

WASHINGTON MUTUAL, INC

Form 424B5

October 29, 2007

Table of Contents**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee⁽¹⁾
7.25% Subordinated Notes due November 1, 2017	\$ 500,000,000	\$ 15,350

(1) A filing fee of \$15,350 has been calculated in accordance with Rule 457(r) of the Securities Act of 1933 in connection with the securities offered from Registration Statement No. 333-130929 by means of this prospectus supplement.

**Filed Pursuant to Rule 424(b)(5)
Registration Statement No. 333-130929**

PROSPECTUS SUPPLEMENT**TO PROSPECTUS DATED JANUARY 9, 2006**

\$500,000,000

7.250% Subordinated Notes due November 1, 2017

We will pay interest on the 7.250% subordinated notes due November 1, 2017 on each May 1 and November 1. The first interest payment will be made on May 1, 2008.

The notes will not be redeemable prior to their maturity. There will be no sinking fund for the notes. The notes will be unsecured.

The notes will be subordinate in right of payment to all our existing and future senior debt and rank on a parity with all of our other subordinated debt, other than junior subordinated notes as described herein. At June 30, 2007, we had issued and outstanding an aggregate principal amount of \$5.9 billion in debt senior to the notes. The notes will also be effectively subordinated to all liabilities, including deposits, of our subsidiaries. At June 30, 2007, our subsidiaries had approximately \$201.4 billion of deposits and \$66.8 billion of debt outstanding.

The notes will not be listed on any securities exchange or automated inter-dealer quotation system.

See Risk Factors beginning on page S-5 of this prospectus supplement and Factors That May Affect Future Results contained in our Annual Report on Form 10-K for the year ended December 31, 2006, incorporated by reference in this prospectus supplement, to read about important factors you should consider before buying the notes.

	Per Note	Total
Initial public offering price(1)	99.377%	\$ 496,885,000
Underwriting discount	0.500%	\$ 2,500,000

Proceeds to us, before expenses(1)	98.877%	\$ 494,385,000
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(1) Plus accrued interest, if any, from November 1, 2007 if settlement occurs after that date.

The notes are expected to be delivered in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on November 1, 2007.

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

Joint Book-Running Managers

Barclays Capital

Credit Suisse

Lehman Brothers

Morgan Stanley

Co-Managers

Cabrera Capital Markets, LLC

Keefe, Bruyette & Woods

The Williams Capital Group, L.P.

The date of this prospectus supplement is October 25, 2007.

Table of Contents

	Page
Prospectus Supplement	
<u>About this Prospectus Supplement</u>	S-1
<u>Incorporation of Certain Documents by Reference</u>	S-1
<u>Special Note Regarding Forward-Looking Statements</u>	S-1
<u>Washington Mutual, Inc.</u>	S-2
<u>Use of Proceeds</u>	S-3
<u>Ratio of Earnings to Fixed Charges</u>	S-3
<u>Capitalization</u>	S-4
<u>Risk Factors</u>	S-5
<u>Certain Terms of the Notes</u>	S-6
<u>Certain United States Federal Income Tax Consequences to Non-U.S. Holders</u>	S-9
<u>Certain ERISA Considerations</u>	S-11
<u>Underwriting</u>	S-13
<u>Legal Matters</u>	S-14
<u>Experts</u>	S-14

	Page
Prospectus	
<u>About this Prospectus</u>	3
<u>Where You Can Find Additional Information</u>	3
<u>Incorporation of Certain Documents by Reference</u>	4
<u>Special Note Regarding Forward-Looking Statements</u>	4
<u>The Company</u>	5
<u>Use of Proceeds</u>	6
<u>Ratio of Earnings to Fixed Charges</u>	6
<u>Description of Debt Securities</u>	7
<u>Description of Capital Stock</u>	17
<u>Description of Depositary Shares</u>	19
<u>Plan of Distribution</u>	22
<u>Legal Matters</u>	22
<u>Experts</u>	22

You should rely only on the information that this prospectus supplement and the accompanying prospectus contain or incorporate by reference. We have not authorized anyone to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus. We are offering to sell the notes, and seeking offers to buy the notes, only in jurisdictions where offers and sales are permitted. The information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate only as of their respective dates, regardless of the time of their delivery or any sale of the notes.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

We provide information to you about the notes (referred to in the accompanying prospectus as subordinated debt securities) in two documents this prospectus supplement and the accompanying prospectus. Because the terms of the notes may differ from the general terms of the subordinated debt securities described in the accompanying prospectus, you should rely on the information in this prospectus supplement over contradictory information in the accompanying prospectus. You should read the accompanying prospectus and this prospectus supplement together for a complete description of the notes.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Securities and Exchange Commission, or SEC, allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to another document that we filed with the SEC. The information incorporated by reference is an important part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), until we sell all of the notes:

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2006;

Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007; and

Our Current Reports on Form 8-K (in each case, other than information and exhibits furnished to and not filed with the SEC in accordance with SEC rules and regulations) filed on January 22, 2007, February 7, 2007, March 14, 2007, April 23, 2007, May 30, 2007, July 18, 2007, September 13, 2007 and October 17, 2007, and Current Report on Form 8-K/A furnished October 19, 2007.

You may obtain a copy of these filings at no cost, by writing or telephoning us at 1201 Third Avenue, Seattle, Washington 98101, telephone (206) 461-3187, attention Investor Relations Department WMT0735. You should specifically consider the description of our business in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, the risks described under the caption Factors That May Affect Future Results contained therein and the risks described under the caption Risk Factors on page S-5.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with any other information. We are not making an offer of the notes in any state where the offer is not permitted. You should not assume that the information in this prospectus supplement, the accompanying prospectus or any document incorporated by reference is accurate as of any date other than the date of this prospectus supplement.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain or incorporate by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as expects , anticipates , intends , plans , believes , seeks , estimates , or words of similar meaning, or future or conditional verbs such as will , would , should , could or may .

Forward-looking statements provide management's current expectations or predictions of future conditions, events or results. They may include projections of our revenues, income, earnings per share, capital expenditures, dividends, capital structure or other financial items, descriptions of management's plans or objectives for future operations, products or services, or descriptions of assumptions underlying or relating to the foregoing. They are not guarantees of future performance. By their nature, forward-looking statements are subject to risks and uncertainties. These statements speak only as of the date they are made. Management does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise

S-1

Table of Contents

after the date the forward-looking statements were made. There are a number of factors, many of which are beyond management's control or its ability to accurately forecast or predict their significance, which could cause actual conditions, events or results to differ materially from those described in the forward-looking statements. Significant among these factors are the following:

volatile interest rates and their impact on the mortgage banking business;

credit risk;

operational risk;

risks related to credit card operations;

changes in the regulation of financial services companies, housing government-sponsored enterprises and credit card lenders;

competition from banking and nonbanking companies;

general business, economic and market conditions; and

reputational risk.

Each of the factors can significantly impact our businesses, operations, activities, condition and results in significant ways that are not described in the foregoing discussion and which are beyond our ability to anticipate or control, and could cause actual results to differ materially from the outcomes described in the forward-looking statements.

WASHINGTON MUTUAL, INC.

With a history dating back to 1889, Washington Mutual, Inc. is a retailer of financial services to consumers and small businesses. Based on our consolidated total assets at June 30, 2007, we were the largest thrift holding company in the United States and seventh largest among all U.S.-based bank and thrift holding companies.

We operate principally in California, Washington, Oregon, Illinois, Florida, Texas and the greater New York/New Jersey metropolitan area, and have operations in 26 other states. We manage and report information concerning our activities, operations, products and services around four segments: the Retail Banking Group, the Card Services Group, the Home Loans Group and the Commercial Group.

Recent Developments

On October 17, 2007, we announced our results of operations for the quarter ended September 30, 2007. Our net income was \$210 million in the third quarter of 2007, compared with net income of \$748 million in the third quarter of 2006 and \$830 million in the second quarter of 2007.

Net interest income was \$2.014 billion in the third quarter of 2007, compared with \$1.947 billion in the third quarter of 2006 and \$2.034 billion in the second quarter of 2007.

Non-performing assets were approximately \$5.5 billion, or 1.65% of total assets, at September 30, 2007, compared with approximately \$2.40 billion, or 0.69%, at September 30, 2006 and approximately \$4.03 billion, or 1.29%, at June 30, 2007. The provision for loan and lease losses was \$967 million in the third quarter of 2007, compared with

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\$166 million in the third quarter of 2006 and \$372 million in the second quarter of 2007. This resulted in our allowance for loan and lease losses increasing to \$1.9 billion at September 30, 2007, up 21% from June 30, 2007.

Total assets at September 30, 2007 were \$330.1 billion, compared to \$348.9 billion at September 30, 2006 and \$312.2 billion at June 30, 2007. Total loans held in portfolio, net of allowance for loan and lease losses at September 30, 2007, were \$235.2 billion, compared to \$240.2 billion at September 30, 2006 and \$213.4 billion at June 30, 2007.

S-2

Table of Contents

Our results for the third quarter of 2007 reflect adverse developments in the mortgage lending business (and in the housing market more generally) and related volatility and liquidity constraints in the capital markets since June 30, 2007. It appears that those developments will be significantly worse and longer lasting than originally expected. The consequences for us have included:

For the foreseeable future, we likely will have a higher level of non-performing assets leading to higher levels of provisions and charge-offs compared to periods prior to the second quarter of 2007.

Disruptions in the capital markets continue to affect the ability of mortgage originators, including us, to sell mortgage loans to the capital markets through whole loan sales or any securitization format. Loans held in portfolio by us increased during the third quarter of 2007 as a result of its retention of loans that in the past we would have sold through whole loan sales or any securitization format. Such retained loans consist primarily of non-conforming loans.

For additional information regarding our results for operations for the quarter ended September 30, 2007, please see our press release, dated October 17, 2007, which was furnished to the SEC on Form 8-K on October 17, 2007 and Form 8-K/A furnished on October 19, 2007, both of which are incorporated by reference in this prospectus supplement. See *Where You Can Find Additional Information* in the accompanying prospectus.

USE OF PROCEEDS

We anticipate that the net proceeds from the sale of the notes, before estimated expenses payable by us, will be \$494,385,000. We will apply the proceeds from the sale of the notes for general corporate purposes, including providing funding to our subsidiaries. Until we use the proceeds from the sale of the notes for these purposes, we will use the net proceeds to reduce our short-term indebtedness or for temporary investments.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for each of the periods indicated.

	Year Ended December 31,					Six Months
2002	2003	2004	2005	2006	2007	
2.02	2.28	1.89	1.68	1.40	1.43	

For purposes of this ratio, earnings consist of income from continuing operations before income taxes plus fixed charges. Fixed charges consist of interest expense on borrowings and deposits, the estimated interest portion of rent expense and preference security dividend requirements of our consolidated subsidiaries.

Table of Contents**CAPITALIZATION**

The following table sets forth, on a consolidated basis, our capitalization as of September 30, 2007:

on an actual basis; and

as adjusted to give effect to the issuance and sale of the notes offered hereby.

You should read the following table together with our consolidated financial statements and notes thereto incorporated by reference into this prospectus supplement and the accompanying prospectus

	As of September 30, 2007	
	Actual	As Adjusted
	(\$ in millions)	
Deposits	\$ 194,280	\$ 194,280
Federal funds purchased and commercial paper	2,482	2,482
Securities sold under agreement to repurchase	4,732	4,732
Advances from Federal Home Loan Banks	52,530	52,530
Other borrowings	40,887	41,387
Other liabilities	8,289	8,289
Minority interests	2,945	2,945
Total liabilities	306,145	306,645
Stockholders' equity		
Preferred stock	492	492
Common stock		
Capital surplus - common stock	2,575	2,575
Accumulated other comprehensive loss	(390)	(390)
Retained earnings	21,288	21,288
Total stockholders' equity	23,965	23,965
Total liabilities and stockholders' equity	\$ 330,110	\$ 330,610

Table of Contents

RISK FACTORS

Investing in the notes involves risks. You should consider carefully the information set forth in this section and all the other information provided to you or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding whether to invest in the notes.

Risks Relating to the Company

Before investing in the notes, investors should consider the risk factors discussed under the caption **Factors That May Affect Future Results** in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, which is incorporated by reference into this prospectus supplement.

Liquidity is essential to the Company's business.

Our liquidity may be affected by an inability to access the capital markets or by unforeseen demands on cash. This situation may arise due to circumstances beyond our control, such as a general market disruption. During the first half of the year and continuing into the third quarter of 2007, there has been significant volatility in the subprime secondary mortgage market which has spread into markets for all other nonconforming residential mortgages. Since the latter part of July 2007, liquidity in the secondary market for nonconforming residential mortgage loans and securities backed by such loans has diminished significantly. While these market conditions persist, our ability to raise liquidity through the sale of mortgage loans in the secondary market will be adversely affected. We cannot predict with any degree of certainty how long these market conditions may continue or whether liquidity for nonconforming residential mortgages will improve, nor can we anticipate the impact such market conditions will have on loan origination volumes and gain on sale results during the remainder of the year.

Risks Relating to the Offering

The notes will be subordinated to all of our senior debt and will be effectively subordinated to all the obligations of our subsidiaries, and our ability to service our debt will be dependent on the performance of our subsidiaries.

The notes will be subordinated to all of our existing and future senior debt. In addition, the notes will be effectively subordinated to the liabilities, including deposits, of our subsidiaries. The incurrence of other indebtedness or other liabilities by any of our subsidiaries is not prohibited in connection with the notes and could adversely affect our ability to pay our obligations on the notes. As of June 30, 2007, our subsidiaries had \$201.4 billion of deposits and \$66.8 billion of outstanding debt (excluding intercompany liabilities and obligations of a type not required to be reflected on a balance sheet in accordance with generally accepted accounting principles) that would effectively have been senior to the notes. We anticipate that from time to time our subsidiaries will incur additional debt and other liabilities.

The notes will be exclusively our obligation. However, since we conduct a significant portion of our operations through our subsidiaries, our cash flow and our consequent ability to service our debt, including the notes, depend in part upon the earnings of our subsidiaries and the distribution of those earnings by those subsidiaries to us. The payment of dividends and the making of loans and advances to us by our subsidiaries are subject to statutory and contractual restrictions, depend upon the earnings of those subsidiaries and are subject to various business considerations.

We have not agreed to any financial covenants in connection with the notes. Consequently, we will not be required in connection with the notes to meet any financial tests, such as those that measure our working capital, interest

coverage, fixed charges or net worth, in order to maintain compliance with the terms of the notes.

We cannot assure you that an active trading market will develop for the notes.

Prior to this offering, there was no market for the notes. The notes will not be listed on any securities exchange or included in any automated quotation system. The underwriters have informed us that they intend

S-5

Table of Contents

to make a market in the notes after this offering is completed. They may, however, cease their market making at any time without notice. The price at which the notes may trade will depend on many factors, including, but not limited to, prevailing interest rates, general economic conditions, our performance and financial results and markets for similar securities. Historically, the markets for debt such as the notes have been subject to disruptions that have caused substantial volatility in their prices. The market, if any, for the notes may be subject to similar disruptions which may have an adverse effect on the holders of the notes.

CERTAIN TERMS OF THE NOTES

The 7.250% subordinated notes due November 1, 2017 will be subordinated debt securities as described in the accompanying prospectus. The following description of the particular terms of the notes offered hereby supplements and, to the extent inconsistent therewith, replaces the description of the general terms and provisions of the subordinated debt securities set forth in the accompanying prospectus. Capitalized terms used herein and not defined in this prospectus supplement shall have the meanings given to them in the accompanying prospectus or in the subordinated indenture referred to in this prospectus supplement.

General

We will issue the notes under the subordinated indenture, dated as of April 4, 2000, between Washington Mutual, Inc. and The Bank of New York, as successor to Harris Trust and Savings Bank, as trustee (as supplemented by a first supplemental indenture, dated as of August 1, 2002, and a second supplemental indenture, dated as of March 16, 2004, collectively, the indenture). An officers certificate will set forth the terms of the notes in accordance with the indenture. The notes will rank equally with all of our other unsecured and subordinated debt. See Description of Debt Securities in the accompanying prospectus for a description of the general terms and provisions of our subordinated debt securities, including the notes, issued under the indenture.

We may, without the consent of the holders of the notes, issue additional notes having the same ranking and the same interest rate, maturity and other terms (except for the public offering price and issue date) as the notes, provided that such additional notes do not have, for purposes of U.S. federal income taxation, a greater amount of original issue discount than the outstanding notes offered hereby have as of the date of the issue of such additional notes. Any of these additional notes, together with the notes offered hereby, will constitute a single series of notes under the indenture. No additional notes may be issued if an event of default has occurred with respect to the notes.

We will issue the notes only in registered form, in denominations of \$2,000 and integral multiples of \$1,000. We will pay principal and interest at the corporate trust office of the trustee in New York, New York or at such other office or agency that we will maintain for such purpose in New York, New York. At our option, we may pay interest by check mailed to the person entitled to payment at that person s address appearing on the register of the notes.

The notes will not be redeemable by us or repayable at the option of the holders prior to maturity. The notes will not be subject to any sinking fund.

The notes will initially be limited to a total principal amount of \$500,000,000, and will mature on November 1, 2017.

The notes will bear interest from November 1, 2007 or from the most recent date to which we have paid or provided for interest, at the annual rate of 7.250%. We will pay interest semiannually on the notes on each May 1 and November 1, beginning on May 1, 2008, to the person in whose name the notes are registered at the close of business on April 15 or October 15 prior to the payment date.

We will compute interest on the notes on the basis of a 360-day year consisting of twelve 30-day months. If an interest payment date or the maturity date falls on a day that is not a business day, the payment will be made on the next business day as if it were made on the date the payment was due, and no interest will accrue on the amount so payable for the period from and after that interest payment date or the maturity date, as the case may be, to the date the payment is made.

Table of Contents

Subordination of Subordinated Debt Securities

The notes will be subordinate and junior in right of payment to the prior payment in full of all of our senior debt. At June 30, 2007, we had issued and outstanding an aggregate principal amount of \$5.9 billion in senior debt and \$2.4 billion in subordinated debt (not including debt issued by our subsidiaries). The notes will rank on a parity with all other subordinated debt other than the junior subordinated notes described below. The notes will be senior to the junior subordinated notes and to our common stock and preferred stock, and will be senior to any other class of capital stock which may be authorized and issued.

The notes will be effectively subordinated to all liabilities, including deposits, of our subsidiaries. At June 30, 2007, our subsidiaries had approximately \$201.4 billion of deposits and \$66.8 billion of other debt outstanding, excluding trade payables, intercompany liabilities and liabilities of the type not required to be reflected on a balance sheet in accordance with generally accepted accounting principles that would rank senior or effectively senior to the notes. Any right we may have to receive assets of a subsidiary upon its liquidation or reorganization (and the consequent right of the holders of the notes to participate in those assets) will be effectively subordinated to the claims of that subsidiary's creditors, except to the extent that we are recognized as a creditor of a subsidiary, in which case our claims would still be subordinate to any security interests in the assets of the subsidiary and any liabilities of the subsidiary senior to liabilities held by us.

The indenture does not limit or restrict our ability to incur additional senior debt. In the event of any sale pursuant to any judgment or decree in any proceeding by or on behalf of any holder, or of any distribution, division or application of all or any part of our assets to our creditors by reason of any liquidation, dissolution or winding up of us or any receivership, insolvency, bankruptcy or similar proceeding relative to us or our debts or properties, then the holders of senior debt will be preferred in the payment of their claims over the holders of the notes, and such senior debt will be satisfied in full before any payment or other distribution (other than securities which are subordinate and junior in right of payment to the payment of all senior debt then outstanding) may be made upon the notes. If the notes are declared or become due and payable before their maturity because of an occurrence of an event of default (under circumstances not described in the preceding sentence), no amount may be paid in respect of the notes in excess of current interest payments, except at maturity, unless all senior debt then outstanding shall have been paid in full or payments satisfactory to the holders thereof have been provided for. During the continuance of any default on senior debt, no payments of principal or interest may be made with respect to the notes if either (i) notice of default has been given to us, provided judicial proceedings are commenced in respect of such default within 120 days, or (ii) judicial proceedings are pending in respect of such default. In the event that the notes are accelerated or otherwise become due and payable before maturity, each holder of senior debt will be entitled to notice of that event and will be entitled to declare payable on demand any senior debt outstanding to such holder, as provided in the senior indenture.

Debt is defined in the indenture to include all indebtedness of ours or any subsidiary representing deposits and money borrowed, except indebtedness owed to us by any subsidiary or owed to any subsidiary by us or any other subsidiary, and includes indebtedness of any other person for money borrowed when such indebtedness is guaranteed by us or any consolidated subsidiary. The term debt is deemed to include the liability of ours or any subsidiary in respect of any investment or similar certificate, except to the extent such certificates are pledged by purchasers as collateral for, and are offset by, receivables. Senior debt is defined to mean all debt of the company except subordinated debt.

Subordinated debt consists of our 8.25% Subordinated Notes due 2010 and 4.625% Subordinated Notes due 2014 and any other debt of ours which is subordinated and junior in right of payment to any other debt of ours by the terms of the instrument creating or evidencing such subordinated debt and senior to the junior subordinated notes. Junior subordinated notes consists of our 5.375% Subordinated Deferrable Interest Debentures due 2041.

Book-Entry, Delivery and Form

The notes will be issued in the form of one or more fully registered global notes, the global notes, which will be deposited with, or on behalf of, The Depository Trust Company, New York, New York, referred to herein as the depository or DTC, and registered in the name of Cede & Co., the depository's nominee.

S-7

Table of Contents

Beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in the depository. Investors may elect to hold interests in the global notes held by the depository through Clearstream Banking, *société anonyme*, Clearstream, Luxembourg, or Euroclear Bank S.A./ N.V., as operator of the Euroclear System, the Euroclear operator, if they are participants of such systems, or indirectly through organizations that are participants in such systems. Clearstream, Luxembourg and the Euroclear operator will hold interests on behalf of their participants through securities accounts in Clearstream, Luxembourg and the Euroclear operator's names on the books of their respective depositories, which in turn will hold such interests in securities accounts in the depositories' names on the books of the depository. Citibank, N.A. will act as depository for Clearstream, Luxembourg and JPMorgan Chase Bank will act as depository for the Euroclear operator, in such capacities, the U.S. depositories. Because holders will acquire, hold and transfer security entitlements with respect to the notes through accounts with DTC and its participants, including Clearstream, Luxembourg, the Euroclear operator and their participants, a beneficial holder's rights with respect to the notes will be subject to the laws (including Article 8 of the Uniform Commercial Code) and contractual provisions governing a holder's relationship with its securities intermediary and the relationship between its securities intermediary and each other securities intermediary between it and us, as the issuer. Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of the depository or to a successor of the depository or its nominee.

DTC has advised us as follows: DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC, in turn, is owned by a number of direct participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Global Clearance and Settlement Procedures

Initial settlement for the global notes will be made in immediately available funds. Secondary market trading between the depository's participants will occur in the ordinary way in accordance with the depository's rules and will be settled in immediately available funds using the depository's Same-Day Funds Settlement System. Secondary market trading between Clearstream, Luxembourg customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and the Euroclear System and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Table of Contents

Cross-market transfers between persons holding directly or indirectly through the depositary on the one hand, and directly or indirectly through Clearstream, Luxembourg customers or Euroclear participants, on the other, will be effected through the depositary in accordance with the depositary's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, these cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the clearing system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering interests in the notes to or receiving interests in the notes from the depositary, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to the depositary. Clearstream, Luxembourg customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

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

Although the depositary, Clearstream, Luxembourg and the Euroclear operator have agreed to the foregoing procedures in order to facilitate transfers of interests in the notes among participants of the depositary, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform the foregoing procedures and these procedures may be changed or discontinued at any time.

Notices

Notices to holders of the notes will be given by mailing such notices to each holder by first class mail, postage prepaid, at the respective address of each holder as that address appears upon our books. Notices given to the depositary, as holder of the global notes, will be passed on to the beneficial owners of the notes in accordance with the standard rules and procedures of the depositary and its direct and indirect participants, including Clearstream, Luxembourg and the Euroclear operator.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of certain United States federal income tax considerations for non-U.S. Holders (as defined below) material to the purchase, ownership and disposition of the notes. This summary does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances. For example, it does not address considerations that may be relevant to you if you are an investor that is subject to special tax rules such as banks, thrifts, real estate investment trusts, regulated investment companies, insurance companies, dealers in securities or currencies, tax-exempt investors, holders that have a functional currency other than the U.S. dollar, or certain U.S. expatriates. It also does not discuss notes held as part of a hedge, straddle, conversion, synthetic security or other integrated transaction. This summary addresses only holders that purchase the notes in connection with their original issue at the issue price and that hold the notes as capital assets. It does not include any description of any alternative minimum tax consequences, federal estate tax consequences or the tax laws of any state or local government or of any

foreign government that may be applicable to the notes.

This summary is based upon the Internal Revenue Code of 1986, as amended (the Code), Treasury regulations, Internal Revenue Service (IRS) rulings and pronouncements and administrative and judicial

S-9

Table of Contents

decisions currently in effect, all of which are subject to change (possibly with retroactive effect) or possible differing interpretations.

YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISOR TO DETERMINE THE ANTICIPATED TAX CONSEQUENCES TO YOU OF HOLDING THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER UNITED STATES FEDERAL, STATE, LOCAL, AND NON-U.S. TAX LAWS AND POSSIBLE CHANGES IN TAX LAWS.

For the purposes of this summary, you are a U.S. Holder if you own the notes and:

You are a citizen or resident of the United States;

You are a corporation (or other entity taxable as a corporation under U.S. income tax laws) created or organized in or under the laws of the United States or of any political subdivision of the United States;

You are an estate the income of which is includable in gross income for United States federal income tax purposes regardless of its source; or

You are a trust subject to the primary supervision of a United States court and the control of one or more United States persons, or a trust (other than a wholly owned grantor trust) that has made a valid election to be treated as a domestic trust despite not meeting the requirements described above.

You are a Non-U.S. Holder if you own the notes but are not a U.S. Holder.

If a partnership, including any entity treated as a partnership for U.S. federal income tax purposes, is a holder, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A holder that is a partnership, and partners in such a partnership, should consult their own tax advisors regarding the tax consequences of the purchase, ownership and disposition of the notes.

Payments of Interest

If you are a Non-U.S. Holder, payments of interest or premium (if any) on the notes made to you will be exempt from United States income and withholding taxes, unless:

You hold the notes as part of a United States trade or business, in which case such income from the notes will be subject to United States federal income tax on a net income basis as if you were a U.S. Holder, and such income may also be subject to the branch profits tax if you are a corporation;

You own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote, or you are a controlled foreign corporation related, directly or indirectly, to us through stock ownership; or

You fail to provide to us the required certification that you are not a United States person or to provide your name and address or otherwise satisfy applicable documentation requirements.

Sale, Redemption or Other Disposition

If you are a Non-U.S. Holder, you will not be subject to United States federal income tax on gain realized on the sale, exchange, redemption or other disposition of the notes unless:

Such gain is effectively connected with your conduct of a trade or business in the United States, in which case such gain will be subject to United States federal income tax on a net income basis as if you were a U.S. Holder, and such gain may also be subject to the branch profits tax if you are a corporation; or

You are an individual holder present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

S-10

Table of Contents

Backup Withholding Tax and Information Reporting

Certain backup withholding and information reporting requirements may apply to payments of principal, premium (if any) and interest on the notes and to certain payments of proceeds of the sale or other disposition of the notes made to non-corporate investors in the notes. Backup withholding and information reporting generally will not apply to payments made to a Non-U.S. Holder if you have provided the required certification under penalties of perjury that you are not a U.S. Holder or have otherwise established an exemption. Any amounts withheld under the backup withholding rules from a payment to you may be claimed as a credit against your U.S. federal income tax liability provided you furnish the required information to the IRS.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the notes by employee benefit plans to which Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended, which we refer to as ERISA, applies; plans, individual retirement accounts and other arrangements to which Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code, which we collectively refer to as Similar Laws, apply; and entities whose underlying assets are considered to include plan assets of such plans, accounts and arrangements (each of which we call a Plan).

Each fiduciary of a Plan should consider the fiduciary standards of ERISA or any applicable Similar Laws in the context of the Plan's particular circumstances before authorizing an investment in the notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA or any applicable Similar Laws and would be consistent with the documents and instruments governing the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit Plans subject to such provisions, which we call ERISA Plans, from engaging in certain transactions involving plan assets with persons that are parties in interest under ERISA or disqualified persons under the Code with respect to the ERISA Plans. A violation of these prohibited transaction rules may result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory or administrative exemption. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code, but may be subject to Similar Laws.

Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code could arise if the notes were acquired by an ERISA Plan with respect to which we or any of our affiliates are a party in interest or a disqualified person. For example, if we are a party in interest or disqualified person with respect to an investing ERISA Plan (either directly or by reason of our ownership of our subsidiaries), an extension of credit prohibited by Section 406(a)(1)(B) of ERISA and Section 4975(c)(1)(B) of the Code between the investing ERISA Plan and us may be deemed to occur, unless exemptive relief were available under an applicable exemption (see below).

The United States Department of Labor has issued prohibited transaction class exemptions, or PTCEs, that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase, holding or disposition of the notes. Those class exemptions include:

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

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

PTCE 91-38 for certain transactions involving bank collective investment funds;

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

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

S-11
