,
- (6) any Maximum Interest Rate,
- (7) any Minimum Interest Rate,
- (8) the spread and/or spread multiplier, and
- (9) any other terms relating to the particular method of calculating the interest rate for the note and whether and how the spread and/or spread multiplier may be changed prior to the stated maturity date;

if the note is an amortizing note, the terms for repayment prior to the stated maturity date;

whether the note may be redeemed by the trust, or repaid at the option of the holder, prior to the stated maturity date and the terms of its redemption or repayment, provided that any such redemption or repayment will be accompanied by the simultaneous redemption or repayment of the relevant funding agreement;

any special United States federal income tax considerations relating to the purchase, ownership and disposition of the note;

the jurisdiction of formation of the trust; and

any other terms of the note provided in the accompanying prospectus to be set forth in a pricing supplement or that are otherwise consistent with the provisions of the indenture under which the note will be issued.

### ***Maturity***

Unless otherwise specified in the applicable pricing supplement, each series of notes will mature on a day between nine months and 30 years from its date of original issuance on the last scheduled interest payment date (the stated maturity date), as specified in the applicable pricing supplement, unless the principal of such series becomes due and payable prior to the stated maturity date, whether, as applicable, by the declaration of acceleration of maturity, notice of redemption by the trust, notice of the registered holder's option to elect repayment or otherwise (we refer to the stated maturity date or any date prior to the stated maturity date on which the particular series of notes becomes due and payable, as the case may be, as the maturity date with respect to the principal of such series of notes repayable on that date).

### ***Currency***

Unless otherwise specified in the applicable pricing supplement, the notes of a series 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. In the alternative, each series of notes may be denominated in, and payments of principal, premium, if any, and/or interest, if any, in respect thereof may be made in, a single foreign currency. The currency in which a particular series of notes 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 the 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 such series of notes.

You will be required to pay for your notes in the specified currency. At the present time, there are limited facilities in the United States for the conversion of United States dollars into foreign currencies and vice versa, and commercial banks do not generally offer non-United States dollar checking or savings account facilities in the United States. The Agent from or through which a foreign currency note is purchased may be prepared to arrange for the conversion of United States dollars into the specified currency in order to enable you to pay for your foreign currency note, provided that you make a request to that Agent on or prior to the fifth business day (as defined below) preceding the date of delivery of the particular foreign currency note, or by any other day determined by that Agent. Each conversion will be made by an Agent on the terms and subject to the conditions, limitations and charges as that Agent may from time to time establish in accordance with its regular foreign exchange practices. You will be required to bear all costs of exchange in respect of your foreign currency note.

A trust may (if so specified in the applicable pricing supplement), without the consent of the holders of any note, redenominate all, but not less than all, of the notes of any series on or after the date on which the member state of the European Union in whose national currency such notes are denominated has become a participant member in the third stage of the European economic and monetary union as more fully set out in the applicable pricing supplement.

### ***Form of Notes; Denominations***

Each trust will issue each note as a book-entry note represented by one or more fully registered global securities, unless otherwise specified in the applicable pricing supplement. Unless otherwise specified in the applicable pricing supplement, the *minimum* denominations of each note will be \$1,000 and integral multiples of \$1,000 in excess thereof.

### ***Listing***

Unless otherwise specified in the applicable pricing supplement, your series of notes will not be listed on any securities exchange.

***Payments***

A trust will make payments of principal of, and premium, if any, and interest and other amounts due and owing, if any, on book-entry notes through the indenture trustee, acting in its capacity as servicer, to the account of the depository or its nominee. See Book Entry Notes. In the case of definitive notes, the trust will make payments of principal of, and premium, if any, and interest and other amounts due and owing, if any, on the maturity date in immediately available funds upon presentation and surrender thereof (and, in the case of any repayment on an optional repayment date, upon

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submission of a duly completed election form if and as required by the provisions described below) at the office or agency maintained by the trust for this purpose in the Borough of Manhattan, The City of New York, which is currently the paying agency office of the indenture trustee located at 388 Greenwich Street, 14th Floor, New York, New York 10013. A trust will make payments of interest and other amounts due and owing, if any, on the maturity date of a definitive note to the person to whom payment of the principal thereof and premium, if any, thereon shall be made. A trust will make payments of interest and other amounts due and owing, if any, on a definitive note on any Interest Payment Date (as defined below) other than the maturity date by check mailed to the address of the registered holder entitled thereto appearing in the note register. Notwithstanding the foregoing, the trust will make payments of interest and other amounts due and owing, if any, on a definitive note on any Interest Payment Date other than the maturity date to each registered holder of \$10,000,000 (or, if the specified currency is other than United States dollars, the equivalent thereof in the particular specified 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 indenture trustee not less than 15 calendar days prior to the particular Interest Payment Date. Any wire transfer instructions received by the indenture trustee shall remain in effect until revoked by the applicable registered holder.

### ***Business Day***

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; provided, however, that, with respect to foreign currency notes, the day must also not be 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 issuing the specified currency (or, if the specified currency is the euro, the day must also be a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open (a TARGET Settlement Date )); provided, further, that, with respect to notes as to which LIBOR (as defined below) is an applicable Interest Rate Basis, the day must also be a London Banking Day, which means a day on which commercial banks are open for business (including dealings in the LIBOR Currency (as defined below)) in London.

### ***Principal Financial Center***

Principal Financial Center means, as applicable:

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

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, the 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.

### ***Registration and Transfer of Notes***

Book-entry notes may be transferred or exchanged only through the clearing systems (described below). Registration of transfer or exchange of definitive notes will be made at the office or agency maintained by the trust for this purpose in the Borough of Manhattan, The City of New York, which is currently the corporate trust office of the indenture trustee located at 388 Greenwich Street, 14th Floor, New York, New York 10013. No service charge will be imposed for any such registration of transfer or exchange of notes, but the trust 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).

**Withholding Tax and Payment of Additional Amounts**

All amounts due in respect of the notes will be made without any applicable withholding or deduction for or on account of any present or future taxes, duties, levies, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of any governmental authority, unless such withholding or deduction is required by

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law. Unless otherwise specified in the applicable pricing supplement, the trust will not pay any additional amounts to holders of any series of notes in respect of any such withholding or deduction, any such withholding or deduction will not give rise to an event of default or any independent right or obligation to redeem the notes of such series and each holder of a note of the applicable series will be deemed for all purposes to have received cash in an amount equal to the portion of such withholding or deduction that is attributable to such holder's interest in the notes as equitably determined by the trust.

If it is specified in the applicable pricing supplement and funding agreement that we have agreed to pay additional amounts to the trust to reflect any required withholding or deduction under the funding agreement and we are required, or based on an opinion of independent legal counsel selected by us a material probability exists that we will be required, to pay additional amounts in respect of such withholding or deduction, pursuant to (a) any amendment to, or change (including any announced prospective change) in, the tax laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein or (b) any amendment to, or change in, an interpretation or application of any such laws or regulations by any governmental authority in the United States, which amendment or change is enacted, promulgated, issued or announced on or after the effective date of the applicable funding agreement, we will have the right to redeem the affected funding agreement by giving not less than 30 and no more than 60 days prior written notice to the trust and by paying the trust the outstanding principal of, and accrued but unpaid interest on, the related funding agreement or such other amount as is specified in the applicable pricing supplement. If we redeem the related funding agreement issued to the trust, the related trust will redeem all of the notes of the applicable series as provided in the indenture. See "Description of the Funding Agreements—Early Redemption for Tax Event" in the accompanying prospectus.

### **European Union Directive on the Taxation of Savings Income**

The European Union has adopted a directive regarding the taxation of savings income, which requires a member state of the European Union to provide to the tax authorities of another member state details of payments of interest and other similar income made by a person within its jurisdiction to an individual or to certain other persons in the other member state, except that Austria, Belgium and Luxembourg may instead impose a withholding system for a transitional period unless during such period they elect otherwise. A number of other countries and territories which are not member states of the European Union (including Switzerland) have adopted similar measures to the directive.

Should any deduction or withholding on account of tax be required to be made, or be made, in accordance with the terms of this section, no additional amounts shall be paid or payable by any trust or by us unless specified in the applicable pricing supplement or funding agreement that additional amounts will be paid.

### **Tax Redemption**

If a "tax event" as to the relevant funding agreement occurs, we will have the right to redeem the funding agreement and, upon such redemption, the applicable trust will redeem its series of notes in the same manner described under "Optional Redemption; Optional Repayment; No Sinking Fund" below. For further discussion of "tax event" redemption, see "Description of the Funding Agreements—Early Redemption for Tax Event" in the accompanying prospectus.

### **Security; Non-Recourse Obligations**

Each series of notes will be solely the obligations of the related trust and will not be guaranteed by any person, including but not limited to us, PFG, any Agent, any of our or their affiliates or any other trust. A trust's obligations under its series of notes will be secured by all of its rights and title in a funding agreement issued by us, the payment obligations of which are guaranteed by the related guarantee issued by PFG to the trust and other rights and assets included in the applicable collateral held in the trust.

Since we will be the sole obligor under the funding agreement and PFG will be the sole obligor under the related guarantee, the trust's ability to meet its obligations, and your ability to receive payments from the trust, with respect to the applicable series of notes, will be principally dependent upon our ability to perform our obligations under the applicable funding agreement held in the

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relevant trust and PFG's ability to perform its obligations under the guarantee of our payment obligations under the related funding agreement. However, you will have no direct contractual rights against us or PFG under the funding agreement or the guarantee, respectively. Under the terms of the funding agreement and related guarantee, recourse rights to us or PFG, respectively, will belong to the trust, its successors and its permitted assignees, but only with respect to the relevant trust. In connection with the offering and sale of a series of notes, the trust will collaterally assign and grant a security interest in the relevant funding agreement for such series of notes to, and the trust will collaterally assign and grant a security interest in the related guarantee in favor of, the indenture trustee for the benefit of the holders of such series of notes. Accordingly, recourse to us under such funding agreement and to PFG under the related guarantee will be enforceable only by the indenture trustee as a secured party on behalf of the holders of such series of notes, or by the holders of such series of notes by directing the indenture trustee under the limited circumstances described in the accompanying prospectus under "Description of the Notes—Certain Rights of Holders." See also "Description of the Notes—Nonrecourse Enforcement" in the accompanying prospectus.

Since we and PFG are registrants, purchasers of notes may proceed directly against us and PFG to enforce their rights under the United States federal and state securities laws. The right by such purchasers to proceed against us, with respect to the applicable funding agreement, under the United States federal and state securities laws is no different than if we had issued the funding agreement directly to such purchasers. The right by such purchasers to proceed against PFG, with respect to the applicable guarantee, under the United States federal and state securities laws is no different than if PFG had issued the guarantee directly to such purchasers.

#### **Optional Redemption; Optional Repayment; No Sinking Fund**

In the case of notes that are not discount notes, if an optional redemption date is specified in the pricing supplement relating to a series of notes, and we have redeemed the related funding agreement in full or part, as applicable, the related trust will redeem the series of notes secured by such funding agreement, in full or in part as applicable, prior to the stated maturity date of such series of notes. Such redemptions shall be made in whole or from time to time in part in increments of \$1,000 or any other integral multiple of an authorized denomination specified in the applicable pricing supplement (provided that any remaining principal amount thereof shall be at least \$1,000 or other minimum authorized denomination applicable thereto), at the applicable redemption price (as defined below), together with unpaid interest, if any, accrued thereon to, but excluding, the date of redemption. The trust must give written notice to the holders of the particular series of notes to be redeemed not more than 60 nor less than 30 calendar days prior to the date of redemption. Redemption price, with respect to a series of notes, means an amount equal to the initial redemption percentage specified in the applicable pricing supplement (as adjusted by the annual redemption percentage reduction, as described in the pricing supplement, if applicable) multiplied by the unpaid principal amount thereof to be redeemed. The initial redemption percentage, if any, applicable to a series of notes shall decline at each anniversary of the initial redemption date by an amount equal to the applicable annual redemption percentage reduction, if any, until the redemption price is equal to 100% of the unpaid amount thereof to be redeemed.

Each trust may issue a series of notes which may be redeemed by the issuing trust when 20% or more of the original principal balance is outstanding, which are referred to as "callable" notes and will be designated in their title as "callable" in the relevant pricing supplement. Unless otherwise specified in the relevant pricing supplement, such series of notes will otherwise be subject to the redemption provisions described herein. For a discussion of the redemption of discount notes, see "Discount Notes."

If fewer than all of the notes are to be redeemed, DTC will select the notes to be redeemed not more than 60 calendar days prior to the redemption date by lot or, if the notes are not in book-entry form, the indenture trustee will do so, in its reasonable discretion, by lot or on a pro rata basis in accordance with its customary procedures. If any note is redeemed in part only, a new note in principal amount equal to the unredeemed principal portion will be issued.

If an optional repayment right is specified in the pricing supplement relating to a series of notes, such notes may be subject to repayment at

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the option of the holders of such series of notes on any repayment date specified in the applicable pricing supplement. Exercise of the repayment option under the notes by the holders will also require the applicable trust to exercise a corresponding repayment under the applicable funding agreement. On any such repayment date, unless otherwise specified in the applicable pricing supplement, the notes shall be repayable in whole or in part in increments of \$1,000 at the option of the holders thereof at a repayment price equal to 100% of the principal amount thereof to be repaid, together with interest thereon payable to the date of repayment. A holder of a series of notes exercising its repayment right must submit to the indenture trustee at its corporate trust office, or at such other place or places of which the relevant trust has notified such holder, the notes to be repaid together with the option to elect repayment form attached to the notes not more than 60 nor less than 30 calendar days prior to the date of repayment. Exercise of such repayment right by a holder shall be irrevocable. If a holder requests repayment in part only, a new note in principal amount equal to the principal portion of the notes not repaid will be issued.

None of the trusts will issue notes that may be repaid at the option of the holders prior to the stated maturity if such issuance would cause the relevant trust to fail to satisfy the applicable requirements for exemption under Rule 3a-7 under the Investment Company Act of 1940, as amended, and all applicable rules, regulations and interpretations thereunder.

Only DTC may exercise a repayment option in respect of notes issued in book-entry form. Accordingly, beneficial owners of notes that desire to exercise their repayment option, if any, with respect to all or any portion of such notes, must instruct the participant through which they own their interest to direct DTC to exercise the repayment option on their behalf by delivering the duly completed election form to the indenture trustee as aforesaid. In order to ensure that the election form is received by the indenture trustee on a particular day, the applicable beneficial owner must so instruct the participant through which it owns its interest before such participant's deadline for accepting instructions for that day. Participants may have different deadlines for accepting instructions from their customers. Accordingly, a beneficial owner should consult the participant through which it owns its interest in the notes for the participant's deadline for receiving payment instructions. In addition, at the time such instructions are given, each such beneficial owner will cause such participant to transfer such beneficial owner's interest in the notes issued in book-entry form, on DTC's records, to the indenture trustee.

No series of notes will be subject to, or entitled to the benefit of, any sinking fund unless otherwise specified in the applicable pricing supplement. A trust may issue amortizing notes that pay a level amount in respect of both interest and principal over the life of the notes, if specified in the applicable pricing supplement. See Amortizing Notes.

### **Purchase of Notes by Us**

We may at any time purchase notes at any price or prices in the open market or otherwise. Notes so purchased by us will be surrendered to the indenture trustee for cancellation. Concurrently with the surrender to the indenture trustee of any note, the funding agreement related to such note will be similarly cancelled.

If applicable, such trust will comply with the requirements of Section 14(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the rules promulgated thereunder, and any other securities laws or regulations in connection with any repurchase of the notes by us.

### **Interest**

Each interest-bearing series of notes will bear interest from its date of issue at the rate per annum, in the case of notes that bear interest at fixed rates, or pursuant to the interest rate formula, in the case of notes that bear interest at floating rates, in each case as specified in the applicable pricing supplement, until the principal thereof is paid or made available for payment. The trust will make interest payments in respect of each series of notes in an amount equal to

the interest accrued from and including the immediately preceding interest payment date in respect of which interest has been paid or from and including the date of issue, if no interest has been paid, to but excluding the applicable interest payment date or the maturity date, as the case may be (each, an interest period ).

Interest on each series of notes will be payable in arrears on each interest payment date, to

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the registered holder at the close of business on the regular interest record date (as defined below) (except that interest, if any, due at maturity will be paid to the person to whom the principal of the note is paid), and on the maturity date. The first payment of interest on any series of notes originally issued between a regular interest record date and the related interest payment date will be made on the interest payment date immediately following the next succeeding regular interest record date to the registered holder on the next succeeding regular interest record date. The regular interest record date shall be the day that is fifteen (15) calendar days preceding the applicable interest payment date, whether or not a business day.

### **Fixed Rate Notes**

In the case of each series of notes that bear interest at fixed rates, the applicable pricing supplement will specify the fixed interest rate per annum applicable to each note and the frequency with which interest is payable. Interest on each series of notes that bears interest at fixed rates will be computed on the basis of a 360-day year of twelve 30-day months.

Unless otherwise specified in the applicable pricing supplement, the interest payment dates for fixed rate notes will be as follows:

#### **Interest Payment**

##### **Frequency**

##### **Interest Payment Dates**

Monthly	Fifteenth day of each calendar month, beginning in the first calendar month following the month the note was issued.
Quarterly	Fifteenth day of every third calendar month, beginning in the third calendar month following the month the note was issued.
Semi-annual	Fifteenth day of every sixth calendar month, beginning in the sixth calendar month following the month the note was issued.
Annual	Fifteenth day of every twelfth calendar month, beginning in the twelfth calendar month following the month the note was issued.

If any interest payment date or the maturity date of a series of notes that bear interest at fixed rates falls on a day that is not a business day, the applicable trust will make the required payment of principal, premium, if any, and/or interest or other amounts on the next succeeding business day, and no additional interest will accrue in respect of the payment made on that next succeeding business day.

Interest rates that each trust offers on its fixed rate notes may differ from the rates offered by other trusts depending upon, among other factors, the aggregate principal amount of notes purchased in any single transaction. Notes with different variable terms other than interest rates may also be offered by other trusts concurrently to different investors. Other trusts may change interest rates or formulas and other terms of notes from time to time, but no change of terms will affect any note any other trust has previously issued or as to which any other trust has accepted an offer to purchase.

### **Floating Rate Notes**

Interest on each series of notes that bears interest at floating rates will be determined by reference to the applicable Interest Rate Basis or Interest Rate Bases, which may, as described below, include:

the CD Rate;

the CMT Rate;

the Commercial Paper Rate;

the Constant Maturity Swap Rate;

the Eleventh District Cost of Funds Rate;

EURIBOR;

the Federal Funds Open Rate;

the Federal Funds Rate;

LIBOR;

the Prime Rate; or

the Treasury Rate.

The applicable pricing supplement will specify certain terms of the particular series of notes that bears interest at floating rates, including:

whether the note that bears interest at floating rates is:

- a Regular Floating Rate Note;
- a Floating Rate/Fixed Rate Note; or
- an Inverse Floating Rate Note;

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the Fixed Rate Commencement Date, if applicable;

Fixed Interest Rate, if applicable;

Interest Rate Basis or Interest Rate Bases;

Initial Interest Rate, if any;

Interest Reset Dates;

Interest Payment Dates;

Index Maturity;

Maximum Interest Rate and/or Minimum Interest Rate, if any;

spread and/or spread multiplier; or

if one or more of the applicable Interest Rate Bases is LIBOR, the LIBOR Currency and LIBOR Page.

The rate derived from the applicable Interest Rate Basis will be determined in accordance with the related provisions below. The interest rate in effect on each day will be based on:

if that day is an Interest Reset Date, the rate determined as of the Interest Determination Date (as defined below) immediately preceding that Interest Reset Date; or

if that day is not an Interest Reset Date, the rate determined as of the Interest Determination Date immediately preceding the most recent Interest Reset Date.

The spread is the number of basis points (one one-hundredth of a percentage point) specified in the applicable pricing supplement to be added to or subtracted from the related Interest Rate Basis or Interest Rate Bases applicable to a series of notes that bears interest at floating rates. The spread multiplier is the percentage specified in the applicable pricing supplement of the related Interest Rate Basis or Interest Rate Bases applicable to a series of notes that bears interest at floating rates by which the Interest Rate Basis or Interest Rate Bases will be multiplied to determine the applicable interest rate. The Index Maturity is the period to maturity of the instrument or obligation with respect to which the related Interest Rate Basis or Interest Rate Bases will be calculated.

Interest rates that each trust offers on its floating rate notes may differ from the rates offered by other trusts depending upon, among other factors, the aggregate principal amount of notes purchased in any single transaction. Notes with different variable terms other than interest rates may also be offered by other trusts concurrently to different investors. Other trusts may change interest rates or formulas and other terms of notes from time to time, but no change of terms will affect any note any other trust has previously issued or as to which any other trust has accepted an offer to purchase.

### ***Regular Floating Rate Notes***

Unless a series of notes that bears interest at floating rates is designated as a series of Floating Rate/Fixed Rate Notes or a series of Inverse Floating Rate Notes, or as having an addendum attached or having other/additional provisions

apply, in each case relating to a different interest rate formula, such series of notes that bears interest at floating rates will be a series of Regular Floating Rate Notes and will bear interest at the rate determined by reference to the applicable Interest Rate Basis or Interest Rate 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, as specified in the relevant pricing supplement, the rate at which interest on a series of Regular Floating Rate Notes 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 series of notes that bears interest at floating rates is designated as a series of Floating Rate/Fixed Rate Notes, such series of notes that bears interest at floating rates will bear interest at the rate determined by reference to the applicable Interest Rate Basis or Interest Rate 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 series of Floating Rate/Fixed Rate Notes 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, as specified in the relevant pricing supplement; and

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 series of notes that bears interest at floating rates is designated as a series of Inverse Floating Rate Notes, such series of notes that bears interest at floating rates will bear interest at the Fixed Interest Rate minus the rate determined by reference to the applicable Interest Rate Basis or Interest Rate Bases:

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

multiplied by the applicable spread multiplier, if any;

provided, however, that interest on a series of Inverse Floating Rate Notes will not be less than zero. Commencing on the first Interest Reset Date, the rate at which interest on a series of Inverse Floating Rate Notes 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.

### ***Interest Reset Dates***

The applicable pricing supplement will specify the dates on which the rate of interest on a series of notes that bears interest at floating rates will be reset (each, an Interest Reset Date ), and the period between Interest Reset Dates will be the Interest Reset Period. Unless otherwise specified in the applicable pricing supplement, the Interest Reset Dates will be, in the case of a series of notes that bears interest at floating rates which reset:

*daily* each business day;

*weekly* the Wednesday of each week, with the exception of weekly reset series of notes that bear interest at floating rates as to which the Treasury Rate is an applicable Interest Rate Basis, which will reset the Tuesday of each week;

*monthly* the fifteenth day of each calendar month, with the exception of monthly reset series of notes that bear interest at floating rates as to which the Eleventh District Cost of Funds Rate is an applicable Interest Rate Basis, which will reset on the first calendar day of the month;

*quarterly* the fifteenth day of March, June, September and December of each year;

*semi-annually* the fifteenth day of the two months of each year specified in the applicable pricing supplement; and

*annually* the fifteenth day of the month of each year specified in the applicable pricing supplement; provided, however, that, with respect to any series of Floating Rate/Fixed Rate Notes, the rate of interest thereon will not reset after the particular Fixed Rate Commencement Date.

If any Interest Reset Date for any series of notes that bears interest at floating rates would otherwise be a day that is not a business day, the particular Interest Reset Date will be postponed to the next succeeding business day, except that in the case of a series of notes that bears interest at floating rates as to which LIBOR is an applicable Interest Rate Basis and that business day falls in the next succeeding calendar month, the particular Interest Reset Date will be the immediately preceding business day.

### ***Interest Determination Dates***

The interest rate applicable to a series of notes that bears interest at floating rates for an Interest Reset Period commencing on the related Interest Reset Date will be determined by reference to the applicable Interest Rate Basis as of the particular Interest Determination Date, which will be:

*with respect to the Federal Funds Open Rate* the related Interest Reset Date;

*with respect to the Federal Funds Rate and the Prime Rate* the business day immediately preceding the related Interest Reset Date;

*with respect to the CD Rate, the Commercial Paper Rate, and the CMT Rate* the second business day preceding the related Interest Reset Date;

*with respect to the Constant Maturity Swap Rate* the second U.S. Government Securities business day (as defined under Constant Maturity Swap Rate below) preceding the related Interest Reset Date; provided, however, that if, after attempting to determine the Constant Maturity Swap Rate (as described under Constant Maturity Swap Rate below), such rate is not determinable for a particular Interest Determination Date (the original interest determination date), then such Interest Determination Date shall be the first U.S. Government Securities business day preceding the original interest determination date for which the Constant Maturity Swap Rate can be determined as described under Constant Maturity Swap Rate below;

*with respect to the Eleventh District Cost of Funds Rate* the last working day of the month immediately preceding the related Interest Reset Date on which the Federal Home Loan Bank of San Francisco publishes the Eleventh District Index (as defined below);

*with respect to LIBOR* the second London Banking Day preceding the related Interest Reset Date, unless the applicable LIBOR Currency is pounds sterling, in which case the Interest Determination Date will be the related Interest Reset Date, or unless the applicable LIBOR Currency is euro, in which case the Interest Determination Date will be the second TARGET Settlement Date preceding the related Interest Reset Date;

*with respect to EURIBOR* the second TARGET Settlement Date preceding the related Interest Reset Date; and

*with respect to the Treasury Rate* the day of the week in which the related Interest Reset Date falls on which day Treasury Bills (as defined below) are normally auctioned (i.e., 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 the auction may be held on the preceding Friday); provided, however, that if an auction is held on the Friday of the week preceding the related Interest Reset Date, the Interest Determination Date will be the preceding Friday.

Unless otherwise specified in the applicable pricing supplement, the Interest Determination Date pertaining to a series of notes that bears interest at floating rates the interest rate of which is determined with reference to two or more Interest Rate Bases will be the latest business day which is at least two business days before the related Interest Reset Date for the applicable note that bears interest at floating rates on which each Interest Reset Basis is determinable.

### ***Calculation Dates***

The indenture trustee will be the Calculation Agent, unless otherwise specified in the applicable pricing supplement. The interest rate applicable to each Interest Reset Period will be determined by the Calculation Agent on or prior to

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the Calculation Date (as defined below), except with respect to LIBOR, EURIBOR and the Eleventh District Cost of Funds Rate, which will be determined on the particular Interest Determination Date. Upon request of the registered holder of a series of notes that bears interest at floating rates, the Calculation Agent will disclose 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 succeeding Interest Reset Date with respect to the particular series of notes that bears interest at floating rates. The Calculation Date, if applicable, pertaining to any Interest Determination Date will be the earlier of:

the tenth calendar day after the particular Interest Determination Date or, if such day is not a business day, the next succeeding business day; or

the business day immediately preceding the applicable Interest Payment Date or the maturity date, as the case may be.

### ***Maximum and Minimum Interest Rates***

A series of notes that bears interest at floating rates may also have either or both of the following if specified in the applicable pricing supplement:

a maximum numerical limitation, or ceiling, that may accrue during any Interest Reset Period (a Maximum Interest Rate ); and

a minimum numerical limitation, or floor, that may accrue during any Interest Reset Period (a Minimum Interest Rate ).

In addition to any Maximum Interest Rate that may apply to a series of notes that bears interest at floating rates, the interest rate on a series of notes that bears interest at floating rates 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.

### ***Interest Payments***

Unless otherwise specified in the applicable pricing supplement, interest on each series of notes that bears interest at floating rates will be payable on the date(s) set forth below (each, an Interest Payment Date with respect to such series of notes that bears interest at floating rates). Unless otherwise specified in the applicable pricing supplement, the Interest Payment Dates will be, in the case of a series of notes that bears interest at floating rates which reset:

*daily, weekly or monthly* the fifteenth day of each calendar month or on the fifteenth day of March, June, September and December of each year, as specified in the applicable pricing supplement;

*quarterly* the fifteenth day of March, June, September and December of each year;

*semi-annually* the fifteenth day of the two months of each year specified in the applicable pricing supplement; and

*annually* the fifteenth day of the month of each year specified in the applicable pricing supplement.

In addition, the maturity date will also be an Interest Payment Date.

If any Interest Payment Date other than the maturity date for any series of notes that bears interest at floating rates would otherwise be a day that is not a business day, such Interest Payment Date will be postponed to the next

succeeding business day, except that in the case of a series of notes that bears interest at floating rates as to which LIBOR is an applicable Interest Rate Basis and that business day falls in the next succeeding calendar month, the particular Interest Payment Date will be the immediately preceding business day. If the maturity date of a series of notes that bears interest at floating rates falls on a day that is not a business day, the trust will make the required payment of principal, premium, if any, and interest or other amounts on the next succeeding business day, and no additional interest will accrue in respect of the payment made on that next succeeding business day.

All percentages resulting from any calculation on notes that bear interest at floating rates will be rounded to the nearest one hundred- thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards. For example, 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655). All dollar amounts used in

or resulting from any calculation on notes that bear interest at floating rates 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 upwards).

With respect to each series of notes that bears interest at floating rates, accrued interest is calculated by multiplying the principal amount of such note that bears interest at floating rates by an accrued interest factor. The accrued interest factor is computed by adding the interest factor calculated for each day in the particular Interest Reset Period. The interest factor for each day will be computed by dividing the interest rate applicable to such day by 360, in the case of a series of notes that bears interest at floating rates as to which the CD Rate, the Commercial Paper Rate, the Eleventh District Cost of Funds Rate, the Federal Funds Open Rate, the Federal Funds Rate, LIBOR, EURIBOR or the Prime Rate is an applicable Interest Rate Basis, or by the actual number of days in the year, in the case of a series of notes that bears interest at floating rates as to which the CMT Rate or the Treasury Rate is an applicable Interest Rate Basis. In the case of a series of notes that bears interest at floating rates as to which the Constant Maturity Swap Rate is the Interest Rate Basis, the interest factor for each day will be computed by dividing the number of days in the interest period by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (i) the last day of the interest period is the 31st day of a month but the first day of the interest period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the interest period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)). The interest factor for a series of notes that bears interest at floating rates as to which the interest rate is calculated with reference to two or more Interest Rate Bases will be calculated in each period in the same manner as if only the applicable Interest Rate Basis specified in the applicable pricing supplement applied.

The Calculation Agent shall determine the rate derived from each Interest Rate Basis in accordance with the following provisions.

***CD Rate***

CD Rate means:

- (1) the rate on the particular Interest Determination Date for negotiable United States dollar certificates of deposit having the Index Maturity specified in the applicable pricing supplement as published in H.15(519) (as defined below) under the caption CDs (secondary market); or
- (2) if the rate referred to in clause (1) 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 for negotiable United States dollar certificates of deposit of the particular Index Maturity as published in H.15 Daily Update (as defined below), or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption CDs (secondary market); or
- (3) if the rate referred to in clause (2) 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 arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on that Interest Determination Date, of three leading non-bank dealers in negotiable United States dollar certificates of deposit in The City of New York (which may include the Agents or their affiliates) selected by the Calculation Agent for negotiable United States dollar certificates of deposit of major United States money market banks for negotiable United States certificates of deposit with a remaining maturity closest to the particular Index Maturity in an amount that is representative for a single transaction in that market at that time; or

(4) if the dealers so selected by the Calculation Agent are not quoting as mentioned in clause (3), the CD Rate in effect on the particular Interest Determination Date.

H.15(519) means the weekly statistical release designated as H.15(519), or any successor

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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.

***CMT Rate***

CMT Rate means:

(1) 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 the Reuters Service ( Reuters ) (or any successor service) on page FRBCMT (or any other page as may replace the specified page on that service) ( Reuters Page FRBCMT ), for the particular Interest Determination Date; or

(b) if the rate referred to in clause (a) does not so appear on Reuters Page FRBCMT, the percentage equal to the yield for United States Treasury securities at constant maturity having the particular Index Maturity and for the particular Interest Determination Date as published in H.15(519) under the caption Treasury Constant Maturities; or

(c) if the rate referred to in clause (b) does not so appear in H.15(519), the rate on the particular 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 the particular 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 Interest Determination Date of three leading primary United States government securities dealers in The City of New York (which may include 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 the particular 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

the particular 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 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 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 the particular 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 the particular Interest Determination Date; or

(2) if CMT 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 ), for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the particular Interest Determination Date falls; or

(b) if the rate referred to in clause (a) does not so appear on Reuters Page FEDCMT, 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 particular Index Maturity and for the week or month, as applicable, preceding the particular 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 specified in the applicable pricing supplement, 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 the particular Interest Determination Date falls; or

(d) if the rate referred to in clause (c) is not so published, the rate on the particular 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 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 the particular 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 the particular 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 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 the particular 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 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.

***Commercial Paper Rate***

Commercial Paper Rate means:

(1) the Money Market Yield (as defined below) on the particular Interest Determination 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 caption Commercial Paper Nonfinancial; or

(2) if the rate referred to in clause (1) is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Money Market Yield of the rate on the particular Interest Determination Date for commercial paper having the particular Index Maturity 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 Commercial Paper Nonfinancial; or

(3) if the rate referred to in clause (2) 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 Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on that Interest Determination Date of three leading dealers of United States dollar commercial paper in The City of New York (which may include the Agents or their affiliates) selected by the Calculation Agent for commercial paper having the particular Index Maturity placed for industrial issuers whose bond rating is Aa , or the equivalent, from a nationally recognized statistical rating organization; or

(4) if the dealers so selected by the Calculation Agent are not quoting as mentioned in clause (3), the Commercial Paper Rate in effect on the particular 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 applicable Interest Reset Period.

***Constant Maturity Swap Rate***

Constant Maturity Swap Rate means:

(1) the rate for U.S. dollar swaps with the designated maturity specified in the applicable pricing supplement, expressed as a percentage, which appears on Reuters Screen (or any successor service) TGM42276 Page as of 11:00 A.M., New York City time, on the particular Interest Determination Date; or

(2) if the rate referred to in clause (1) does not appear on Reuters Screen (or any successor service) TGM42276 Page by 2:00 P.M., New York City time, on such Interest Determination Date, a percentage determined on the basis of the mid-market semi-annual swap rate quotations provided by the reference banks (as defined below) as of approximately 11:00 A.M., New York City time, on such Interest Determination Date, and, for this purpose, the semi-annual swap rate means the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. dollar interest rate swap transaction with a term equal to the designated maturity specified in the applicable pricing supplement commencing on the Interest Reset Date and in a representative amount (as defined below) with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an actual/360 day count basis, is equivalent to USD-LIBOR-BBA with a designated maturity specified in the applicable pricing supplement. The Calculation Agent will request the principal New York City office of each of the reference banks to provide a quotation of its rate. If at least three quotations are provided, the rate for that Interest Determination Date will be the arithmetic mean of the quotations, 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); or

(3) if at least three quotations are not received by the Calculation Agent as mentioned in clause (2), the Constant Maturity Swap Rate in effect on the particular Interest Determination Date.

U.S. Government Securities business day means any day except for 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.

Representative amount means an amount that is representative for a single transaction in the relevant market at the relevant time.

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Reference banks mean five leading swap dealers in the New York City interbank market, selected by the Calculation Agent, after consultation with us.

***Eleventh District Cost of Funds Rate***

Eleventh District Cost of Funds Rate means:

- (1) the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which the particular 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) ( Reuters Page COFI/ARMS ) as of 11:00 A.M., San Francisco time, on that Interest Determination Date; or
- (2) if the rate referred to in clause (1) does not so appear on Reuters Page COFI/ARMS, the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the Eleventh District Index ) by the Federal Home Loan Bank of San Francisco as the cost of funds for the calendar month immediately preceding that Interest Determination Date; or
- (3) if the Federal Home Loan Bank of San Francisco fails to announce the Eleventh District Index on or prior to the particular Interest Determination Date for the calendar month immediately preceding that Interest Determination Date, the Eleventh District Cost of Funds Rate in effect on the particular Interest Determination Date.

***EURIBOR***

EURIBOR means: (1) with respect to any Interest Determination Date relating to a series of EURIBOR Notes or a series of notes that bears interest at floating rates for which the interest rate is determined with reference to EURIBOR (a EURIBOR Interest Determination Date ), 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 the rate appears on Reuters (or any successor service) on page EURIBOR 01 (or any other page as may replace that specified page on the service) ( Reuters Page EURIBOR 01 ) as of 11:00 A.M., Brussels time, on the applicable EURIBOR Interest Determination Date; or (2) if such rate does not appear on Reuters Page EURIBOR 01, or is not so published by 11:00 A.M., Brussels time, on the applicable EURIBOR Interest Determination Date, such rate will be calculated by the Calculation Agent and will be the arithmetic mean of at least two quotations obtained by the Calculation Agent after requesting the principal

Euro-zone (as defined below) offices of four major banks in the Euro-zone interbank market to provide the Calculation Agent with its offered quotation for deposits in euros for the period of the Index Maturity specified in the applicable pricing supplement, commencing on the applicable Interest Reset Date, to prime banks in the Euro-zone interbank market at approximately 11:00 A.M., Brussels time, on the applicable EURIBOR Interest Determination Date and in a principal amount not less than the equivalent of \$1 million in euros that is representative for a single transaction in euro in the market at that time; or (3) if fewer than two such quotations are so provided, the rate on the applicable EURIBOR Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date by four major banks in the Euro-zone for loans in euro to leading European banks, having the Index Maturity specified in the applicable pricing supplement, commencing on the applicable Interest Reset Date and in a principal amount not less than the equivalent of \$1 million in euros that is representative for a single transaction in euros in the market at that time; or (4) if the banks so selected by the Calculation Agent are not quoting as mentioned

above, EURIBOR will be EURIBOR in effect on the applicable EURIBOR Interest Determination Date.

Euro-zone means the region comprised of member states of the European Union that have adopted the single currency in accordance with the

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treaty establishing the European Community, as amended by the treaty on European Union.

***Federal Funds Rates***

Federal Funds Open Rate means the rate set forth on Reuters (or any successor service) on page 5 (or any other page as may replace the specified page on that service) for an Interest Determination Date underneath the caption

FEDERAL FUNDS in the row titled OPEN. If the rate is not available for an Interest Determination Date, the rate for that Interest Determination Date shall be the Federal Funds Rate as determined below.

Federal Funds Rate means:

(1) the rate as of the particular Interest Determination Date for United States dollar federal funds as published in H.15 (519) under the caption EFFECT and displayed on Reuters (or any successor service) on page FEDFUNDS1 (or any other page as may replace the specified page on that service) ( Reuters Page FEDFUNDS1 ); or

(2) if the rate referred to in clause (1) does not so appear on Reuters Page FEDFUNDS1 or is not so published by 5:00 P.M., New York City time, on the related Calculation Date, the rate on the particular 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); or

(3) if the rate referred to in clause (2) is not so published by 5:00 P.M., New York City time, on the related Calculation Date, the rate on the particular Interest Determination Date will be the rate for the first preceding day for which such rate is set forth in H.15(519) under the caption Federal Funds (Effective) , as such rate is displayed on Reuters Page FEDFUNDS1.

***LIBOR***

LIBOR means:

(1) the rate for deposits in the LIBOR Currency having the Index Maturity specified in the applicable pricing supplement, commencing on the related Interest Reset Date, that appears on the LIBOR Page as of 11:00 A.M., London time, on the particular Interest Determination Date; or

(2) if no rate appears on the particular Interest Determination Date on the LIBOR Page as specified in clause (1), the rate calculated by the C