

MARSHALL & ILSLEY CORP

Form 424B3

January 24, 2008

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CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Maximum aggregate offering price	Amount of registration fee (1)
Senior Debt Securities, Subordinated Debt Securities	\$500,000,000	100%	\$500,000,000	\$19,650

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

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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-147162

PROSPECTUS SUPPLEMENT

(To Prospectus dated November 6, 2007)

\$500,000,000
Marshall & Ilsley Corporation
MiNotesSM

Due Nine Months or More from Date of Issue

We plan to offer and sell, from time to time, notes with various terms, which may include the following:

maturity of nine months or more from the date of issue,

interest at a fixed rate,

interest payment dates at monthly, quarterly, semi-annual or annual intervals,

senior or subordinated,

book-entry form (through The Depository Trust Company),

redemption and/or repayment provisions, if applicable, whether mandatory, at our option or at the option of the holder, and

minimum denominations of \$1,000 and integral multiples of \$1,000.

We will specify the final terms of each note, which may be different from the terms described in this prospectus supplement, in the applicable pricing supplement. You should read this prospectus supplement, the accompanying prospectus and the pricing supplement carefully before you invest.

Potential purchasers of the notes should also consider the information set forth in Risk Factors beginning on page S-4.

Our notes are unsecured and are not savings accounts, deposits or other obligations of a bank. Our notes are not guaranteed by M&I Marshall & Ilsley Bank or any other bank, are not insured by the Federal Deposit Insurance Corporation or any other governmental agency and involve risks, including the possible loss of all or a portion of their principal.

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 accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

If we sell all of the notes, we expect to receive aggregate proceeds of between \$498,000,000 and \$485,000,000, after paying the agents' discounts and commissions of between \$2,000,000 and \$15,000,000. The agents' discounts and commissions may exceed these amounts with respect to sales of notes with stated maturities in excess of 30 years. The exact proceeds we will receive will be set at the time of issuance. We may also sell notes directly on our own behalf without the assistance of any agent.

Merrill Lynch & Co.

Citi

Edward Jones

InCapital

Morgan Stanley

UBS Investment Bank

Wachovia Securities

The date of this prospectus supplement is January 23, 2008.

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You should only rely on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any jurisdiction where such offer is not permitted. You should not assume that the information in this prospectus supplement or in any accompanying prospectus is accurate as of any date other than the date on the front page of each of these documents, respectively.

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ABOUT THIS PROSPECTUS SUPPLEMENT AND ANY PRICING SUPPLEMENTS

This prospectus supplement sets forth certain terms of the notes that we may offer and supplements the prospectus which is part of a registration statement (Registration No. 333-147162) filed with the Securities and Exchange Commission, or the SEC. The prospectus contained in that registration statement is attached to the back of this prospectus supplement. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information that is different from the information in that prospectus.

Each time we offer notes, we will attach a pricing supplement to this prospectus supplement. The pricing supplement will contain the specific description of the notes we are offering and the terms of the offering. The pricing supplement will supersede this prospectus supplement and the accompanying prospectus to the extent it contains information that is different from the information contained in this prospectus supplement and the accompanying prospectus.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus and pricing supplement, including the information in documents incorporated by reference, in making your investment decision.

You should rely only on the information provided in this prospectus supplement, the accompanying prospectus and the pricing supplement, including the information incorporated by reference. Neither we, nor any dealers or agents, have authorized anyone to provide you with different information. We are not offering 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 pricing supplement is accurate at any date other than the dates indicated on their cover pages.

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SUMMARY OF PROSPECTUS SUPPLEMENT

You should read the more detailed information appearing elsewhere in this prospectus supplement, the accompanying prospectus and the applicable pricing supplement. Unless the context requires otherwise, references in the prospectus supplement to M&I, we, us and our refer to Marshall & Ilsley Corporation.

Issuer	Marshall & Ilsley Corporation
Title	MiNotes SM , which we refer to as the notes or our notes.
Amount	We may issue up to \$500,000,000 aggregate principal amount of our notes under this prospectus supplement. There are no limitations on our ability to issue additional indebtedness in the form of MiNotes SM or other indebtedness.
Denomination	We will issue and sell our notes in denominations of \$1,000 and integral multiples of \$1,000.
Status	<p>The notes will be our direct unsecured obligations. Each pricing supplement will state whether the notes are senior or subordinated debt. Senior notes will rank equally with our other unsecured senior debt and subordinated notes will rank equally with our other unsecured subordinated debt and rank junior in right of payment to our senior indebtedness (as described in the accompanying prospectus).</p> <p>Although we are a bank holding company, the notes are unsecured and are not savings accounts, deposits or other obligations of a bank. The notes are not guaranteed by M&I Marshall & Ilsley Bank or any other bank and are not insured by the Federal Deposit Insurance Corporation or any other government agency.</p>
Holder of Subordinated Notes Have Limited Rights	Payment of principal of our subordinated notes may not be accelerated if there is a default in the payment of principal or any premium or interest or the performance of any of our other subordinated indenture covenants.
Maturities	The notes will mature nine months or more from the date of issue, as specified in the applicable pricing supplement.
Interest	<p>Each note will bear interest from the issue date at a fixed rate.</p> <p>We will pay interest on each note on either monthly, quarterly, semi-annual or annual interest payment dates and at maturity. Interest will also be paid on the date of redemption or repayment if a note is redeemed or repurchased prior to maturity.</p> <p>Unless otherwise specified in the applicable pricing supplement, interest on the notes will be computed on the basis of a 360-day year of twelve 30-day months.</p>

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Principal	The principal amount of the notes will be payable on the maturity date of such notes at the corporate trust office of the trustee or at any other place we may designate.
Redemption and Repayment	Unless otherwise provided in the applicable pricing supplement: the notes may not be redeemed by us or repaid at the option of the holder prior to maturity; and the notes will not be subject to any sinking fund.
Survivor's Option	Some notes may contain a provision permitting the optional redemption of those notes prior to maturity upon the death of the holder provided the notes have been outstanding for at least 12 months. Your notes may not be redeemed unless that right is specified in the pricing supplement for your notes. We call this right the survivor's option. The right to exercise the survivor's option is subject to limits set by us on the permitted dollar amount of total exercises by holders, individually and in the aggregate, of notes in any calendar year. Additional details of this right are described under Description of Notes Repayment Upon Death.
Form of Notes	The notes will be represented by global securities deposited with or on behalf of the depository, The Depository Trust Company, and registered in the name of the depository's nominee. The notes will be issued in book-entry form only, and notes represented by global securities will be exchangeable for certificated notes only in limited circumstances. See Global Securities in the accompanying prospectus.
Trustee	The trustee for the indentures under which the senior and subordinated notes will be issued is The Bank of New York.
Agents	Merrill Lynch, Pierce, Fenner & Smith Incorporated Citigroup Global Markets, Inc. Edward D. Jones & Co., L.P. InCapital LLC Morgan Stanley & Co. Incorporated UBS Securities LLC Wachovia Capital Markets, LLC We may appoint additional agents.

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RISK FACTORS

Your investment in the notes will involve significant risks. Your decision to purchase the notes should be made only after carefully considering the risks of an investment in the notes, including those discussed below and those discussed in the documents incorporated by reference, with your advisors in light of your particular circumstances. The notes are not an appropriate investment for you if you are not knowledgeable about significant elements of the notes or financial matters in general.

We cannot assure you that a trading market for the notes will develop or will be maintained if developed.

We do not intend to list the notes on any securities exchange. Even if the notes are listed at a later date, we cannot guarantee that a trading market for the notes ever will develop or be maintained if developed. The agents have advised us that they intend under ordinary market conditions to indicate prices for the notes on request. However, we cannot guarantee that bids for outstanding notes will be made in the future, nor can we predict the price at which those bids will be made.

In addition, if at any time the agents were to cease acting as market makers, it is likely that there would be significantly less liquidity in the secondary market, in which case the price at which the notes could be sold would likely be lower than if an active market existed.

The trading value of the notes may be less than the principal amount of the notes.

Many factors independent of our creditworthiness affect the trading value of your notes. These factors include, among others:

the method of calculating the principal and interest for the notes;

the time remaining to the maturity of the notes;

the outstanding amount of the notes;

market rates of interest higher than the rates borne by the notes;

the redemption or repayment features of the notes; and

the level, direction and volatility of interest rates generally.

Unlike savings accounts, certificates of deposit and other similar investment products, your right to redeem the notes prior to maturity may be limited to a valid exercise of the survivor's option, if any. If you wish to liquidate your investment in the notes prior to maturity, selling your notes may be your only option. At that time, depending on a variety of factors, including those described above, the price at which you may be able to sell your notes may be less than the principal amount of the notes.

Your notes will bear interest at a fixed rate, so an increase in market interest rates could result in a decrease in the value of your notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value. Consequently, if you purchase fixed rate notes and market interest rates increase, the market value of your notes may decline. We cannot predict the future level of market interest rates.

We may redeem notes when prevailing interest rates are relatively low

If the terms of your notes permit or require redemption, that redemption may occur at times when prevailing interest rates are relatively low. As a result, you may not be able to reinvest the redemption proceeds in a comparable replacement security at an effective interest rate as high as the

return on your redeemed note. Our redemption right may also adversely impact your ability to sell your notes as the redemption date approaches.

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Credit ratings may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to the notes. The ratings may not reflect the potential impact of all risks related to the structure, the market, other additional risk factors discussed above, and other factors that may affect the value of the notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Changes in our credit ratings may affect the value of the notes

Our credit ratings are an assessment of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings may affect the trading value of the notes. However, because your return on the notes depends on factors in addition to our ability to pay our obligations, an improvement in our credit ratings will not reduce the other investment risks related to the notes.

The notes are structurally subordinated to debt of our subsidiaries.

The notes are our obligations but our assets consist primarily of equity in our subsidiaries and, as a result, our ability to make payments on the notes depends on our receipt of dividends, loan payments and other funds from our subsidiaries. The payment of dividends by a bank subsidiary is subject to federal law restrictions as well as to the laws of the subsidiary's state of incorporation. Our bank subsidiaries hold a significant portion of their mortgage loan and investment portfolios indirectly through their ownership interests in direct and indirect subsidiaries.

The notes are not obligations of, nor guaranteed by, our subsidiaries, and our subsidiaries have no obligation to pay any amounts due on the notes. All amounts due on the notes will be structurally subordinated to all obligations and liabilities of our subsidiaries. As of September 30, 2007, the indebtedness of our subsidiaries that would effectively have been senior to the notes, including the indebtedness of Old Marshall & Ilsley but excluding the indebtedness of Metavante Corporation (which was separated from the organization on November 1, 2007), was approximately \$17,977,759,000. On November 1, 2007, in connection with the separation of Metavante Corporation, and as described in the accompanying prospectus, Old Marshall & Ilsley, which was formerly a public company and the top tier holding company for the M&I family of companies, became M&I LLC, a wholly-owned subsidiary of Marshall & Ilsley Corporation.

The indentures relating to the notes do not limit the ability of our subsidiaries to issue or incur additional debt or preferred stock.

Subordinated notes have limited acceleration rights.

The holders of senior notes may declare those notes in default and accelerate the due date of those notes if an event of default occurs and is continuing. Acceleration of the senior notes may adversely impact our ability to pay obligations on subordinated notes.

Holders of subordinated notes do not have the right to declare those notes in default and may accelerate payment of indebtedness only upon our bankruptcy.

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DESCRIPTION OF NOTES

The senior notes will be issued under an indenture for senior securities dated as of November 5, 2007, as supplemented from time to time, which we refer to as the senior indenture. The subordinated notes will be issued under an indenture for subordinated securities dated as of November 5, 2007, as supplemented from time to time, which we refer to as the subordinated indenture. We refer to the senior indenture and subordinated indenture together as the indentures. If you would like more information concerning the indentures, you should review the indentures, which are on file with the SEC. The Bank of New York is the trustee for both indentures. M&I Marshall & Ilsley Bank serves as authenticating, issuing and paying agent.

The senior notes we are offering by this prospectus supplement constitute a single series of debt securities for purposes of the senior indenture and the subordinated notes we are offering by this prospectus supplement constitute a single series of debt securities for purposes of the subordinated indenture.

The following description of the terms and conditions of the notes supplements, and to the extent inconsistent with replaces, the description of the general terms of the debt securities described in the accompanying prospectus. The terms and conditions described in this section will apply to each note unless the applicable pricing supplement states otherwise. These summaries do not purport to be complete and are qualified in their entirety by reference to the indenture, including the definition of certain terms.

General

We may offer from time to time up to \$500,000,000 aggregate principal amount of notes on terms determined at the time of sale. The indentures do not limit the amount of additional indebtedness that we may incur. Accordingly, without the consent of the holders of the notes, we may issue additional indebtedness under the indentures in excess of the \$500,000,000 aggregate principal amount of the notes offered by this prospectus supplement.

The notes will be issued in denominations of \$1,000 and integral multiples of \$1,000. The notes will be offered on a continuous basis and they will mature nine months or more from the date of issue, as may be recommended by the agents and agreed to by us with respect to notes sold through such agents, or as determined by us, with respect to notes sold by us directly on our own behalf.

The notes will be unsecured obligations of M&I. The senior notes will rank equally in all respects with all debt securities issued under the senior indenture and with all other unsubordinated indebtedness of M&I. The subordinated notes will rank equally in all respects with all debt securities issued under the subordinated indenture and junior to all debt securities issued under the senior indenture and our other senior indebtedness as described in the accompanying prospectus. For a further description of the indentures and the rights of the holders of debt securities under the indentures, including the notes, see *Description of M&I Senior and Subordinated Debt Securities* in the accompanying prospectus.

We will issue the notes only in the form of one or more global securities registered in the name of a nominee of The Depository Trust Company, or DTC, as depository, except as specified in *Global Securities* in the accompanying prospectus. DTC will hold the global securities through its nominee, Cede & Co., and DTC (through Cede & Co.) will be considered the holder of the notes. When you buy a note, you will be the beneficial owner of an interest in a global security held for you through your broker as a direct or indirect participant in DTC. When we refer in this prospectus supplement to a *beneficial owner*, we are referring to you. For more information on global securities, DTC and how your ownership interest in the notes you purchase is reflected, see *Global Securities* in the accompanying prospectus.

The notes may be issued as original issue discount notes. An original issue discount note is a note that is issued at more than a minimal discount from the principal amount payable at maturity. Upon redemption, repayment or acceleration of the maturity of an original issue discount note, normally an amount less than its

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principal amount will be payable. For additional information regarding payments upon acceleration of the maturity of an original issue discount note and the United States federal income tax consequences of original issue discount notes, see **Payment of Principal and Interest** and **Certain United States Federal Income Tax Consequences – United States Holders – Original Issue Discount**. Original issue discount notes will be treated as original issue discount securities for purposes of the indentures.

The transfer or exchange of global securities will be effected as specified in **Global Securities** in the accompanying prospectus. The notes in certificated form may be registered for transfer or exchange at the principal office of the Corporate Trust Department of The Bank of New York, the trustee under the indentures, in the City of New York.

The indentures do not contain any provision that would protect holders of the notes in the event of a highly leveraged or other transaction that may adversely affect our creditworthiness.

As used in this prospectus supplement, business day means, with respect to any note, any day, other than a Saturday or Sunday, that is not a day on which banks and trust companies are authorized or obligated by law to close in The City of New York or such other place where the notes are payable.

Payment of Principal and Interest

We will pay principal, premium, if any, and interest on the notes in immediately available funds to DTC. Beneficial owners will receive payment as described under **Global Securities** in the accompanying prospectus.

Unless the applicable pricing supplement states otherwise, if we:

redeem any original issue discount note as described under **Redemption and Repurchase**,

repay any original issue discount note at the option of the holder as described under **Repayment at Option of Holder** and **Repayment Upon Death**, or

if the principal of any original issue discount note is declared to be due and payable immediately as described in the accompanying prospectus under **Description of Debt Securities – Events of Default**,
the amount of principal due and payable with respect to the original issue discount note shall be limited to the sum of:

the aggregate principal amount of such note multiplied by the issue price, expressed as a percentage of the aggregate principal amount, plus

the original issue discount accrued from the date of issue to the date of redemption, repayment or declaration, as applicable. This accrual will be calculated using the **interest method**, computed in accordance with generally accepted accounting principles in effect on the date of redemption, repayment or declaration, as applicable.

Each note will bear interest from and including the date of issue, or in the case of notes issued upon registration of transfer or exchange from and including the most recent interest payment date to which interest on such note has been paid or duly provided for. Interest will be payable at the fixed rate per year stated in such note and in the applicable pricing supplement until the principal of such note is paid or made available for payment. Interest will be payable on each interest payment date and at maturity. Interest will be payable to the person in whose name a note is registered at the close of business on the regular record date next preceding each interest payment date; provided, however, that interest payable at maturity or upon redemption, repayment or declaration will be payable to the person to whom principal is payable. The first payment of interest on any note originally

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issued between a regular record date and an interest payment date will be made on the interest payment date following the next succeeding regular record date to the registered owner of such note on such next succeeding regular record date. If the interest payment date or the maturity for any note falls on a day that is not a business day, the payment of principal and interest may be made on the next succeeding business day, and no interest on such payment shall accrue for the period from such interest payment date or maturity, as the case may be. Unless the applicable pricing supplement states otherwise, interest on the notes will be computed on the basis of a 360-day year of twelve 30-day months.

The interest payment dates for a note will be as follows:

Interest Payments	Interest Payment Dates
Monthly	Fifteenth day of each calendar month, commencing in the first succeeding calendar month following the month in which the note is issued.
Quarterly	Fifteenth day of every third month, commencing in the third succeeding calendar month following the month in which the note is issued.
Semi-annual	Fifteenth day of every sixth month, commencing in the sixth succeeding calendar month following the month in which the note is issued.
Annual	Fifteenth day of every twelfth month, commencing in the twelfth succeeding calendar month following the month in which the note is issued.

The regular record date with respect to any interest payment date will be the date 15 calendar days prior to such interest payment date, whether or not such date is a business day. If interest is payable on a day which is not a business day, payment will be postponed to the next business day and no additional interest will accrue as a result of such delayed payment.

Holders of Subordinated Notes Have Limited Rights

Payment of principal of our subordinated notes may not be accelerated by the holders if there is a default in the payment of principal or interest or any premium on the subordinated notes or the performance of any of the other covenants in the indenture for the subordinated notes. Payment of principal of our subordinated notes may only be accelerated upon our bankruptcy under federal bankruptcy laws, see Description of M&I Senior and Subordinated Debt Securities Subordination of Subordinated Debt Securities in the accompanying prospectus.

Redemption and Repurchase

Unless the applicable pricing supplement states otherwise, we may not redeem the notes prior to maturity. The notes will not be subject to any sinking fund. If, however, the applicable pricing supplement provides that we may redeem the notes prior to maturity, it will also specify the redemption dates and prices. If applicable, notes may be redeemed in whole or in part from time to time upon not less than 30 nor more than 60 days notice to DTC as the holder of the notes on such date or dates specified in the pricing supplement.

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

Repayment at Option of Holder

Unless the applicable pricing supplement states otherwise, notes will not be repayable at the option of the holder. If the applicable pricing supplement provides that the notes will be repayable at the option of the holder, it will also specify the repayment dates and prices.

In order for a note to be repaid, the trustee must receive, at the principal office of the Corporate Trust Department of the trustee at least 30 but not more than 60 days notice of the holder's exercise of its repayment option. Once this notice is delivered, the holder may not revoke its exercise of the repayment option. A holder

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may exercise the repayment option for less than the entire principal amount of the note provided that the principal amount of the note remaining outstanding after repayment is an authorized denomination.

DTC or its nominee will be the holder of global securities and therefore will be the only entity that can exercise a right to repayment, if any. To ensure that DTC or its nominee will timely exercise such right to repayment, you must instruct the broker or other direct or indirect participant through which you hold your beneficial interest in a global security to notify DTC of your desire to exercise a right to repayment. Because different firms have different cut-off times for accepting instructions from their customers, you should consult the broker or other direct or indirect participant through which you hold your interest in a global security to determine the cut-off time by which an instruction must be given in order for timely notice to be delivered to DTC.

Repayment Upon Death

If the pricing supplement relating to a note so states, the holder of the note will have the right to require us to repay a note prior to its maturity date upon the death of the beneficial owner of the note as described below. We call this right the survivor's option.

Upon exercise of the survivor's option, we will, at our option, either repay or purchase any note properly delivered for repayment by or on behalf of the person that has authority to act on behalf of the deceased beneficial owner of the note at a price equal to the sum of:

100% of the principal amount of such note, and

accrued and unpaid interest, if any, to the date of such repayment, subject to the following limitations.

The survivor's option may not be exercised until at least 12 months following the date of original issue of the applicable notes. In addition, we may limit the aggregate principal amount of notes as to which the survivor's option may be exercised as follows:

In any calendar year, we may limit the aggregate principal amount to the greater of 1% of the outstanding aggregate principal amount of the notes as of December 31 of the most recently completed year or \$1,000,000. We call this limitation the annual limitation.

For any individual deceased beneficial owner of notes, we may limit the aggregate principal amount to \$200,000 for any calendar year. We call this limitation the individual limitation.

We will not make principal repayments pursuant to the exercise of the survivor's option in amounts that are less than \$1,000. If the limitations described above would result in the partial repayment of any note, the principal amount of the note remaining outstanding after repayment must be at least \$1,000.

Each note delivered pursuant to a valid exercise of the survivor's option will be accepted promptly in the order all such notes are delivered, unless the acceptance of that note would contravene the annual limitation or the individual limitation. If, as of the end of any calendar year, the aggregate principal amount of notes that have been accepted pursuant to exercise of the survivor's option during that year has not exceeded the annual limitation for that year, any notes not accepted during that calendar year because of the individual limitation will be accepted in the order all such notes were delivered, to the extent that any such acceptance would not trigger the annual limitation for such calendar year.

Any note accepted for repayment pursuant to exercise of the survivor's option will be repaid no later than the first January 15 or July 15 to occur at least 20 calendar days after the date of acceptance. If that date is not a business day, payment will be made on the next succeeding business day. For example, if the acceptance date for notes delivered pursuant to the survivor's option was April 1, 2008, we would be obligated to repay those notes by July 15, 2008. Each note delivered for repayment that is not accepted in any calendar year due to the application of the annual limitation will be deemed to be delivered in the following calendar year in the order

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in which all such notes were originally delivered, unless any such note is withdrawn by the representative for the deceased beneficial owner prior to its repayment. Other than as described in the immediately preceding sentence, notes delivered upon exercise of the survivor's option may not be withdrawn. In the event that a note delivered for repayment pursuant to valid exercise of the survivor's option is not accepted, the trustee will deliver a notice by first-class mail to the registered holder that states the reason that the note has not been accepted for repayment. Following receipt of such notice from the trustee, the representative for the deceased beneficial owner may withdraw any such note and the exercise of the survivor's option.

Because DTC or its nominee will be the holder of the notes, DTC or its nominee, as the case may be, will be the only entity that can exercise the survivor's option for such notes. To obtain repayment pursuant to exercise of the survivor's option with respect to a note the representative of the deceased beneficial owner must provide to the broker or other entity through which the beneficial interest in the note is held by the deceased owner:

a written request for repayment signed by the representative of the decedent with the signature guaranteed by a member firm of a registered national securities exchange or of the FINRA or a commercial bank or trust company having an office or correspondent in the United States;

appropriate evidence satisfactory to the trustee and the Company that (a) the representative has authority to act on behalf of the deceased beneficial owner, (b) the death of such beneficial owner has occurred and (c) the deceased was the beneficial owner of the note at the time of death;

if the beneficial interest in the note is held by a nominee of the deceased beneficial owner, a certificate satisfactory to the applicable trustee from the nominee attesting to the deceased's ownership of a beneficial interest in such note;

if applicable, a properly executed assignment or endorsement;

tax waivers and any other instruments or documents that the trustee or the Company reasonably requires in order to establish the validity of the ownership of the notes and the claimant's entitlement to payment; and

any additional information the trustee or the Company requires to document ownership or authority to make the election and to cause the redemption of the notes.

In turn, the broker or other entity will deliver each of these items to the trustee, together with evidence satisfactory to the trustee and the Company from the broker or other entity stating that it represents the deceased beneficial owner.

The broker or other entity will be responsible for disbursing any payments it receives pursuant to exercise of the survivor's option to the appropriate representative. See "Global Securities" in the accompanying prospectus.

Subject to the annual limitation and the individual limitation, all questions as to the eligibility or validity of any exercise of the survivor's option will be determined by the Company in its sole discretion. The Company's determination will be final and binding on all parties.

The death of a person owning a note in joint tenancy or tenancy by the entirety will be deemed the death of the beneficial owner of the note, and the entire principal amount of the note so held will be subject to the survivor's option.

The death of a person owning a note by tenancy in common will be deemed the death of the beneficial owner of a note only with respect to the deceased holder's interest in the note so held by tenancy in common. However, if a note is held by husband and wife as tenants in common, the death of either will be deemed the death of the beneficial owner of the note, and the entire principal amount of the note so held will be subject to the survivor's option.

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The death of a person who, during his or her lifetime, was entitled to substantially all of the beneficial interests of ownership of a note will be deemed the death of the beneficial owner for purposes of the survivor's option, regardless of the registered holder, if such beneficial interest can be established to the satisfaction of the trustee and the Company. Such beneficial interest will be deemed to exist in typical cases of nominee ownership, ownership under the Uniform Transfers to Minors Act, community property or other joint ownership arrangements between a husband and wife and trust arrangements where one person has substantially all of the beneficial ownership interest in the note during his or her lifetime.

Forms to be used by a representative to exercise the Survivor's Option on behalf of a deceased beneficial owner of a note may be obtained from the paying agent.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

Notice Pursuant to United State Internal Revenue Circular 230

The discussion under the heading "Certain United States Federal Income Tax Consequences" is not intended or written by us or our counsel to be used, and cannot be used, by any person for the purpose of avoiding tax penalties that may be imposed under U.S. tax laws. The discussion under the heading "Certain United States Federal Income Tax Consequences" is provided to support the promotion or marketing by us of an investment in the notes. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor concerning the potential tax consequences of an investment in the notes.

General

The following is a summary of the principal United States federal income tax consequences relating to your purchase, ownership and sale of notes. It is based upon the relevant laws and rules that are now in effect and as they are currently interpreted. However, these laws and rules may be changed at any time, possibly with retroactive effect. This discussion deals only with holders that will hold notes as capital assets and does not address the United States federal income tax consequences applicable to all categories of investors. In particular, the discussion does not deal with those of you who may be in special tax situations, such as dealers in securities, insurance companies, financial institutions, regulated investment companies, tax-exempt entities or persons holding the notes as part of hedge, straddle, constructive sale, conversion or other integrated transactions. It also does not deal with holders other than original purchasers (except where otherwise noted). It does not include any description of the tax laws of any state or local governments, or of any foreign government, that may be applicable to the notes or to you as a holder of the notes. This summary also may not apply to all forms of notes that we may issue. If the tax consequences associated with a particular form of note are different than those described below, they will be discussed in the pricing supplement relating to that note.

The United States federal income tax discussion that appears below is included in this prospectus supplement for your general information. Some or all of the discussion may not apply to you depending upon your particular situation. You should consult your tax advisor concerning the tax consequences to you of owning and disposing of the notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in federal or other tax laws.

As used in this prospectus supplement, the term "United States holder" means a beneficial owner of a note that is for United States federal income tax purposes:

an individual who is a citizen or resident of the United States;

a corporation (or entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States or of any state or the District of Columbia;

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an estate whose income is subject to United States federal income tax regardless of its source;

a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (ii) such trust has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person; or

any other persons whose income or gain in respect of the notes is effectively connected with the conduct of a United States trade or business.

If a partnership holds notes, the tax treatment of a partner will generally depend upon the status of the partnership and the activities of the partnership. If you are a partner in a partnership holding notes, you should consult your tax advisor. A non-United States holder is a holder that is not a United States holder.

United States Holders

Payment of Interest

Interest on a note generally will be taxable to you as ordinary income at the time you accrue or receive the interest in accordance with your accounting method for tax purposes. However, special rules apply to a note that is issued with original issue discount, which we refer to as OID.

Original Issue Discount

Some of your notes may be issued with OID. For tax purposes, OID is the excess of the stated redemption price at maturity of a debt instrument over its issue price unless that excess is less than 1/4 of 1% of the debt instrument's stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity or weighted average maturity in the case of notes with more than one principal payment (the *OID de minimis* amount), in which case, it is not OID. The stated redemption price at maturity of a note is the sum of all payments required to be made on the note other than qualified stated interest payments. The issue price of a note is generally the first offering price to the public at which a substantial amount of the debt instrument is sold. The term qualified stated interest generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer), or that is treated as constructively received, at least annually at a single fixed rate or, under certain conditions in connection with the special rules relating to floating rate notes, at a variable rate. If a note bears interest during any accrual period at a rate below the rate applicable for the remaining term of the note (for example, notes with teaser rates or interest holidays), then some or all of the stated interest may not be treated as qualified stated interest.

You are required to include qualified stated interest payments in income as interest when you accrue or receive those payments (in accordance with your accounting method for tax purposes). If you hold a note with OID with a maturity of more than one year, you may be required to include OID in income before you receive the associated cash payment, regardless of your accounting method for tax purposes. If you are an initial purchaser of an OID note, the amount of the OID you should include in income is the sum of the daily accruals of the OID for the note for each day during the taxable year (or portion of the taxable year) in which you held the OID note. The daily portion is determined by allocating the OID for each day of the accrual period. An accrual period may be of any length and the accrual periods may even vary in length over the term of the OID note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first day of an accrual period or on the final day of an accrual period. The amount of OID allocable to an accrual period is equal to the difference between (1) the product of the adjusted issue price of the OID note at the beginning of the accrual period and its yield to maturity (computed generally on a constant yield method and compounded at the end of each accrual period, taking into account the length of the particular accrual period) and (2) the amount of any qualified stated interest allocable to the accrual period. The adjusted issue price of an OID note at the beginning of any accrual period is the sum of the issue price of the OID note

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plus the amount of OID allocable to all prior accrual periods reduced by any payments you received on the note that were not qualified stated interest. Under these rules, you generally will have to include in income increasingly greater amounts of OID in successive accrual periods.

Acquisition Premium

If you are not an initial purchaser of an OID note and you purchase an OID note for greater than its adjusted issue price as of the purchase date and less than or equal to the sum of all amounts payable on the OID note after the purchase date other than payments of qualified stated interest, you will have purchased the OID note at an acquisition premium. Under the acquisition premium rules, the amount of OID which you must include in your gross income for the note for any taxable year (or any portion of a taxable year in which you hold the note) will be reduced (but not below zero) by the portion of the acquisition premium allocated to the period.

Optional Redemption

In the case of certain notes, we may have a call option to redeem the notes prior to their stated maturity, or the holders of the notes may have a put option to receive repayment prior to maturity. Notes containing such features may be subject to rules that differ from the general rules discussed above. For purposes of accruing OID, an option will be presumed to be exercised if, by utilizing any day on which the note may be redeemed or repaid as its maturity date and the amount payable on that date in accordance with the terms of the note (the redemption price) as its stated redemption price at maturity, the yield on the note is:

in the case of a call option exercisable by us, lower than its yield to maturity, or

in the case of a put option exercisable by a holder, greater than its yield to maturity.

If such an option is not in fact exercised when presumed to be, the note will be treated, solely for purposes of accruing OID, as if it were redeemed, and a new note issued, on the presumed exercise date for an amount equal to its adjusted issue price on that date. Investors intending to purchase notes with such features should consult their own tax advisors, since the original issue discount consequences will depend, in part, on the particular terms and features of the purchased notes.

Election to Treat All Interest as Original Issue Discount

Instead of reporting under your normal accounting method, you may elect to include in gross income all interest that accrues on an OID note by using the constant yield method applicable to OID, subject to certain limitations and exceptions. For purposes of this election, interest includes stated interest, acquisition discount, OID, de minimis OID, market discount, de minimis market discount and unstated interest as adjusted by any amortizable bond premium or acquisition premium.

Information Recording

Because the notes will constitute publicly offered debt instruments as defined by the OID regulations, we are required to report to the IRS on Form 8281, within 30 days after the issue date, certain information relating to OID with respect to each such issue. We will report annually to the IRS and to each holder of record (except with respect to certain holders exempt from information reporting including corporations) the amount of OID includable in the gross income of a holder of notes for each calendar year determined without regard to any acquisition premium paid by any holder.

Short-Term Notes

The rules described above will also generally apply to OID notes with maturities of one year or less, which we refer to as short-term notes, but with some modifications.

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First, the OID rules treat none of the interest on a short-term note as qualified stated interest, but treat a short-term note as having OID. Thus, all short-term notes will be OID notes. Except as we note below, if you are a cash-basis holder of a short-term note and you do not identify the short-term note as part of a hedging transaction, you generally will not be required to accrue OID currently, but you will be required to treat any gain realized on a sale, exchange or retirement of the note as ordinary income to the extent such gain does not exceed the OID accrued with respect to the note during the period you held the note. You may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a short-term note until the maturity of the note or its earlier disposition in a taxable transaction. Notwithstanding the foregoing, if you are a cash-basis United States holder of a short-term note, you may elect to accrue OID on a current basis. If you make this election, the limitation on the deductibility of interest we describe above will not apply. A United States holder using the accrual method of tax accounting and some cash method holders (including banks, securities dealers, regulated investment companies and certain trust funds) generally will be required to include OID on a short-term note in gross income on a current basis. OID will be treated as accruing for these purposes on a ratable basis or, at the election of the holder, on a constant yield basis based on daily compounding.

Second, regardless of whether you are a cash-basis or accrual-basis holder, if you are the holder of a short-term note you may elect to accrue any acquisition discount with respect to the note on a current basis. Acquisition discount is the excess of the remaining redemption amount of the note at the time of acquisition over the purchase price. Acquisition discount will be treated as accruing ratably or, at the election of the holder, under a constant yield method based on daily compounding. If you elect to accrue acquisition discount, the OID rules will not apply.

Finally, the market discount rules we describe below will not apply to short-term notes.

Premium

If you purchase a note at a cost greater than the note's remaining redemption amount, you will be considered to have purchased the note at a premium, and you may elect to amortize the premium as an offset to interest income, using a constant yield method, over the remaining term of the note. If you make this election, it generally will apply to all debt instruments that you hold at the time of the election, as well as any debt instruments that you subsequently acquire. In addition, you may not revoke the election without the consent of the IRS. If you elect to amortize the premium, you will be required to reduce your tax basis in the note by the amount of the premium amortized during your holding period. OID notes purchased at a premium will not be subject to the OID rules described above. If you do not elect to amortize premium, the amount of premium will be included in your tax basis in the note. Therefore, if you do not elect to amortize premium and you hold the note to maturity, you generally will be required to treat the premium as capital loss when the note matures.

However, in the case of a note that may be optionally redeemed prior to maturity, the amount of amortizable bond premium is determined by substituting the first date on which the debt instrument may be redeemed (the redemption date) for the maturity date and the applicable redemption price on the redemption date for the amount payable at maturity if the result would increase the holder's yield to maturity (*i.e.*, result in a smaller amount of amortizable bond premium properly allocable to the period before the redemption date). If the issuer does not in fact exercise its right to redeem the note on the applicable redemption date, the note will be treated (for purposes of the amortizable bond premium rules) as having matured and then as having been reissued for the holder's adjusted acquisition price, which is an amount equal to the holder's basis in the debt instrument (as determined under Treasury regulations governing amortizable bond premium), less the sum of:

any amortizable bond premium allocable to prior accrual periods and

any payments previously made on the note other than payments of qualified stated interest.

The note deemed to have been reissued will again be subject to the amortizable bond premium rules with respect to the remaining dates on which it is redeemable.

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Market Discount

If you purchase a note at a price that is lower than the note's remaining redemption amount (or in the case of an OID note, the note's revised issue price), by 0.25% or more of the remaining redemption amount (or revised issue price), multiplied by the number of remaining whole years to maturity, the note will be considered to have market discount in your hands. In this case, any gain that you realize on the disposition of the note generally will be treated as ordinary income to the extent of the market discount that accrued on the note during your holding period. In addition, you may be required to defer the deduction of a portion of the interest paid on any indebtedness that you incurred or maintained to purchase or carry the note. In general, market discount will be treated as accruing ratably over the term of the note, or, at your election, under a constant yield method.

You may elect to include market discount in gross income currently as it accrues (on either a ratable or constant yield basis), in lieu of treating a portion of any gain realized on a sale of the note as ordinary income. If you elect to include market discount on a current basis, the interest deduction deferral rule described above will not apply. If you do make such an election, it will apply to all market discount debt instruments that you acquire on or after the first day of the first taxable year to which the election applies. The election may not be revoked without the consent of the IRS.

Sale, Exchange or Retirement of Notes

Upon the sale, exchange, retirement or other disposition of a note, you will recognize gain or loss equal to the difference between the amount you realize from the disposition and your tax basis in the note, except that any amount realized that is attributable to accrued interest will be included in your gross income as interest income. Your tax basis in a note initially is your cost for the note. This amount is increased by any original issue discount or market discount previously included by you in income with respect to the note and is decreased by the amount of any premium you previously amortized and the amount of any payment (other than a payment of qualified stated interest) you have received in respect of the note.