

Jupiter Global Holdings Corp  
Form 10QSB  
September 21, 2005

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10QSB**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. **000-27233**

**JUPITER GLOBAL HOLDINGS, CORP.**

(Exact name of Registrant as specified in its charter)

**NEVADA**

(State or other jurisdiction of incorporation or organization)

**98-0204736**

(I.R.S. Employer Identification Number)

**62 W. 8<sup>th</sup> Avenue, 4<sup>th</sup> Floor**

**Vancouver, British Columbia, Canada**

(Address of principal executive offices)

**V5Y 1M7**

(Zip Code)

Issuer's telephone number, including area code: **(604) 682-6541**

Check whether the issuer

(1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and

(2) has been subject to such filing requirements for the past 90 days.

Yes ( ) No ( X )

State the number of shares outstanding of each of the issuer's classes of common equity, as of the last practicable date.

Class  
\$0.0001 par value Common Stock

Outstanding as of March 31, 2005  
219,909,772

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Transitional Small Business Disclosure Format (check one): Yes [ ] No [ X ]

**PART 1 - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-QSB and Item 310 (b) of Regulation S-B, and, therefore, do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the three months ended March 2005 are not necessarily indicative of the results that can be expected for the year ending December 31, 2005.

**JUPITER GLOBAL HOLDINGS CORP.**  
**(Formerly Livestar Entertainment Group Inc.)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2005**  
**(Unaudited)**  
**(Stated in U.S. Dollars)**

**JUPITER GLOBAL HOLDINGS CORP.**  
**(Formerly Livestar Entertainment Group Inc.)**

**INTERIM CONSOLIDATED BALANCE SHEETS**  
**(Stated in U.S. Dollars)**

	<b>MARCH 31</b>	<b>DECEMBER 31</b>
	<b>2005</b>	<b>2004</b>
	<hr/>	<hr/>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ -	\$ 8,240
Goods and Services Tax recoverable	6,700	3,757
Prepaid expense, advances and others	874,562	8,496
	<hr/>	<hr/>
	881,262	20,493
<b>Investments (Note 5)</b>	420,000	-
<b>Capital Assets</b>	3,114	5,972
	<hr/>	<hr/>
	\$ 1,304,376	\$ 26,465
	<hr/>	<hr/>
<b>LIABILITIES</b>		
<b>Current</b>		
Bank Indebtedness	\$ 1,253	\$ -
Accounts payable and accrued liabilities	2,356,055	2,306,523
Loans and advances payable (Note 4)	1,211,898	738,581
	<hr/>	<hr/>
	3,569,206	3,045,104
	<hr/>	<hr/>
<b>STOCKHOLDERS' DEFICIENCY</b>		
<b>Share Capital</b>		
Authorized:		
10,000,000,000 common shares, par value \$0.0001 per share		
200,000,000 preferred shares, par value \$0.0001 per share		
Issued and outstanding:		
219,909,772 common shares at March 31, 2005 and 27,569,926 at December 31, 2004		
	21,991	2,757

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80,060,000 series B preferred shares and 1 Series A preferred share at March 31, 2005, and December 31, 2004	<b>8,006</b>	8,006
Additional paid-in capital	<b>7,159,177</b>	<b>5,818,445</b>
<b>Deficit</b>	<b>(9,454,004)</b>	<b>(8,847,847)</b>
	<b>(2,264,830)</b>	<b>(3,018,639)</b>
	<u><b>\$ 1,304,376</b></u>	<u><b>\$ 26,465</b></u>

The accompanying notes are an integral part of these consolidated financial statements.

**JUPITER GLOBAL HOLDINGS CORP.**  
**(Formerly Livestar Entertainment Group Inc.)**

**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
**(Unaudited)**  
**(Stated in U.S. Dollars)**

	2005	THREE MONTHS ENDED MARCH 31 2004
<b>Revenue</b>	<b>\$ 55</b>	
<b>Expenses</b>		
Administrative services	8,402	
Amortization	2,858	
Consulting	204,240	
Equipment leases	-	
Foreign exchange gain	(4,584)	
Investor relations	9,348	
Marketing	1,550	
Media design	-	
Office, rent and sundry	112,466	

Based on the information currently available to us, on each of September 11, 12, 13 and 14, 2001, the NYSE suspended trading for the entire day, and on October 27, 1997, the NYSE suspended all trading during the one-half hour period preceding the close of trading. If such suspension of trading occurred during the term of the Notes, it would constitute a Market Disruption Event.

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**Redemption; Defeasance**

The Notes are not subject to redemption before maturity, and are not subject to the defeasance provisions described in "Description of Debt Securities Defeasance" in the accompanying prospectus.

**Events of Default and Acceleration**

If an Event of Default (as defined in the accompanying prospectus) with respect to any Notes has occurred and is continuing, the amount payable to you, as a beneficial owner of a Note, upon any acceleration permitted by the Notes will be equal to the Cash Settlement Value as though the date of early repayment were the Maturity Date of the Notes, adjusted by an amount equal to any loss of value to us of unwinding any underlying or related hedging or funding arrangements, all as determined by the Calculation Agent in its absolute discretion. If a bankruptcy proceeding is commenced in respect of us, the claims of the holder of a Note may be limited under the provisions of the United States Code.

**Same-Day Settlement and Payment**

Settlement for the Notes will be made by Wells Fargo in immediately available funds. Payments of the Cash Settlement Value will be made by us in immediately available funds, so long as the Notes are maintained in book-entry form.

**Calculation Agent**

*We will be the Calculation Agent for the Notes.* All determinations made by us as Calculation Agent will be at our sole discretion and, in the absence of manifest error, be conclusive for all purposes and binding on you and us. Because we are the issuer and the Calculation Agent, potential conflicts of interest may exist between you and us, including with respect to certain determinations that we must make in determining the Cash Settlement Value. We are obligated to carry out our duties and functions as Calculation Agent in good faith and using our reasonable judgment.

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## DESCRIPTION OF THE INDEX

## General

We obtained all information regarding the Index contained in this pricing supplement, including its make-up, method of calculation, and changes in its components, from publicly available information. That information reflects the policies of, and is subject to, the Index. PHLX has no obligation to continue to publish, and may discontinue publication of, the Index. The consequences of PHLX's discontinuance of publication of the Index are described in the section "Description of the Notes - Discontinuance of the Index." We do not assume any responsibility for the accuracy or completeness of any information relating to the Index.

The Index is designed to measure the performance of 21 companies whose primary lines of business are directly related to the housing construction market. The stocks underlying the Index include residential builders, suppliers of aggregate, lumber, and construction materials, manufactured housing and mortgage insurers. The Index is published by the PHLX and was set up on July 12, 2002. Options on the Index commenced trading on July 12, 2002. The Index is a modified capitalization-weighted index designed to maintain as closely as possible the proportional capitalization distribution of the portfolio of stocks underlying the Index. The maximum weight of a single stock or group of stocks to a predetermined maximum (normally 25% for a single stock, and 5% for the top five or an aggregation of all stocks weighing 5% or more). This rebalancing is accomplished by occasional adjustments to the capitalization of higher weighted stocks and redistributions of the weight thereof to lower weighted stocks. The net result is a distribution that is less skewed toward the larger stocks, but still does not approach equal weighting. The total capitalization of the Index remains the same. As of the morning of October 31, 2005, the following is a list of companies included in the Index, together with their respective weightings:

Company	Ticker Symbol	Weighting	Company	Ticker Symbol	Weighting
American Standard Companies Inc.	ASD	4.40%	The PMI Group, Inc.	PMI	4.40%
Beazer Homes USA, Inc.	BZH	4.09%	Pulte Homes, Inc.	PULT	4.09%
Centex Corporation	CTX	4.62%	Radian Group Inc.	RADN	4.62%
Champion Enterprises, Inc.	CHB	3.86%	The Ryland Group, Inc.	RYLD	3.86%
D.R. Horton, Inc.	DHI	5.28%	Standard Pacific Corp.	SPAC	5.28%
Hovnanian Enterprises, Inc.	HOV	6.67%	Temple-Inland, Inc.	TEMP	6.67%
KB Home	KBH	4.44%	Toll Brothers, Inc.	TOLB	4.44%
Lennar Corporation	LEN	5.14%	USG Corporation	USG	5.14%
Masco Corporation	MAS	6.96%	Vulcan Materials Company	VULC	6.96%
M.D.C. Holdings, Inc.	MDC	4.17%	Weyerhaeuser Company	WYER	4.17%
Meritage Homes Corporation	OMX	2.39%			

The Index is rebalanced at least semi-annually, for implementation at the end of each January and July option expiration date. If the capitalization of a single component or group of components exceeds the concentration thresholds discussed above as of the previous month. This rebalancing is based on the actual market capitalizations of the component stocks, as determined by the closing amounts and closing prices on the last trading day of the previous month. The modified share value for each stock underlying the Index remains fixed between rebalancings, except in the event of certain types of corporate actions, such as stock splits, mergers, repurchases or any similar event with respect to a stock underlying the Index, that results in a change in share value greater than 10%. If the Index is adjusted between rebalancings for these events, the modified share amount of the relevant underlying stock component is adjusted, to the nearest whole share, to maintain the underlying stock's relative weight in the Index immediately prior to the adjustment.

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action. In connection with any adjustments to the Index, the Index divisor may be adjusted to ensure that there are no changes to the Index as a result of non-market forces.

**Historical Data on the Index**

Historical data on the Index is limited. Since its inception, the Index has experienced significant fluctuations. Any downward trend in the value of the Index during any period shown in the following table is not an indication that the value of the Index is more or less likely to increase or decrease at any time during the term of the Notes. The historical data on the Index during the period shown in the following table is not an indication of future performance of the Index.

The following table sets forth the value of the Index at the end of each month during the period from July 2002 through June 2003. We obtained the Index Closing Levels listed below from public sources and believe such information to be accurate. The historical performance of the Index is not necessarily indicative of the future performance of the Index or what the value of the Notes may be. The actual performance of the Index over the life of the Notes may bear little relation to the historical terms shown below.

	<u>2002</u>	<u>2003</u>	<u>2004</u>
January		220.07	
February		218.78	
March		214.95	
April		246.03	
May		278.09	
June		280.84	
July	249.47	284.21	
August	244.75	301.46	
September	211.47	305.46	
October	219.08	351.34	
November	233.44	361.85	
December	224.77	366.37	

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The following graph sets forth the historical performance of the Index presented in the preceding table. Past movements are not necessarily indicative of the future performance of the Index. On October 31, 2005, the closing level of the Index was \$100.00.

### **Housing Supply and Demand Graphs**

Any historical upward or downward trend in the supply or demand in the housing market during any period shown in the following graphs is not an indication that the value of the Index is more or less likely to increase or decrease at any time during the life of the Notes. The historical data during any period shown in the following graphs is not an indication of future performance of the Index. The data for the graphs below from the U.S. Census Bureau. This historical data is not necessarily indicative of the future performance of the Index, or what the value of the Notes may be. The actual price performance of the Index over the life of the Notes may differ from the historical terms shown below.

The following graph compares the number of new home sales against the rate of home non-ownership. As the rate of home non-ownership declines, the pool of potential future demand may increase.

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diminish. As the number of new homes for sale increases, the supply of available homes for purchases increases. This creates a disequilibrium in the housing market.

The following graph reflects the ratio of supply (i.e., new homes for sale) divided by a proxy for demand (i.e., home sales). Note that this ratio currently stands at a 35-year high.



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The graph below depicts the historical levels of the Index, since July 2002 (the earliest data available) to July 2005 historical levels of U.S. Existing Home Sales Median Price Index (Bloomberg symbol: "ETSLMP Index"). The Index and U.S. Existing Home Sales Median Price Index have been scaled to originate at 100 in July 2002. The U.S. Existing Sales Median Price Index is published by the National Association of REALTORS®. Any historical upward or downward trend in the Index or the U.S. Existing Sales Median Price Index during any period shown in the following graph is not an indication that the value of each respective index will increase or decrease at any time during the term of the Notes. The historical data during any period shown in the following graph is not an indication of future performance.

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### License Agreement

We have entered into a non-exclusive license agreement with PHLX providing for the license to us and certain of our subsidiary companies, in exchange for a fee, of the right to use the Index, which is owned and published by PHLX, in connection with the offering of the securities, including the Notes.

The license agreement between PHLX and us provides that the following language must be set forth in this pricing supplement:

"PHLX Housing Sector<sup>SM</sup> Index (HGX) ("Index") is not sponsored, endorsed, sold or promoted by Philadelphia Stock Exchange, Inc. ("PHLX"). PHLX makes no representation or warranty, express or implied, to the owners of the Index or any member of the public regarding the advisability of investing in securities generally or in the Index particularly or the ability of the Index to track market performance. The only relationship to Licensee is the licensing of certain names and marks and of the Index, which is determined, composed and calculated by PHLX without regard to us. PHLX has no obligation to take our needs or the owners of the Index into consideration in determining the Index. PHLX is not responsible for and has not participated in any determination or calculation made with respect to the issuance or redemption of the Index. PHLX has no obligation or liability in connection with the administration, purchase or sale, promotion or trading of the Index.

PHLX DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE PHLX HOUSING SECTOR INDEX (HGX) ("INDEX") OR ANY DATA INCLUDED THEREIN. PHLX MAKES NO WARRANTY, EXPRESS OR IMPLIED, THAT THE RESULTS TO BE OBTAINED BY US, OWNERS OF THE INDEX, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED HEREUNDER WILL BE POSITIVE OR OTHER USE. PHLX MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL SUCH WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL PHLX BE LIABLE FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOSSES OF PROFITS) IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES."

"PHLX Housing Sector Index<sup>SM</sup>" and "HGX<sup>SM</sup>" are service marks of PHLX. PHLX has no relationship to us other than the license of the Index and its service marks for use in connection with the Notes.

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### CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes certain U.S. federal income tax consequences of the purchase, beneficial ownership of Notes. Except as provided below under "Federal Income Tax Treatment of Non-U.S. Holders," this summary deals only with the owner of a Note that is:

an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;

a corporation (or other entity that is treated as a corporation for U.S. federal tax purposes) that is created or organized under the laws of the United States or any State thereof (including the District of Columbia);

an estate whose income is subject to U.S. federal income taxation regardless of its source; or

a trust if a court within the United States is able to exercise primary supervision over its administration and the United States persons have the authority to control all of its substantial decisions (each, a "U.S. Holder").

An individual may, subject to certain exceptions, be deemed to be a resident of the United States for U.S. federal income tax purposes if, for the calendar year and for an aggregate of at least 183 days during the three-year period ending in the current calendar year (counting for such purposes all of the days present in the current year, all of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year).

This discussion is based on interpretations of the Internal Revenue Code of 1986, as amended (the "Code"), regulations, notices, under, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any change in the Code, regulations, notices, under, and rulings and decisions may adversely affect the federal income tax consequences described herein. This summary does not apply retroactively and may adversely affect the federal income tax consequences described herein. This summary addresses only U.S. Holders that purchase Notes at initial issuance and beneficially own such Notes as capital assets and not as part of a "straddle," "synthetic security" or a "conversion transaction" for federal income tax purposes, or as part of some other integrated investment plan. This summary does not discuss all of the tax consequences that may be relevant to particular investors or to investors subject to special rules under the federal income tax laws (such as banks, thrifts, or other financial institutions; insurance companies; securities dealers; traders in securities electing mark-to-market treatment; mutual funds or real estate investment trusts; small business investment corporations; partnerships or other entities treated as partnerships for U.S. federal tax purposes; investors whose functional currency is not the U.S. dollar; certain former citizens or residents of the United States; persons subject to the alternative minimum tax; retirement plans; tax-exempt entities, or persons holding the Notes in tax-deferred or tax-advantaged accounts; "controlled foreign corporations" or "foreign investment companies" for U.S. federal income tax purposes; or investors that report any item of income, gain, or loss in excess of \$10 million), and this summary does not discuss the tax consequences under the laws of any foreign, state or local taxing jurisdiction. This summary also does not address the tax consequences to shareholders, or other equity holders in, or beneficiaries of, a holding company or foreign tax consequences of the purchase, ownership or disposition of the Notes. Accordingly, prospective investors should consult their tax advisors with respect to the federal, state and local tax consequences of investing in the Notes, as well as any consequences under the laws of any other taxing jurisdiction to which they may be subject.

**Prospective holders of the Notes should consult their tax advisors as to the federal, state, local and other tax consequences of the purchase, ownership and disposition of the Notes.**

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## **Federal Income Tax Treatment of U.S. Holders**

### *Accruals of Original Issue Discount on the Notes*

For U.S. federal income tax purposes, the Notes will be treated as "contingent payment debt instruments" ("CPDI") under the "noncontingent bond method." Under the noncontingent bond method, U.S. Holders of the Notes will accrue the Notes based on the Notes' "comparable yield." As a result, U.S. Holders that employ the cash method of tax accounting include OID with respect to their Notes in gross income each year even though no cash payments will be made with respect to the Notes at maturity.

In general, the comparable yield of a CPDI is equal to the yield at which its issuer would issue a fixed-rate debt instrument under conditions similar to those of the CPDI, including the level of subordination, term, timing of payments, and general market conditions. If a hedge of the CPDI is available that, if integrated with the CPDI, would produce a synthetic debt instrument with a determined comparable yield, the comparable yield will be equal to the yield on the synthetic debt instrument. Alternatively, if such a hedge of fixed-rate debt instruments of the issuer trade at a price that reflects a spread above a benchmark rate, the comparable yield will be the value of the benchmark rate on the issue date and the spread. Under the noncontingent bond method, the issuer's reasonable comparable yield is respected and binding on holders of the CPDI.

Based on these factors, we estimate that the comparable yield of the Notes would be an annual rate of approximately 5.5% annually. Accordingly, U.S. Holders will accrue OID in respect of the Notes at a rate equal to the comparable yield. The amount of OID allocable to each annual accrual period will be the product of the "adjusted issue price" of the Notes at the beginning of the accrual period and the comparable yield. The "adjusted issue price" of the Notes at the beginning of an accrual period will be the issue price of the Notes, increased by the OID accrued in all prior periods. The amount of OID includible in income of each U.S. Holder for each year will equal the sum of the "daily portions" of the total OID on the Notes allocable to each day during the taxable year in which the Holder held the Notes, regardless of the U.S. Holder's method of accounting. The daily portion of the OID is determined for each day in any accrual period a ratable portion of the OID allocable to such accrual period.

Under the noncontingent bond method, the comparable yield of a CPDI is used to construct a projected payment schedule for the Notes based on the comparable yield. Under this method, we estimate that the projected payment schedule for the Notes with a principal amount of \$1,000 consists of a projected payment on the maturity date equal to \$1,158.62 in respect of each Note. Based upon the comparable yield and the projected payment amount for the Notes, a U.S. Holder that pays taxes on a calendar year basis and buys a Note with a principal amount of \$1,000 and holds it to maturity will be required to pay taxes on the following amounts of ordinary income from the Notes: \$50.67 in 2005, \$50.67 in 2006, \$53.22 in 2007 and \$47.34 in 2008. However, for 2008, the amount of ordinary income that a U.S. Holder is required to pay taxes on from owning a Note may be greater or less than \$47.34, depending upon the payment at maturity. If the payment at maturity is less than \$1,158.62, a U.S. Holder may have a loss for 2008. Holders should note that these projected payments may vary based upon applicable interest rates and may be higher or lower depending upon market conditions on the date of the filing of this report.

Under the noncontingent bond method, the projected payment schedule is not revised to account for changes in circumstances while the Notes are outstanding.

The comparable yield and the projected payment amount for the Notes are used to determine accruals of OID for tax purposes. These are not assurances by us or any of our affiliates with respect to the accuracy of the information.

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to the actual yield or payments on the Notes and do not represent expectations by any such person regarding a Note's yield return amount.

A U.S. Holder will generally be bound by our determination of the comparable yield and projected payment schedule unless the U.S. Holder determines its own projected payment schedule and comparable yield, explicitly discloses such schedule to the Revenue Service (the "IRS"), and explains to the IRS the reason for preparing its own schedule. We believe that the projected schedule and comparable yield for the Notes as set forth above are reasonable and will therefore be respected by the IRS, however, is not binding on the IRS, and the IRS could conclude that some other projected payment schedule or comparable yield should be used for the Notes.

*Sale, Exchange, Retirement, or Other Disposition of the Notes*

If the payment at the maturity of the Notes exceeds the projected payment amount of \$1,158.62, a U.S. Holder will recognize such excess in income as ordinary interest on the maturity date. Alternatively, if the payment at maturity is less than the projected amount, the shortfall will be treated as an offset to any OID otherwise includible in income by the U.S. Holder with respect to such loss realized in excess of such amount generally will be treated as a capital loss. Any capital loss recognized by a U.S. Holder will be a long-term capital loss if such U.S. Holder has held such Note for more than one year, and a short-term capital loss in other cases. An individual U.S. Holder generally will be allowed a deduction for any ordinary loss without regard to the two-percent miscellaneous itemized deduction rule of section 67 of the code. The deductibility of capital losses by U.S. Holders is subject to limitations.

When a U.S. Holder sells, exchanges or otherwise disposes of a Note, the U.S. Holder's gain (or loss) on the disposition will be the difference between the amount received by the U.S. Holder for the Note and the U.S. Holder's adjusted tax basis in the Note. The adjusted tax basis in a Note will be equal to the U.S. Holder's original purchase price for the Note, plus any OID accrued on the Note. Any gain realized by a U.S. Holder on a disposition will be treated as ordinary interest income. Any loss realized by a U.S. Holder on a disposition will be treated as ordinary loss to the extent of the U.S. Holder's OID inclusions with respect to the Note. Any loss in excess of such amount generally will be treated as a capital loss. Any capital loss recognized by a U.S. Holder will be a long-term capital loss if such U.S. Holder has held such Note for more than one year, and a short-term capital loss in other cases. An individual U.S. Holder generally will be allowed a deduction for any ordinary loss without regard to the two-percent miscellaneous itemized deduction rule of section 67 of the code. The deductibility of capital losses by U.S. Holders is subject to limitations.

**Federal Income Tax Treatment of Non-U.S. Holders**

As used in this discussion, the term "Non-U.S. Holder" means a beneficial owner of a note that is, for U.S. federal income tax purposes,

a nonresident alien individual,

a foreign corporation,

an estate whose income is not subject to U.S. federal income tax on a net income basis, or

a trust if no court within the United States is able to exercise primary jurisdiction over its administration and the U.S. States persons have the authority to control all of its substantial decisions.

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Payments on the notes to Non-U.S. Holders will not be subject to U.S. federal income or withholding tax if the following conditions are satisfied:

the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote,

the Non-U.S. Holder is not a controlled foreign corporation for U.S. federal income tax purposes determined through actual or constructive ownership,

the Non-U.S. Holder is not a bank receiving interest on a loan made in the ordinary course of its trade or business,

the Index is actively traded within the meaning of section 871(h)(4)(C)(v) of the Code, and

the payments are not effectively connected with a trade or business conducted by the Non-U.S. Holder, and either (a) the Non-U.S. Holder provides a correct, complete and executed IRS Form W-8BEN, Form W-8IMY (or successor form) with all of the attachments required by the IRS, or (b) the Non-U.S. Holder provides the note through a qualified intermediary (generally a foreign financial institution or clearing organization, branch or office of a U.S. financial institution or clearing organization that is a party to a withholding agreement with the IRS) which has provided to us an IRS Form W-8IMY stating that it is a qualified intermediary and the necessary documentation upon which it can rely to treat the payment as made to a foreign person.

We expect that the Index will be treated as actively traded within the meaning of section 871(h)(4)(C)(v). If any of the conditions are not satisfied, interest (including OID) on the notes will be subject to a 30% withholding tax when paid, unless an event occurs that eliminates the tax or the interest is effectively connected with the conduct of a U.S. trade or business and the Non-U.S. Holder provides a correct, complete and executed IRS Form W-8ECI.

In general, gain realized on the sale, exchange or retirement of the notes by a Non-U.S. Holder will not be subject to U.S. federal income tax, unless:

the gain with respect to the notes is effectively connected with a trade or business conducted by the Non-U.S. Holder in the United States, or

the Non-U.S. Holder is a nonresident alien individual who holds the notes as a capital asset and is present in the United States for more than 182 days in the taxable year of the sale and certain other conditions are satisfied.

A note held by an individual who at death is a Non-U.S. Holder will not be includible in the Non-U.S. Holder's gross estate for U.S. federal estate tax purposes if payments on the notes to the Non-U.S. Holder would not have been subject to U.S. federal income tax or withholding tax at the time of death under the tests described above.

### **Information Reporting and Backup Withholding**

Information reporting will apply to certain payments on a note (including interest and OID) and proceeds of the sale of the notes to a Non-U.S. Holder that is not an exempt recipient (such as a corporation). Backup withholding may apply to payments made to a Non-U.S. Holder if (a) the U.S. Holder has failed to provide its correct taxpayer identification number on IRS Form W-9, (b) we have been notified by the IRS that the tax identification number provided to the IRS on an information return does not match the number on its tax return any reportable dividend and interest payments required to be shown on a tax return for a taxable year, or (c) we have been notified by the IRS that the tax identification number provided to the IRS on an information return does not match the number was not on the information return.

Backup withholding and nonresident alien withholding will not be required with respect to interest paid to Non-U.S. Holders if we have received from the Non-U.S. Holder a correct and complete IRS Form W-8BEN, W-8ECI, W-8EXP or Form W-8, and the required attachments required by the IRS. Interest paid to a Non-U.S. Holder will be reported on IRS Form 1042-S which is filed with the IRS to Non-U.S. Holders.

Information reporting and backup withholding may apply to the proceeds of a sale of a note by a Non-U.S. Holder if the sale is in the United States or conducted through certain U.S. related financial intermediaries, unless we receive one of the tax forms described above.

Backup withholding is not an additional tax and may be refunded (or credited against your U.S. federal income tax liability) if you provide the information reporting requirements may apply regardless of whether withholding is required. For Non-U.S. Holders, copies of the returns reporting such interest and withholding also may be made available to the tax authorities in the country in which you are a resident under the provisions of an applicable income tax treaty or agreement.

**The preceding discussion is only a summary of certain of the tax implications of an investment in notes. Prospective investors are urged to consult with their own tax advisors prior to investing to determine the tax implications of such investments based on each investor's particular circumstances.**

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## CERTAIN ERISA CONSIDERATIONS

Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), prohibits the borrowing of money, the purchase or sale of securities, and certain other transactions involving the assets of plans that are qualified under the Code ("Qualified Plans") or individuals ("IRAs") and persons who have certain specified relationships to them. Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), prohibits similar transactions involving employee benefit plans that are subject to ERISA ("ERISA Plans"). ERISA Plans, IRAs and ERISA Plans are referred to as "Plans."

Persons who have such specified relationships are referred to as "parties in interest" under ERISA and as "disqualified persons" under the Code. "Parties in interest" and "disqualified persons" encompass a wide range of persons, including any fiduciary (for example, a manager, trustee or custodian), any person providing services (for example, a broker), the Plan sponsor, an employee or independent contractor whose members are covered by the Plan, and certain persons related to or affiliated with any of the foregoing.

The purchase and/or holding of the Notes by a Plan with respect to which the Company and/or Wells Fargo is a fiduciary or provider (or otherwise is a "party in interest" or "disqualified person") would constitute or result in a prohibited transaction under ERISA or Section 4975 of the Code, unless such Notes are acquired or held pursuant to and in accordance with an applicable administrative exemption. The Company and several of its subsidiaries, such as Bear Stearns, are each considered a "disqualified person" under the Code or "party in interest" under ERISA with respect to many Plans, although the Company is not a "disqualified person" with respect to an IRA simply because the IRA is established with Bear Stearns or because Bear Stearns provides brokerage services to the Company nor Bear Stearns can be a "party in interest" to any IRA other than certain employer-sponsored IRAs as other employer-sponsored IRAs are covered by ERISA.

Applicable exemptions may include certain prohibited transaction class exemptions (for example, Prohibited Transaction Exemption ("PTCE") 84-14 relating to qualified professional asset managers, PTCE 96-23 relating to certain in-house asset managers, PTCE 91-38 relating to bank collective investment funds, PTCE 90-1 relating to insurance company separate accounts and PTCE 90-2 relating to insurance company general accounts). A fiduciary of a Plan purchasing the Notes, or in the case of certain IRAs, the grantor or trustee directing the purchase of the Notes for the IRA, shall be deemed to represent that its purchase, holding, and disposition of the Notes do not constitute a prohibited transaction under ERISA or Section 4975 of the Code for which an exemption is not available.

A fiduciary who causes an ERISA Plan to engage in a non-exempt prohibited transaction may be subject to a penalty under Section 4975 generally imposes an excise tax on disqualified persons who engage, directly or indirectly, in similar type prohibited transactions with the assets of Plans subject to such Section.

In accordance with ERISA's general fiduciary requirement, a fiduciary with respect to any ERISA Plan who is involved in the purchase of the Notes on behalf of such plan should determine whether such purchase is permitted under the governing plan documents and appropriate for the ERISA Plan in view of its overall investment policy and the composition and diversification of investments established with, or for which services are provided by, the Company and/or Wells Fargo should consult with counsel with respect to such acquisition.

Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), and, if no election is made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to Section 406 of ERISA or Section 4975 of the Code.

However, such plans may be subject to the provisions of applicable federal, state or local law ("Similar Law") mat foregoing provisions of ERISA or the Code. Fiduciaries of such plans should consider applicable Similar Law when inv Each fiduciary of such a plan will be deemed to represent that the plan's acquisition and holding of the notes will not res violation of applicable Similar Law.

#### **USE OF PROCEEDS AND HEDGING**

At closing we will transfer the net proceeds from the sale of the Notes to BSIL, for its general corporate purposes. or before the date of this pricing supplement, will enable us to hedge our anticipated exposure in connection with the Ne and sale of exchange-traded and over-the-counter options on, or other derivative or synthetic instruments related to, the stocks included in the Index, futures contracts on the Index and/or options on such futures contracts. At various times at and before the maturity of the Notes, depending on market conditions (including the value of the Index), in connection respect to the Notes, we expect that BSIL will increase or decrease those initial hedging positions using dynamic hedgin take long or short positions in the Index, individual stocks included in the Index, listed or over-the-counter options cont derivative or synthetic instruments related to, the Index and such individual stocks. In addition, BSIL may periodically acquire a long or short position in the Notes and may, in our or its discretion, hold or resell such Notes. BSIL may also types of appropriate financial instruments that may become available in the future. If BSIL has a long hedge position in stocks included in the Index or options contracts in, or other derivative or synthetic instruments related to the Index and stocks, then BSIL may liquidate a portion of its holdings at or about the time of the maturity of the Notes. Depending on future market conditions, the total amount and the composition of such positions are likely to vary over time. BSIL will our profits or losses from any hedging position until such position is closed out and any offsetting position or positions Although we have no reason to believe that such hedging activity will have a material effect on the price of such option contracts or options on futures contracts or on the value of the Index, we cannot guarantee that BSIL will not affect such result of its hedging activities. You should also refer to "Use of Proceeds" in the accompanying prospectus.

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**SUPPLEMENTAL PLAN OF DISTRIBUTION**

Subject to the terms and conditions set forth in the Distribution Agreement dated as of September 1, 2005, and the dated October 7, 2005, we have agreed to sell to Wells Fargo, as principal, and Wells Fargo has agreed to purchase from principal amount of Notes set forth opposite its name below.

<b>Agent</b>	<b>Principal Am of Notes</b>
Wells Fargo Investments, LLC	\$ 8
Total	\$ 8

We have granted Wells Fargo an option, exercisable for 30 days from the date of this pricing supplement, to purchase additional \$1,250,000 of Notes at the public offering price set forth on the cover page of this pricing supplement, less the cover any over-allotments. If this option is exercised, in whole or in part, subject to certain conditions, Wells Fargo will purchase from us and we will be obligated to sell to Wells Fargo an amount of the Notes equal to the amount of the over-

In the future, Wells Fargo may repurchase and resell the Notes in market-making transactions, with resales being made at prevailing market prices at the time of resale or at negotiated prices. We will offer the Notes to Wells Fargo at a discount at which the Notes are offered to the public.

Payment of the purchase price shall be made in funds that are immediately available in New York City.

Wells Fargo may be deemed to be an "underwriter" within the meaning of the Securities Act. We have agreed to indemnify against or to make contributions relating to certain civil liabilities, including liabilities under the Securities Act.

The Notes are a new issue of securities with no established trading market. The Notes will not be listed on any securities exchange and we do not expect a trading market to develop. Wells Fargo has advised us that, following completion of the offering of the Notes, it may, under ordinary market conditions, to indicate prices for the Notes on request, although it is under no obligation to do so. We will engage in any market-making activities at any time without notice. Accordingly, no guarantees can be given as to whether an active trading market for the Notes will develop or, if such a trading market develops, as to the liquidity of such trading market. We cannot guarantee that any outstanding Notes will be made in the future; nor can we predict the price at which any such bids will be made. The Notes will be redeemed at the close of business on the Maturity Date.

**LEGAL MATTERS**

The validity of the Notes will be passed upon for us by Cadwalader, Wickersham & Taft LLP, New York, New York.

**PROSPECTUS SUPPLEMENT**  
(To Prospectus Dated February 2, 2005)

**\$12,410,781,162**

**The Bear Stearns Companies Inc.**  
**Medium-Term Notes, Series B**

*Set forth below is a summary of the terms of the notes offered by this prospectus supplement and the accompanying detail, see "Description of Notes."*

**- Interest**

The notes have a fixed or floating interest rate. The floating interest rate formula will be based on:

- Commercial Paper Rate;
- LIBOR;
- Federal Funds Rate;
- Treasury Rate;
- Prime Rate;
- CMT Rate; or
- Another interest rate formula.

**- Index Notes**

The principal, interest or other amounts payable on the notes, if any, may be based on one or more indices or other forms of interest rate.

**- Maturity**

The notes will mature in 9 months or more.

**- Ranking**

The notes will be our unsecured senior debt and will rank equally with all of our other unsecured and unsubordinated debt.

**- Sinking Fund**

The notes will not be subject to a sinking fund unless otherwise set forth in the applicable pricing supplement.

**- Interest Payment Dates**

Interest on fixed rate notes will be paid semi-annually or otherwise on the dates set forth in the applicable pricing supplement. Interest on floating rate notes or index notes will be paid monthly, quarterly, semiannually, annually or as otherwise set forth in the applicable pricing supplement.

**- Redemption and Repurchase**

## Edgar Filing: Jupiter Global Holdings Corp - Form 10QSB

The notes may be subject to:

- redemption, at our option; and
- repayment, at your option.
- **Book-Entry Notes**

The notes will be issued in book-entry form unless otherwise set forth in the applicable pricing supplement.

- **Denominations**

The notes will be issued in minimum denominations of \$25,000 (or the specified currency equivalent), increased in multiples of \$25,000 (or the specified currency equivalent), unless otherwise set forth in the applicable pricing supplement.

INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 10 OF THIS PROSPECTUS SUPPLEMENT.

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

	Per Note		Total(4)	
Initial public offering price(1)	100%		\$12,410,781,162	
Agents' discounts and commission(2)	0.125%	0.750%	\$15,513,476	93,080,859
Our proceeds, before expenses(3)	99.250%	99.875%	\$12,317,700,303	12,395,267,686

- (1) We will issue the notes at 100% of their principal amount, unless otherwise set forth in the applicable pricing supplement.
- (2) We will pay a commission to each agent, in the form of a discount, ranging from .125% to .750% of the price of the note, depending on maturity, when that agent places such note. Any agent may agree with us, in respect of the note, to accept a commission other than one based on maturity, provided that the maximum commission will not be greater than the commission based on maturity. We may sell notes to any agent as principal either at a discount or at 100% of their principal amount, for resale at a price to be determined by that agent at the time of resale. See "Supplemental Plan of Distribution." We have agreed to indemnify you against certain liabilities, including liabilities under the Securities Act of 1933, as amended.
- (3) Before deduction of expenses payable by us, estimated at \$700,000.
- (4) In US dollars or their equivalent in one or more foreign or composite currencies.

**Bear, Stearns & Co. Inc.**

February 2, 2005



We are offering the notes on a continuing basis through Bear, Stearns & Co. Inc., and any other agent we may use. Each agent has agreed to use its reasonable best efforts to solicit purchases of the notes. We have reserved the right to sell the notes on our own behalf. We will not list the notes on any securities exchange, and we cannot assure you that the notes offered by this prospectus supplement will be sold or that there will be a secondary market for them. We reserve the right to modify the offer made by this prospectus supplement without giving notice. We may reject any offer in whole or in part.

Each agent may use this prospectus supplement in connection with offers and sales associated with market-making transactions in the notes. Each agent may act as principal or agent in the market-making transactions. The offers and sales will be made at prevailing prices at the time.

You must read this prospectus supplement and the accompanying prospectus together with all the documents incorporated by reference to be incorporated in this prospectus supplement and the accompanying prospectus by reference (see "Where You Can Find More Information" in the accompanying prospectus). This prospectus supplement and the accompanying prospectus must be construed on the basis that the incorporated documents are so incorporated and form part of this document, except to the extent that they conflict with this document.

We have not authorized any person to give any information or represent anything not contained in this prospectus supplement and the accompanying prospectus. You must not rely on any unauthorized information.

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## RISK FACTORS

Your investment in the notes involves risk. In consultation with your financial and legal advisers, you should carefully review the following risks and the other information included or incorporated by reference in the applicable pricing supplement, the applicable offering supplement and the accompanying prospectus, including the information under "Where You Can Find More Information" in the accompanying prospectus, before deciding that an investment in the notes is suitable for you. You should not purchase the notes unless you understand and can bear the investment risks of the notes.

### **There may not be any Trading Market for Your Notes; Many Factors Affect the Trading Market and Value of Your Notes.**

Upon issuance, the notes will not have an established trading market. We cannot assure you a trading market for the notes will develop or, if one develops, that it will be maintained. If you wish to liquidate your investment in the notes prior to maturity, there may be your only option. At that time, there may be an illiquid market for the notes or no market at all. In addition to our creditworthiness, many other factors may affect the trading market value of, and trading market for, your notes. These factors include:

the rate of interest, if any, on your notes;

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

the method of calculating the principal, or any premium, interest or other amounts payable in respect of your notes;

the time remaining to the maturity of your notes;

the total outstanding amount of any particular issuance of notes or of our notes in total;

any redemption or repayment features of your notes;

the amount of any other securities linked to your notes; and

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

We expect that changes in interest rates will affect the trading value of the notes. In general, if US interest rates increase, the trading value of the notes will decrease and, conversely, if US interest rates decrease, we expect that the trading value of the notes will increase.

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

### **The Notes are not Insured Against Loss by any Third Party; You can only Depend on our Earnings and Assets for Payment of Principal and Interest on the Notes.**

The notes will be solely our obligations, and no other entity will have any obligation, contingent or otherwise, to make payments in respect of the notes.

In addition, because we are a holding company whose primary assets consist of shares of stock or other equity interests in our subsidiaries, almost all of our income is derived from those subsidiaries. Our subsidiaries will have no obligation to pay interest on the notes or to make any funds available for payment of the notes. Accordingly, we will be dependent on dividends and other payments from our subsidiaries to make payments on the notes.



distributions or loans from our subsidiaries to generate the funds necessary to meet our obligations with respect to the payment of principal and interest. The notes will also be effectively subordinated to the claims of creditors of our subsidiaries with respect to their assets.

If funds from dividends, other distributions or loans from our subsidiaries are not adequate, we may be unable to make principal or interest in respect of the notes and you could lose all or a part of your investment.

At August 31, 2004:

we had outstanding (on an unconsolidated basis) approximately \$40.0 billion of debt and other obligations, of which we had approximately \$36.2 billion of unsecured senior debt and \$3.4 billion of unsecured inter-company debt.

Our subsidiaries had outstanding (after elimination of inter-company items) approximately \$192.6 billion of obligations (including \$55.8 billion related to securities sold under repurchase agreements, \$75.0 billion of accounts payable to customers, \$28.0 billion related to financial instruments sold, but not yet purchased, and other liabilities, including \$17.4 billion of debt).

**If the Notes are Redeemable, We may Redeem such Notes when Prevailing Interest Rates are Relatively Low.**

If the pricing supplement for your notes provides that the notes are redeemable at our option, we may choose to redeem the notes after the date indicated in the pricing supplement. If the pricing supplement provides that the notes are subject to mandatory redemption or otherwise repayable at the option of the holder, we also may be required to redeem the notes upon the occurrence of certain events on a certain date. In the event that prevailing interest rates are relatively low when we choose or are required to redeem the notes, we may not be able to reinvest the redemption proceeds in a comparable security with a yield as high as that on the notes being redeemed. The inability to redeem the notes before the maturity date may affect the market value of the notes at any time when potential purchasers are unable to redeem notes.

**If the Notes you Purchase are Floating Rate Notes, you may Receive a Lesser Amount of Interest in the Future.**

Because the interest rate on floating rate notes will be indexed to an external interest rate or index that may vary from time to time, there will be significant risks not associated with a conventional fixed rate debt security. These risks include fluctuation of the interest rate and the possibility that, in the future, you will receive a lesser amount of interest. We have no control over a number of factors that affect interest rates, including economic, financial and political events that are important in determining the existence, nature and longevity of these risks and their results. In recent years, interest rates have been volatile, and volatility may be expected to continue. However, past experience is not necessarily indicative of what may occur in the future.

**If the Floating Rate Notes you Purchase are Subject to a Maximum Interest Rate, Your Return will be Limited.**

If the applicable pricing supplement specifies that your floating rate notes are subject to a maximum interest rate, the interest that will accrue on the floating rate notes during any interest reset period will never exceed the specified maximum interest rate, although the applicable rate of interest will always be greater than zero for floating rate notes, unless a minimum interest rate is specified.

is specified in the applicable pricing supplement, we cannot assure you that the interest rate you receive in the future will

**Holders of Indexed Notes are Subject to Important Risks that are not Associated with More Conventional Debt Securities**

If you invest in indexed notes, you will be subject to significant risks not associated with conventional fixed-rate securities. These risks include the possibility that the particular index or indices may be subject to fluctuations, and the amount of principal, premium, or interest, and at different times than expected. In the past, interest rates and indices have been volatile, and this volatility may be expected in the future. However, past experience is not necessarily indicative of what may occur in the future. We have no control over a number of matters, including economic, financial, and political events, which are important in determining the existence, magnitude, and longevity of these risks and their impact on the value of, or payments on, indexed notes. Some of the additional risks that you should consider in connection with an investment in indexed notes are:

**You may lose some or all of your principal.** The principal amount of an indexed note may or may not be fully protected. This means that the principal amount you will receive at maturity may be less than the principal amount of the indexed note. It also is possible that principal will not be repaid.

**Your yield may be less than the yield on a conventional debt security of comparable maturity.** The yield on an investment in an indexed note (whether or not the principal amount is indexed) may be less than the yield you would earn if you purchased a conventional debt security at the same time and with the same maturity.

**The existence of a multiplier or leverage factor may result in the loss of your principal and interest.** Indexed notes may have interest and principal payments that increase or decrease at a rate greater than the rate of an unfavorable movement in the indexed item. This is referred to as a multiplier or leverage factor. A multiplier or leverage factor in a principal or interest index will increase the risk that no principal or interest will be paid.

**Payment on the indexed note prior to maturity may result in a reduced return on your investment.** An indexed note may require that the indexed note be paid prior to its scheduled maturity date. That early payment may reduce your anticipated return. In addition, you may not be able to invest the funds you receive in a conventional debt security that yields a similar return.

**The United States federal income tax consequences of the indexed notes are uncertain.** No state or local administrative authority directly addresses the characterization of the indexed notes or securities similar to the indexed notes for United States federal income tax purposes. As a result, significant United States federal income tax consequences of an investment in the indexed notes are not certain. We are not requesting a ruling from the Internal Revenue Service (the "IRS") for any of the indexed notes and we give no assurance that the IRS will agree with the tax consequences described in the prospectus supplement or in the pricing supplement applicable to those notes.

**Your investment return may be less than a comparable direct investment in the stocks included in the index or a fund that invests in those stocks.** A direct investment in the stocks included in an index or in a fund that invests in those stocks would allow you to receive the full benefit of any appreciation in the price of the shares, as well as dividends paid by those shares. Indexed notes may not offer these benefits.

**Hedging Activities may Affect Your Return at Maturity and the Market Value of the Notes.**

Hedging activities also may affect trading in the notes. We and our affiliates may from time to time engage in hedging in connection with an offering of the notes. This hedging activity may affect the value of the notes in a manner that would affect your investment in the notes. In addition, we or our affiliates may acquire a long or short position in the notes from time to time. In the case of indexed notes, we or our affiliates may engage in hedging activity related to the indexed notes or to a component of the notes applicable to the indexed notes. All or a portion of these positions may be liquidated at or about the time of the maturity of the notes. The aggregate amount and the composition of these positions are likely to vary over time. We have no reason to believe that our activities will have a material effect on the notes. However, we cannot assure you that our activities or the activities of our affiliates will affect the prices at which you may sell your notes.

**Changes in Our Credit Ratings are Expected to Affect the Value of the Notes.**

Our credit ratings are an assessment of our ability to pay our obligations. Consequently, actual or anticipated changes in our credit ratings, as well as our financial condition or results of operations may significantly affect the trading value of the notes. Your return on the notes depends upon factors in addition to our ability to pay our obligations, an improvement in our credit ratings or financial condition or results of operations will not reduce the other investment risks related to the notes.

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

An investment in notes that are denominated in a specified currency other than US dollars, or the principal, premium, or interest of which are determined by reference to a currency or currency index or indices, entails significant risks that are not associated with an investment in a security denominated in US dollars. Risks include, without limitation, the possibility of significant changes in the exchange rate between the US dollar and the various foreign currencies or composite currencies and the possibility of the imposition or modification of foreign exchange controls by either the United States or foreign governments. These risks generally depend on factors which we have no control, such as economic and political events or the supply of and demand for the relevant currencies. Fluctuations in the rate of exchange between the US dollar and certain foreign currencies have been highly volatile and such volatility may be expected to continue. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any note. Depreciation of a specified currency other than US dollars against the US dollar may result in a decrease in the effective yield of the note below its coupon rate, and in certain circumstances could result in a loss to the investor on a dollar basis.

Governments have imposed, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a specified foreign currency for making payments with respect to a note. There can be no assurance that exchange controls will not restrict or prohibit payments in any such currency or currency unit. Even if there are no actual exchange controls, it is possible that a specified foreign currency for any particular note would not be available to make payments when due. In that event, we will repay such notes on the basis of the most recently available exchange rate. See "Description of Notes Payment of Principal and Interest."

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

Currently, there are limited facilities in the United States for currency conversion between US dollars and foreign currencies. Some banks do not offer non-US dollar denominated checking or

savings account facilities in the United States. Accordingly, payments on notes made in a specified currency other than US dollars may be made from an account with a bank located in the country issuing the specified currency. As a result, you may have difficulty converting such specified currencies into US dollars on a timely basis or at all. See "Description of Notes - Payment of Principal and Interest." Unless otherwise specified in the applicable pricing supplement, notes denominated in a specified currency other than US dollars are sold in, or to residents of, the country issuing the specified currency in which particular notes are denominated.

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

The notes will be governed by and construed in accordance with the laws of the State of New York. If an action is commenced in a court in the United States, it is likely that such court would grant judgment relating to the notes only in US dollars. It is not clear, however, whether in granting such judgment, the rate of conversion into US dollars would be determined with reference to the date of default, the date judgment is rendered or some other date. New York statutory law provides, however, that a court shall apply the law of the country in which the judgment or decree in the foreign currency of the underlying obligation and that the judgment or decree shall be converted into US dollars at the rate prevailing on the date of entry of the judgment. Therefore, the exchange rate on the date of the judgment could be different from the exchange rate on the date that the judgment is paid.

**Please note, this prospectus supplement, the attached prospectus and the applicable pricing supplement do not describe the risks of an investment in notes denominated in a specified currency other than US dollars, or the principal of or the interest on which are determined by reference to a currency, currency index or indices, equity index or indices or other formula or measure. You should consult your own financial and legal advisors as to the risks entailed by an investment in notes denominated in a specified currency other than US dollars, or as to which the principal, premium and/or any interest is determined by reference to a currency, currency index or indices, equity index or indices or other formula or measure. These notes are not a suitable investment for investors who are unsophisticated with respect to foreign currency, equity linked or indexed transactions.**

Except as set forth under "Certain US Federal Income Tax Considerations," the information set forth in this prospectus supplement is directed to prospective purchasers who are US residents, and we disclaim any responsibility to advise prospective purchasers who are residents of countries other than the United States with respect to any matters that may affect the purchase, holding or receipt of principal (and premium, if any) and any interest with respect to the notes. These persons should consult their own financial and legal advisors regarding such matters.

**PRICING SUPPLEMENT**

The pricing supplement for each offering of notes will contain the specific information and terms for that offering. The pricing supplement may also add, update or change information contained in this prospectus supplement and the prospectus. If the pricing supplement, including any changes in the method of calculating interest on any note, is inconsistent with this prospectus supplement, you should rely on the information in the pricing supplement. It is important that you consider all of the information in this prospectus supplement and the prospectus when making your investment decision.

## DESCRIPTION OF NOTES

### General

The following terms apply to each note unless otherwise specified in the applicable pricing supplement and the notes. The applicable pricing supplement will describe the terms for the notes, including:

interest rate;

index or other formulas on which principal, interest or other amounts payable may be based;

remarketing provisions;

our right to redeem notes;

your right to tender notes you have purchased; and

any other provisions.

We will issue notes under an indenture, dated as of May 31, 1991, as amended, between us and JPMorgan Chase Bank, N.A. (The Chase Manhattan Bank), as Trustee, that is more fully described in the accompanying prospectus. The notes are part of our debt securities that are issuable under the indenture. For a description of the rights attaching to the debt securities under the indenture, see "Description of Debt Securities" in the accompanying prospectus. This description and the description under "Description of Debt Securities" in the accompanying prospectus are summaries and do not restate the indenture. We urge you to read the indenture and the prospectus we have filed with the SEC because they, and not this description or the one in the accompanying prospectus, define your rights as a holder of notes. See "Where You Can Find More Information" in the accompanying prospectus on how to locate the indenture and prospectus.

The notes are limited in amount as described on the cover page of this prospectus supplement, less an amount equal to the initial public offering price of any other securities we may issue in the future, including any other series of medium-term debt securities. We may increase this limit if we wish to sell additional notes in the future. Under the indenture, we may issue debt securities over the term of the indenture, authorized on the date of this prospectus supplement without obtaining your consent or the consent of holders of other debt securities, if the series of notes or other debt securities may differ as to their terms. For current information on our outstanding debt, see our Forms 10-K and 10-Q. See "Where You Can Find More Information" in the accompanying prospectus.

We will offer the notes on a continuous basis at various times. The notes will mature at face value nine months after the date they are issued and before maturity may be subject to redemption at our option or repayment at your option, as specified in the applicable pricing supplement. Each note will be denominated in either US dollars or in another currency that will be specified both on the note and in the applicable pricing supplement.

You will be required to pay for any notes you purchase by delivery of the requisite amount of the specified currency, unless other arrangements have been made. Payments should be made in the specified currency in the country issuing the specified currency, provided that, at your election and, in certain circumstances, at our option, payments on notes denominated in other than US dollars may be made in US dollars. See "Risk Factors - The Unavailability of Currencies Could Result in a Substantial Loss to You" and "Interest."

US dollar-denominated notes will be issued in minimum denominations of \$25,000, increased in multiples of \$1,000. Other dollar-denominated notes will be issued in the amount of the specified currency equal to US \$25,000 or any integral multiple of US \$1,000, as determined by reference to the noon buying rate in New York City for cable transfers in that specified



certified for customs purposes by the Federal Reserve Bank of New York for that specified currency on the Business Day immediately preceding the date of issuance or, if that exchange rate is not available, then on the basis of the most recently available exchange rate for the specified currency. We may specify other authorized denominations in the applicable pricing supplement.

We may issue the notes as currency indexed notes, the principal amount of which is payable at or before maturity and any premium or other amounts payable with respect to which will be determined by the difference between the value of the notes as denominated and another currency or composite currency or by reference to any other currency index or interest rate index. See the applicable pricing supplement. See "Currency Indexed Notes."

We may also issue the notes as indexed notes, the principal amount of which is payable at or before maturity and any premium or other amounts payable with respect to which will be determined by reference to the price or performance of one or more specified securities, commodities or indices on certain specified dates, or by some other financial, economic or other market measure. See "Other Indexed Notes."

The notes are unsecured and will rank equally with all of our unsecured and unsubordinated debt, including the debt issued under the indenture. Because we are a holding company, the notes will be effectively subordinated to the claims of our subsidiaries with respect to their assets. At August 31, 2004:

we had outstanding (on an unconsolidated basis) approximately \$40.0 billion of debt and other obligations, of which we had approximately \$36.2 billion of unsecured senior debt and \$3.4 billion of unsecured inter-company debt.

Our subsidiaries had outstanding (after elimination of inter-company items) approximately \$192.6 billion of debt and other obligations (including \$55.8 billion related to securities sold under repurchase agreements, \$75.0 billion of accounts payable to customers, \$28.0 billion related to financial instruments sold, but not yet purchased, and other liabilities, including \$17.4 billion of debt).

The notes will not have a sinking fund unless otherwise specified in the pricing supplement.

Unless otherwise set forth in the applicable pricing supplement, each note will be issued in "book-entry" form represented by a global security registered in the name of The Depository Trust Company or its nominee. As long as DTC or its nominee is the registered owner of a global security, DTC or its nominee will be considered the sole owner or holder of the book-entry note(s) represented by the global security under the indenture. See "Book-Entry Procedures and Settlement" in the accompanying prospectus.

We may issue the notes as exchangeable notes that are exchangeable at your option for:

the securities, or cash representing the value of securities, of an entity unaffiliated with us;

a basket of these securities;

an index or indices of these securities; or

any combination of the above options, as is described in the applicable pricing supplement.

Exchangeable notes may bear interest or be issued with original issue discount or at a premium, all as specified in the applicable pricing supplement. See "Exchangeable Notes."

Under the terms of the indenture, we may defease the notes. See "Description of Debt Securities - Defeasance" in the accompanying prospectus.

In the following discussion, any time we refer to paying principal on the notes, we mean at maturity or upon redemption. All times are New York City time unless otherwise noted. The following terms may apply to each note as specified in the applicable pricing supplement. We have provided the definitions of certain capitalized terms used in this prospectus supplement in the Glossary.

### **Possible Principal Protection**

The applicable pricing supplement will detail whether your principal investment in the notes is (1) fully guaranteed, (2) possibly protected or (3) not protected.

Principal protected means that, if held to maturity, your principal investment in the notes is guaranteed and will not be at risk of loss. At maturity, you will receive at least the principal amount of the notes.

Possible principal protection means that only under certain circumstances will your principal investment in the notes be guaranteed and only if, the specific circumstances in the applicable pricing supplement are met and if the notes are held to maturity. If the specific circumstances in the applicable pricing supplement are not met, then your investment may result in a loss as there is no guaranteed return of principal.

If your principal investment is not principal protected, then there is no fixed repayment amount of principal at maturity. If the specific circumstances in the applicable pricing supplement are not met, then your investment may result in a loss as there is no guaranteed return of principal, and at maturity, the amount you receive may be less than the purchase price of the notes.

### **Interest Rate**

#### **General**

We have provided a Glossary at the end of this prospectus supplement to define certain capitalized words used in the prospectus supplement, including the interest rate payable on the notes.

The interest rate on the notes will be either fixed or floating. The interest paid will include interest accrued from the last interest payment date to, but excluding, the relevant interest payment date, maturity date, redemption date or repayment date and will be payable on the next interest payment date and upon maturity, redemption or repayment. Interest will be paid to the person in whose name the note is registered as the owner of business on the record date before each interest payment date, which in the case of global securities representing book-entry notes will be the depository or its nominee. However, interest payable upon maturity, redemption or repayment will be payable to the person in whose name the principal is payable, which in the case of global securities representing book-entry notes will be the depository or its nominee. Interest payment on any note issued between a record date and an interest payment date will be made on the interest payment date or the next record date.

#### **Fixed Rate Notes**

The applicable pricing supplement will designate the fixed rate of interest payable on a fixed rate note. The fixed rate of interest will be zero in the case of a fixed rate note issued with original issue discount. Each fixed rate note will bear interest from its issue date at the rate per year stated on its face until the principal is paid or made available for payment. Interest will be paid semiannually on the dates specified in the applicable pricing supplement and at maturity, or on redemption or optional repayment.

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The record dates for fixed rate notes will be 15 calendar days before the interest payment date, whether or not that unless otherwise specified in the applicable pricing supplement. Interest will be computed using a 360-day year of twelve months. In the event that any interest payment date, maturity date, redemption date or repayment date of a fixed rate note is not a Business Day, the related payment of principal, premium, if any, or interest will be made on the next succeeding Business Day and, unless otherwise specified in the applicable pricing supplement, no interest shall accrue for the period from and after that interest payment date, maturity date or repayment date, as the case may be, to the next Business Day.

### **Floating Rate Notes**

#### *General*

The interest rate on a floating rate note will be calculated by reference to the specified interest rate formula, plus or minus any spread, as specified in the applicable pricing supplement. The spread is the number of basis points specified in the applicable pricing supplement as applicable to the interest rate for the floating rate note and may be a fixed amount or an amount that increases or decreases over time. The formula may be based on any of the following rates:

the Commercial Paper Rate;

LIBOR;

the Federal Funds Rate;

the Treasury Rate;

the Prime Rate;

the CMT Rate; or

another interest rate formula.

In addition to any spread, the applicable pricing supplement will also indicate any applicable maximum or minimum interest rate.

The applicable pricing supplement also will define or specify the following terms, if applicable:

Calculation Date;

initial interest rate;

interest payment period;

interest payment dates;

record date;

Index Maturity;

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Interest Determination Date;

Interest Reset Period;

Interest Reset Date; and

sinking fund, if any.

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On your request, the Calculation Agent will provide you with the current interest rate and the interest rate which will apply on the next interest reset date. See " *How Interest Is Calculated.*"

### *Date Interest Rate Changes*

The interest rate on floating rate notes may be reset daily, weekly, monthly, quarterly, semiannually or annually, as applicable pricing supplement. Unless otherwise set forth in the applicable pricing supplement, the Interest Reset Date will be:

for notes which reset daily, each Business Day;

for notes (other than Treasury Rate notes) which reset weekly, the Wednesday of each week;

for Treasury Rate notes which reset weekly, the Tuesday of each week;

for notes which reset monthly, the third Wednesday of each month;

for notes which reset quarterly, the third Wednesday of March, June, September and December;

for notes which reset semiannually, the third Wednesday of the two months specified in the note and/or the applicable pricing supplement; and

for notes which reset annually, the third Wednesday of the month specified in the note and/or the applicable pricing supplement.

The initial interest rate or interest rate formula effective until the first Interest Reset Date will be indicated in the applicable pricing supplement.

After the first Interest Reset Date, the interest rate will be the rate determined on the next Interest Determination Date. Each time a new interest rate is determined it will become effective on the next Interest Reset Date. Except for notes which reset weekly, no changes will be made in the interest rate during the 10 days before the date of maturity, redemption or repayment specified in the applicable pricing supplement, the interest rate for notes with daily interest reset dates may be changed immediately before the maturity date. Unless otherwise specified in the applicable pricing supplement, the interest rate for notes which reset quarterly, semiannually or annually may be changed until the Interest Reset Date immediately before the maturity date. If any Interest Reset Date falls on a day which is not a Business Day, then the Interest Reset Date will be postponed to the next Business Day. However, in the case of a LIBOR note, if the next calendar month, the Interest Reset Date will be the preceding Business Day.

In the case of weekly reset Treasury Rate notes, if an auction of Treasury bills falls on a day that is an Interest Reset Date, the Interest Reset Date will be the following day that is a Business Day.

### *When Interest Rate Is Determined*

Unless otherwise specified in the applicable pricing supplement, the "Interest Determination Date" is as follows:

for the Commercial Paper Rate and Federal Funds (Effective) Rate, the Business Day before the Interest Reset Date;

for LIBOR, the second London Banking Day before the Interest Reset Date;

for the Treasury Rate, the day of the week in which the Interest Reset Date falls on which Treasury bills are auctioned. Treasury bills are usually sold at auction on Monday of each week, unless that day is a Business Day, in which case the auction is usually held on the preceding Business Day.



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following Tuesday, unless the auction may be held on the preceding Friday. If the auction is held on that Friday will be the Interest Determination Date pertaining to the Interest Reset Date occurring in

for the Prime Rate and Federal Funds (Open) Rate, the same day as the Interest Reset Date; and

for a CMT Rate note, the tenth Business Day before the Interest Reset Date.

### *When Interest Is Paid*

Unless otherwise specified in the applicable pricing supplement, interest is paid as follows:

for notes which reset daily, weekly or monthly, on the third Wednesday of each month or on the third Wednesday of March, June, September and December of each year, as specified in the note or the applicable pricing supplement;

for notes which reset quarterly, on the third Wednesday of March, June, September and December of each year;

for notes which reset semiannually, on the third Wednesday of the two months of each year specified in the applicable pricing supplement;

for notes which reset annually, on the third Wednesday of the month specified in the note or the applicable pricing supplement; and

at maturity, redemption or optional repayment.

If any interest payment date, maturity date, redemption date or repayment date of a floating rate note is not a Business Day, the payment of principal, premium, if any, or interest will be postponed to the next Business Day and, unless otherwise specified in the applicable pricing supplement, no additional interest shall accrue for the period from and after that interest payment date, maturity date or repayment date, as the case may be, to the next Business Day. However, for LIBOR notes, if the next Business Day is not a Business Day, principal, premium, if any, or interest will be paid on the preceding Business Day, provided that any such Business Day is not a London Banking Day.

For floating rate notes, the record date will be 15 calendar days before each interest payment date, whether or not that date is a Business Day, unless otherwise specified in the applicable pricing supplement.

### *How Interest Is Calculated*

Unless otherwise specified in the applicable pricing supplement, interest payments will be the amount of interest accrued to, but excluding, the date of interest payment, including, the prior interest payment date in respect of which interest has been paid (or from, and including, the date of interest payment, if interest has been paid), to, but excluding, the interest payment date. If the interest payment date is also a day that principal is payable will include interest accrued to, but excluding, the date of maturity, redemption or optional repayment.

Accrued interest from the date of original issue or from the last date to which interest has been paid is calculated by multiplying the amount of the floating rate note by an accrued interest factor. The accrued interest factor is computed by adding the interest accrued for each day from the date of issue, or from the last date to which interest has been paid, to the date for which accrued interest is calculated. The interest factor (expressed as a decimal calculated to seven decimal places without rounding) for each such day is calculated by dividing the interest rate applicable to that day by 360, in the case of Commercial Paper Rate notes, Federal Funds Rate notes and Prime Rate notes, or by the actual number of days in the year, in the case of Treasury Rate notes. With

respect to CMT Rate notes, interest is calculated on the basis of twelve 30-day months and a 360-day year.

All percentages resulting from any calculation on floating rate notes will be rounded, if necessary, to the nearest one-tenth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 6.876545% (or .06876545) rounded to 6.87655% (or .0687655) and 6.876544% (or .06876544) being rounded to 6.87654% (or .0687654)), and all dollar amounts resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upward).

Unless otherwise specified in the applicable pricing supplement, the Calculation Date relating to an Interest Determination Date will be the earlier of (a) the tenth calendar day after the Interest Determination Date or, if that day is not a Business Day, the next Business Day, or (b) the Business Day before the applicable interest payment date, maturity date, redemption date or repayment date. JPMorgan Chase Bank, N.A. (formerly, The Chase Manhattan Bank) will be the Calculation Agent with respect to the floating rate notes. On the Calculation Date, the Calculation Agent will provide you with the interest rate then in effect, and, if different, the interest rate that will become effective on the next Interest Reset Date with respect to your floating rate note.

#### *Legal Maximum Interest Rate*

In addition to any maximum interest rate for any floating rate note, the interest rate on the floating rate notes will not exceed the maximum rate permitted by New York law, as modified by federal law. Current New York law provides a maximum interest rate of 6% per annum. This limit does not apply to notes with principal amounts of more than \$2,500,000.

#### *Commercial Paper Rate Notes*

Each Commercial Paper Rate note will bear interest at the rate (calculated with reference to the Commercial Paper Rate) specified in the Commercial Paper Rate note and in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, the Commercial Paper Rate means, with respect to an Interest Determination Date, the Money Market Yield (as set forth and calculated in the Glossary section of this prospectus supplement) of the rate for commercial paper having the Index Maturity specified in the applicable pricing supplement as published in H.15(519) under the heading "Commercial Paper Nonfinancial." If the rate is not published in H.15(519) on the Calculation Date, the Money Market Yield will be calculated based on the rate on the Interest Determination Date as published in H.15 Daily Update or any other recognized source used for displaying that rate under the heading "Commercial Paper Nonfinancial."

If neither of the rates described above is published on the Calculation Date, then the Commercial Paper Rate will be the Money Market Yield of the arithmetic mean of the offered rates, as of 11:00 a.m. on the Interest Determination Date, of three leading dealers in New York City selected by the Calculation Agent for commercial paper of the specified Index Maturity placed with a dealer whose bond rating is "AA," or the equivalent, from a nationally recognized rating agency.

If the three dealers selected are not quoting as mentioned above, the Commercial Paper Rate will remain the Commercial Paper Rate in effect on such Interest Determination Date.



*LIBOR Notes*

Each LIBOR note will bear interest at the rate (calculated with reference to LIBOR and any spread) specified in the applicable pricing supplement. LIBOR will be determined by the Calculation Agent as follows, unless otherwise specified in the applicable pricing supplement:

With respect to any Interest Determination Date, either:

- (a) the arithmetic mean, as determined by the Calculation Agent, of the offered rates for deposits in US dollars having the specified Index Maturity specified in the applicable pricing supplement, beginning on the second London Banking Day after that date, which appear on the Reuters Screen LIBO Page as of 11:00 a.m., London time, on that date, if at least two rates appear on the Reuters Screen LIBO Page; or
- (b) the offered rate for deposits in US dollars having the specified Index Maturity, beginning on the second London Banking Day after that date, which appears on the Telerate Page 3750 as of 11:00 a.m., London time, on that date.

If neither the Reuters Screen LIBO Page nor Telerate Page 3750 is specified in the applicable pricing supplement, LIBOR will be determined as if Telerate Page 3750 had been specified.

In the case where (a) above applies, if fewer than two offered rates appear on the Reuters Screen LIBO Page, or, in the case where (b) above applies, if no rate appears on the Telerate Page 3750, LIBOR will be determined based on the rates at approximately 11:00 a.m. on such date by three major banks in New York City selected by the Calculation Agent for loans in US dollars having the specified Index Maturity beginning on the second London Banking Day after that date and in a principal amount of not less than US \$1,000,000 that is representative of a transaction in such market at such time (a "representative amount").

The Calculation Agent will request the principal London office of each such bank to provide a quotation of its rate. If three quotations are provided, LIBOR for that date will be the arithmetic mean of such quotations.

If fewer than two quotations are provided, LIBOR for that date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m. on such date by three major banks in New York City selected by the Calculation Agent for loans in US dollars having the specified Index Maturity beginning on the second London Banking Day after that date and in a principal amount of not less than a representative amount.

Finally, if the three banks are not quoting as mentioned above, LIBOR will remain LIBOR then in effect on such Interest Determination Date.

*Federal Funds Rate Notes*

Each Federal Funds Rate note will bear interest at the rate (calculated with reference to the Federal Funds Rate and any spread) specified in the applicable pricing supplement. The Federal Funds Rate may be either of the Federal Funds (Effective) Rate or the Federal Funds (Open) Rate.

Unless otherwise specified in the applicable pricing supplement, the Federal Funds (Effective) Rate means, with respect to any Interest Determination Date, the rate on that day for Federal Funds as published in H.15(519) under the heading "Federal funds rate" on page 120 or any successor service or page or, if not so published on the Calculation Date relating to that Interest Determination Date, the Federal Funds (Effective) Rate will be the rate on that Interest Determination Date.

Date that is published in H.15 Daily Update or any other recognized electronic source used for displaying that rate under Funds/Effective Rate."

Unless otherwise specified in the applicable pricing supplement, the Federal Funds (Open) Rate means, with respect to the Interest Determination Date, the rate on that day for Federal Funds as reported on Telerate page 5 under the heading "Federal Funds (Open) Rate."

If (1) the applicable Federal Funds (Effective) Rate described above or (2) the Federal Funds (Open) Rate described above is published by 3:00 p.m. on the relevant Calculation Date, then the Federal Funds (Effective) Rate and the Federal Funds (Open) Rate, as applicable, will be calculated by the Calculation Agent as the arithmetic mean of the rates for the last transaction in open market transactions arranged by three leading brokers of Federal Funds transactions in New York City selected by the Calculation Agent as of the Interest Determination Date.

If the brokers that are selected by the Calculation Agent are not quoting, the interest rate in effect for the applicable Interest Determination Date will be the interest rate then in effect on such Interest Determination Date.

#### *Treasury Rate Notes*

Each Treasury Rate note will bear interest at the rate (calculated with reference to the Treasury Rate and any spread) as set forth in the Treasury Rate note and in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, the Treasury Rate means, with respect to any Interest Determination Date, the rate for the most recent auction of Treasury bills, direct obligations of the United States, having the Index Maturity specified in the applicable pricing supplement as published under the column designated "Invest Rate" on Telerate page 56 captioned "US Treasury T-Bill Auction Results" or Telerate page 57 captioned "US Treasury 6MO T-Bill Auction Results."

If the Treasury Rate cannot be set as described above on the Calculation Date pertaining to such Interest Determination Date, the following procedures will apply, as appropriate:

- (1) The rate will be the auction average rate (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as otherwise announced by the United States Department of the Treasury.
- (2) If the results of the auction of Treasury bills having the specified Index Maturity are not published by 3:00 p.m. on the Calculation Date, or if no such auction is held in a particular week, then the Treasury Rate will be calculated by the Calculation Agent and will be a yield to maturity (expressed as a bond equivalent on the basis of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the second highest yielding primary US government securities of approximately 3:30 p.m. on the Interest Determination Date, of three leading primary US government securities selected by the Calculation Agent, for the issue of Treasury bills with a remaining maturity closest to the Interest Determination Date.
- (3) Finally, if the dealers are not quoting as mentioned above, the Treasury Rate will remain the Treasury Rate as set forth in the Treasury Rate note on such Interest Determination Date.

#### *Prime Rate Notes*

Each Prime Rate note will bear interest at the rate (calculated with reference to the Prime Rate and any spread) as set forth in the Prime Rate note and the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, Prime Rate means, with respect to any Interest Determination Date, either the rate set forth for that date on Telerate page 5 under the heading "Bank Rate/Prime" or the rate set forth for that date in H.15(519) under the heading "Bank Prime Loan."

If the Prime Rate cannot be set as described above, the following procedures will occur:

- (1) If the applicable rate is not published in H.15(519) or on Telerate page 5 prior to 9:00 a.m. on the Calculation Date, the Prime Rate will be the arithmetic mean of the rates of interest publicly announced by each bank on the Reuters Screen NYMF Page on such Interest Determination Date as such bank's prime rate or base rate for such Interest Determination Date.
- (2) If fewer than four rates appear on the Reuters Screen NYMF Page, the rate will be the arithmetic mean of the rates quoted on the basis of the actual number of days in the year divided by 360 as of the close of business on the Interest Determination Date by at least two of the three major money center banks in New York City selected by the Calculation Agent from which quotations are requested.
- (3) If fewer than two quotations are provided, the Calculation Agent will determine the Prime Rate as the arithmetic mean of the prime rates in New York City by the appropriate number of substitute banks or trust companies doing business under the laws of the United States, or any state, in each case having total equity of at least \$500 million and being subject to supervision or examination by federal or state authority, selected by the Calculation Agent to quote the rate or rates.
- (4) If in any month or two consecutive months, the Prime Rate is not published in H.15(519) or on Telerate page 5, and the banks or trust companies selected are not quoting as mentioned in (3) above, the Prime Rate for the Interest Reset Period will remain the same as the Prime Rate for the immediately preceding Interest Reset Period (or, if there is no preceding Interest Reset Period, the rate of interest payable on the Prime Rate notes for which the Prime Rate is not published shall be the initial interest rate).

If this failure continues over three or more consecutive months, the Prime Rate for each succeeding Interest Determination Date until maturity or redemption of such Prime Rate notes or, if earlier, until this failure ceases, shall be LIBOR determined as if the notes were LIBOR notes, and the spread, if any, will be the number of basis points specified in the applicable pricing supplement as the Prime Rate Event Spread."

#### *CMT Rate Notes*

Each CMT Rate note will bear interest at the rate (calculated with reference to the CMT Rate and any spread) specified in the applicable pricing supplement and in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, the CMT Rate means, with respect to any Interest Determination Date, the rate displayed on the designated CMT Telerate Page, under the caption "... Treasury Constant Maturities... Federal Reserve Board... H.15... Mondays Approximately 3:45 p.m.," under the column for the designated CMT Index Maturity, for:

- (a) the latest rate displayed at the close of business on such Interest Determination Date if the designated CMT Index Maturity is 7051; or
- (b) the average for the week, or the month, as specified in the applicable pricing supplement, ended immediately prior to the Interest Determination Date or the week in which the related Interest Determination Date occurs if the designated CMT Telerate Page is not available.

If the CMT Rate cannot be set as described above, the following procedures will occur:

- (1) If the applicable rate described above is not displayed on the relevant page by 3:00 p.m., New York City, on the Calculation Date, unless the calculation is made earlier and the rate is available from that source at the Calculation Date, then the CMT Rate will be the Treasury constant maturity rate having the designation specified in the applicable pricing supplement published in H.15(519) or another recognized electronic source for displaying the rate.



- (2) If the applicable rate described above is not published in H.15(519) or another recognized electronic source by 3:00 p.m., New York City time on that Calculation Date, unless the calculation is made available from one of those sources at that time, then the CMT Rate will be the Treasury constant maturity United States Treasury rate, for the Index Maturity and with reference to the relevant Interest Determination Date published by either the Board of Governors of the Federal Reserve System or the United States Department of Treasury and that the Calculation Agent determines to be comparable to the rate formerly displayed on the CMT Telerate Page and published in H.15(519).
- (3) If the rate described in the prior paragraph cannot be determined, then the Calculation Agent will determine the CMT Rate to be a yield to maturity based on the average of the secondary market offered rates as of approximately 3:30 p.m., New York City time, on the relevant Interest Determination Date reported, according to their written records of leading primary United States government securities dealers in New York City. The Calculation Agent will select the three lowest quotations after consulting with us, and will eliminate the highest quotation (or, in the event of equality, the highest) and the lowest quotation (or, in the event of equality, one of the lowest), for the most recent noncallable fixed rate obligations of the United States Treasury ("Treasury Notes") with an original maturity of approximately the designated Index Maturity and a remaining term to maturity of not less than the designated Index Maturity minus one year in a representative amount. If two Treasury Notes with an original maturity of approximately the designated Index Maturity have remaining terms to maturity equally close to the designated Index Maturity, the quotes for the shorter remaining term to maturity will be used.
- (4) If the Calculation Agent cannot obtain three Treasury Note quotations of the kind described in the prior paragraph, the Calculation Agent will determine the CMT Rate to be the yield to maturity based on the average of the secondary market offered rates for Treasury Notes with an original maturity longer than the designated CMT Index Maturity and a remaining term to maturity closest to the designated CMT Index Maturity and in a representative amount as of approximately 3:30 p.m., New York City time, on the relevant Interest Determination Date of leading primary United States government securities dealers in New York City. In selecting these offered rates, the Calculation Agent will obtain quotations from at least five such securities dealers and will disregard the highest quotation (or if there is equality, the highest) and the lowest quotation (or if there is equality, one of the lowest). If two Treasury Notes with an original maturity longer than the designated CMT Index Maturity have remaining terms to maturity that are equally close to the designated CMT Index Maturity, the Calculation Agent will obtain quotations for the Treasury Note with the shorter remaining term to maturity.
- (5) If fewer than five but more than two of the leading primary United States government securities dealers described in the prior paragraph, then the CMT Rate for the relevant Interest Determination Date will be the average of the offered rates obtained, and neither the highest nor the lowest of those quotations will be used.
- (6) If two or fewer leading primary United States government securities dealers selected by the Calculation Agent as described above, the CMT Rate will remain the CMT Rate then in effect on that Interest Determination Date.

*Inverse Floating Rate Notes*

Any floating rate note may be designated in the applicable pricing supplement as an inverse floating rate note. In such case, unless otherwise specified in the applicable pricing supplement, the interest rate on the floating rate note will be equal to a fixed rate plus an interest rate

determined based on a rate specified in the applicable pricing supplement, as adjusted by any spread or multiplier.

### **Index Notes**

#### *Currency Indexed Notes*

We may offer notes the principal amounts of which are payable at or before maturity and the amounts of interest plus any premium payable with respect to which are determined by the rate of exchange between the specified currency and the composite currency or currencies specified as the indexed currency or by reference to some other currency index or index set forth in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, you will be entitled to receive a principal amount in respect of the currency indexed note exceeding the amount designated as the face amount of the currency indexed note in the applicable pricing supplement if, at the stated maturity date, the rate at which the specified currency can be exchanged for the indexed currency is greater than the rate of exchange designated as the base exchange rate, which is expressed in units of the indexed currency per unit of the specified currency, as specified in the applicable pricing supplement. You will only be entitled to receive a principal amount in respect of the currency indexed notes less than the face amount of currency indexed notes, if, at the stated maturity date, the rate at which the specified currency can be exchanged for the indexed currency is less than the base exchange rate, in each case determined in the applicable pricing supplement. See "Payment of Principal and Interest."

The applicable pricing supplement will set forth information as to the relative historical value of the applicable specified currency, the applicable indexed currency, any currency and/or exchange controls applicable to the specified currency or indexed currency, and any additional tax consequences to holders. See "Risk Factors – Changes in Exchange Rates and Exchange Controls Could Result in a Loss to You."

Unless otherwise specified in the applicable pricing supplement, we will pay interest, and any premium, in the specified amount on the face amount of the currency indexed notes and at the rate and times and in the manner set forth in this prospectus and the applicable pricing supplement.

#### *Other Indexed Notes*

We may issue indexed notes, in which the amount of principal, or any premium, interest, or other amounts payable with respect to which is determined by reference, either directly or indirectly, to the price or performance of:

one or more securities;

one or more commodities;

any other financial, economic or other measures or instruments, including the occurrence or non-occurrence of an event or circumstance; and/or

indices or baskets of any of these items.

The applicable pricing supplement relating to these other indexed notes will describe one or more of the following:

the method by and the terms on which any amount of principal will be paid on or before maturity;

the amount of any interest, premium or other amounts we will pay you or the formula we will use to determine such amounts;



whether your notes will be exchangeable for or payable in cash, securities of an issuer other than The Companies Inc. or other property;

additional tax consequences to the holders of these notes, and

a description of certain additional risks associated with investment in these notes and other information about the notes.

See "Risk Factors - Holders of Indexed Notes are Subject to Important Risks that are not Associated with More Common Securities."

### **Original Issue Discount Notes**

We may issue original issue discount notes, including zero coupon notes, which may be fixed rate, floating rate, or variable rate, issued at a price lower than their principal amount or lower than their minimum repayment amount at maturity. Original issue discount notes may bear no interest or may bear interest at a rate that is below market rates at the time of issuance. For notes that do not bear interest payments, interest normally accrues during the life of the notes and is paid at the maturity date or upon earlier redemption or prepayment. Upon an acceleration of the maturity of an original issue discount note, the amount of interest payable will be determined in accordance with the terms of the note as described in the applicable pricing supplement. That amount is normally less than the amount at the maturity date. See "Certain US Federal Income Tax Considerations - Original Issue Discount."

### **Payment of Principal and Interest**

Unless otherwise specified in the applicable pricing supplement, we will pay principal and any premium, interest or other amounts payable on all notes in the applicable specified currency. However, payments on notes denominated in a specified currency other than US dollars will be made in US dollars as described below, unless otherwise specified in the applicable pricing supplement.

#### *At your option*

Except as provided in the next paragraph, we will pay principal and premium, if any, and interest on all notes denominated in a currency other than US dollars in US dollars if the registered noteholder on the relevant record date or at maturity, as the case may be, delivered a written request for payment of such note in US dollars to the Trustee at its Corporate Trust Office in New York City on or before the applicable record date or 15 days before maturity, as the case may be. The request may be made in writing (mailed or delivered by cable, telex or other form of facsimile transmission). Any request made will remain in effect with respect to further payments of principal, premium, if any) and any interest with respect to the note payable to such holder unless the request is revoked on or before the applicable record date or 15 days before maturity, as the case may be. Please note that holders of notes denominated in a specified currency other than US dollars whose notes are registered in the name of a broker or nominee should contact that broker or nominee to determine if an election to receive payments in US dollars should be made.

The US dollar amount to be paid to a holder of a note denominated in a specified currency other than US dollars will be based on the highest bid quotation in New York City received by the Exchange Rate Agent on the second Business Day before the applicable payment date from three recognized foreign exchange dealers (one of which shall be the Exchange Rate Agent) for the purchase by the quoting dealer of the specified currency for US dollars for settlement on the applicable payment date. The aggregate amount of the specified currency payable to all noteholders electing to receive US dollar payments and at which the Exchange Rate Agent commits to execute a contract. If three bid quotations are not available on the second Business Day before the applicable payment date, payment will be made in the specified currency. All currency exchange costs



associated with any payment in US dollars on notes denominated in specified currencies other than US dollars will be borne by the noteholder and will be deducted from the payment to such noteholder.

Interest will be payable to the person in whose name a note is registered, which in the case of global securities will be its nominee, at the close of business on the record date before each interest payment date. However, interest payable at maturity will be payable to the person to whom principal shall be payable, which in the case of global securities will be the depository or its nominee.

The total amount of any principal (and premium, if any) and any interest due on any global security representing one or more notes on any interest payment date or at maturity will be made available to the Trustee on such date. As soon as possible thereafter, the Trustee will make such payments to the depository. The depository will allocate the payments to each book-entry note represented by such global security and make payments to the holders of such global security in accordance with its existing operating procedures. We and the Trustee do not have any responsibility or liability for the payments by the depository. So long as the depository or its nominee is the registered owner of the global security, the depository or its nominee, as the case may be, will be considered the sole holder of the book-entry note represented by such global security for all purposes under the indenture. We understand, however, that under existing procedures the depository will authorize the persons on whose behalf it holds a global security to exercise certain rights of holders of such global security. "Book-Entry Procedures and Settlement" in the accompanying prospectus.

Payments of principal (and premium, if any) and any interest with respect to a note to be made in a specified currency other than US dollars will be made by wire transfer to an account maintained by the noteholder with a bank located in the country issuing the note or in the currency. Payments may also be made to the noteholder's account in another jurisdiction that we and the Trustee have agreed to have been designated by the registered noteholder on the relevant record date or at maturity, as the case may be, in writing on the relevant record date before the interest payment date or 15 days before maturity, as the case may be, and, in the case of payment at maturity, the designation is presented to the Paying Agent in time for the Paying Agent to pay to that account in accordance with its normal operating procedures. Such designation shall be made by filing the appropriate information with the Trustee at its Corporate Trust Office in the Borough of Manhattan, New York City, and, unless revoked in writing, will remain in effect with respect to any future payments on the note payable.

If payment cannot be made by wire transfer because the Trustee has not received the required designation on or before the relevant record date or for any other reason, a notice will be mailed to the noteholder at its registered address requesting a designation by which payment can be made and, within five Business Days of receiving this designation, the Trustee will make the appropriate payment by wire transfer. Administrative costs imposed by banks in connection with making payments by wire transfer, however, except as specifically stated otherwise, including any pricing supplement, any taxes, assessments or governmental charges imposed on payments will be borne by the noteholder. Such payments are made.

If the official unit of any component currency is changed as a result of combination or subdivision, the number of units of such component as a component shall be divided or multiplied in the same proportion. If two or more component currencies are consolidated into a single currency, the amounts of those currencies as components shall be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated component currencies expressed in that single currency. If any component currency is divided into two or more currencies, the amount of that currency as a component shall be replaced by amounts of those two or more currencies, each having a value on the date of division equal to its proportionate share of the former component currency.

Notes denominated in a specified currency other than US dollars will provide that, in the event of an official redenomination of the specified currency, our obligations shall, in all cases, be deemed to be denominated in the new currency.

immediately following the redenomination to provide for payment of that amount of the redenominated specified currency amount of such obligations immediately before the currency was redenominated.

All determinations set forth above to be made by the Calculation Agent and the Exchange Rate Agent, except as expressly provided in this prospectus supplement or the applicable pricing supplement, shall be conclusive for all purposes and binding on all parties in the absence of manifest error, and the Calculation Agent and the Exchange Rate Agent shall not be held liable for the

*At our option in the case of an imposition of exchange controls or other circumstances beyond our control.*

If the principal of (and premium, if any) or interest on any note is payable in a specified currency other than US dollars and the specified currency is not available due to the imposition of exchange controls or other circumstances beyond our control, or is not available for settlement of transactions by public institutions of or within the international community, we may make the requisite payments in US dollars on the basis of the noon buying rate in New York City for that specified currency as certified for customs purposes by the Federal Reserve Bank of New York for that specified currency on the Business Day before the applicable payment date or, if that exchange rate is not available, then on the basis of the most recent exchange rate.

### **Exchangeable Notes**

We may offer notes that are exchangeable at your option for securities, or cash representing the value of securities, that are not affiliated with us; a basket of these securities; an index or indices of these securities or any combination of these options described in the applicable pricing supplement. Exchangeable notes may bear interest or be issued with original issue discount or premium, all as will be specified in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, exchangeable notes will entitle you, either during the term of the notes or at any time, to exchange your note for the underlying security or securities constituting the underlying basket, index or indices (or any combination of these alternatives) at a specified rate of exchange. If so specified in the applicable pricing supplement, exchangeable notes may be redeemable at our option before maturity. If you do not elect to exchange your exchangeable note before maturity or at redemption, you will receive the principal amount of such note or applicable redemption price in cash.

Upon exchange, at maturity or otherwise, of your exchangeable note, you may receive, at the specified exchange rate, the underlying security or the securities constituting the relevant basket, index or indices or the cash value of such underlying securities, all as may be specified in the applicable pricing supplement. The underlying security or securities constituting the basket, index or indices may be the securities of either US or foreign entities, or both, and the exchangeable notes may provide for protection against fluctuations in the rate of exchange between the currency in which that note is denominated and the currency or currencies in which the prices of the underlying security or securities are quoted, all as may be specified in the applicable pricing supplement. Exchangeable notes may have other terms, which will be specified in the applicable pricing supplement.

### **Reopened Issues**

We may "reopen" certain issues at any time by offering additional notes with terms identical (other than issue date) to those of existing notes.

### **Extension of Maturity Date**

The applicable pricing supplement will indicate whether we may extend the maturity of a note for one or more periods beyond, the date that is set forth in the pricing supplement.

We may exercise our option to extend a note's maturity date by notifying the Trustee at least 60, but not more than 90, days before the note's original maturity date that is in effect before we exercised our option. No later than 55 days before the original maturity date, the Trustee will mail to each noteholder a notice, first class, postage prepaid, setting forth:

- (1) our election to extend the note's maturity date;
- (2) the new maturity date;
- (3) in the case of a fixed rate note, the interest rate that will apply to the extension period or, in the case of a floating rate note, the spread, the new Interest Reset Date(s), if any, and the new interest payment date(s), if any, that will apply to the extension period; and
- (4) the provisions, if any, for redemption or repayment during the extension period.

Once the Trustee has mailed the extension notice to the noteholder, the note's maturity date shall be automatically extended to the date specified in the extension notice. If the extension notice is not mailed, the note's maturity date shall be modified by the extension notice or as described in the next paragraph, the note will have the same terms it did before the extension notice was mailed.

Notwithstanding the foregoing, no later than 20 days before a note's original maturity date, we may at our option extend the maturity date of a note in the case of a fixed rate note, or the spread, in the case of a floating rate note, provided for in the extension notice and to a higher interest rate or higher spread, as the case may be, for the extension period. We may do so by causing the Trustee to mail to each noteholder, postage prepaid, a notice of a higher interest rate or higher spread, as the case may be, to the noteholder. The notice shall be irrevocable and the note in respect to which the maturity date is extended will bear the higher interest rate or higher spread, as the case may be, for the extension period, whether or not they are tendered for repayment.

If we extend the maturity date of a note, the holder of such note may have the option to elect repayment of such note at the original maturity date at a price equal to the principal amount of the note plus any accrued interest to such date. In order for a noteholder to exercise this option, the original maturity date, you must follow the procedures set forth under "Repayment and Repurchase" for optional redemption. The period for delivery of such note or notification to the Trustee shall be at least 25 but not more than 35 days before the original maturity date and except that a noteholder who has tendered a note for repayment pursuant to an extension notice may, by written notice, revoke any such tender for repayment until the close of business on the tenth day before the original maturity date.

### **Renewable Notes**

We may offer notes the maturity of which may be renewed at your option for one or more specified periods up to but not exceeding the original maturity of the notes. The specific terms for such extensions, including the date or dates on which the option can be exercised, the amount of the option can be exercised with respect to some but not all of the notes' outstanding principal balance, will be set forth in the applicable pricing supplement.

### **Redemption**

Unless otherwise stated in the applicable pricing supplement, the notes will not have a sinking fund. Redemption of the notes will be fixed at the time of sale and stated in the applicable pricing supplement and on the applicable note. If no redemption date is stated with respect to a note, the note will not be redeemable before it matures. We may redeem notes at our option beginning on the maturity date if the applicable pricing supplement permits redemption. Unless otherwise specified in the applicable pricing supplement, we may redeem such notes in whole or in part in



increments of \$1,000 at a redemption price equal to 100% of the principal amount to be redeemed, together with interest accrued to the redemption date, by giving notice not more than 60 nor less than 30 days before the redemption date.

### Repayment and Repurchase

Optional repayment dates will be set at the time of sale and set forth in the applicable pricing supplement and on the note. Except as provided under "Extension of Maturity Date," if no optional repayment date is indicated, your note will not be redeemable before it matures.

If the applicable pricing supplement permits, you may cause us to repay your notes on particular dates. Unless otherwise specified in the applicable pricing supplement, we may be required to repay your notes in whole or in part in increments of \$1,000, provided that the remaining principal amount of the note is at least \$25,000. The repayment price will be equal to 100% of the principal amount of the note plus accrued interest to the repayment date.

Unless otherwise specified in the applicable pricing supplement, for any note to be repaid in whole or in part at your option, you must deliver to the Trustee not less than 30 nor more than 60 days before the optional repayment date (or any shorter period of time specified in the "Extension of Maturity Date"):

the note to be repaid with the form entitled "Option to Elect Repayment" set forth on the reverse of the note, duly completed; or

a telegram, telex, facsimile transmission or a letter from a member of a national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or a trust company in the US setting forth the following information:

the principal amount of the note,

the certificate number of the note or a description of the note's tenor or terms,

the principal amount of the note to be repaid,

a statement that you are exercising your option to elect repayment, and

a guarantee that the note to be repaid, along with the form entitled "Option to Elect Repayment" set forth on the reverse of the note, will be received by the Trustee no later than 5 Business Days after the date of the telegram, telex, facsimile transmission or letter.

The Trustee must receive the note and duly completed form entitled "Option to Elect Repayment" by the fifth Business Day before the optional repayment date, by such telegram, telex, facsimile transmission or letter. The exercise of the repayment option will be irrevocable, except as otherwise provided in the "Extension of Maturity Date."

If your note is represented by a global security, the depository's nominee will be the holder and, as a result, will be responsible for exercising a right to repayment. To ensure that the depository's nominee will timely exercise a right to repayment with respect to your note, if you hold a global security, you must instruct the broker, or other direct or indirect participant through which you hold such interest, to deliver to the depository of your desire to exercise a right to repayment. To ascertain the time by which instructions must be given for the exercise of a right to repayment to be delivered to the depository, you should consult the broker or other direct or indirect participant through which you hold such interest.

The applicable pricing supplement may provide that the maturity of a floating rate note will be automatically extended for a specified period, unless you elect during a designated period to terminate the automatic extension of the maturity by following the procedures set forth in the applicable pricing supplement and in the floating rate note.

At any time, we may buy the notes at any price in the open market or otherwise. Any notes we purchase may be held in escrow and, at our discretion, may be surrendered to the Trustee for cancellation.



### CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes certain US federal income tax consequences of the purchase, beneficial ownership of notes. Except as provided below under "Federal Income Tax Consequences to Non-US Holders," this summary deals with the owner of a note that is:

an individual who is a citizen or resident of the United States for US federal income tax purposes;

a corporation (or other entity that is treated as a corporation for US federal tax purposes) that is created or organized under the laws of the United States or any state thereof (including the District of Columbia);

an estate whose income is subject to US federal income taxation regardless of its source; or

a trust if a court within the United States is able to exercise primary supervision over its administration and United States persons have the authority to control all of its substantial decisions (each, a "US Holder").

If a partnership (or other entity that is treated as a partnership for US federal tax purposes) is a beneficial owner of notes, a partner in the partnership will generally depend upon the status of the partner and upon the activities of the partnership. If a partnership of notes that is a partnership, and partners in such a partnership, should consult their tax advisors about the US federal income tax consequences of holding and disposing of the notes.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States for US federal income tax purposes if the individual is present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days in a three-year period ending in the current calendar year (counting for such purposes all of the days present in the current year, all of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year).

This discussion is based on interpretations of the Internal Revenue Code of 1986, as amended (the "Code"), regulations, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any such changes may be retroactively and may adversely affect the federal income tax consequences described herein. This summary addresses the consequences of purchasing notes at initial issuance and beneficially own such notes as capital assets and not as part of a "straddle," "hedge," or a "conversion transaction" for federal income tax purposes, or as part of some other integrated investment. This summary does not address all of the tax consequences that may be relevant to particular investors or to investors subject to special treatment under the laws (such as S corporations, banks, thrifts, other financial institutions, insurance companies, mutual funds, small business investment companies, tax-exempt organizations, retirement plans, real estate investment trusts, regulated investment companies, securities brokers, traders in securities electing mark to market treatment, investors whose functional currency is not the US dollar, and investors subject to alternative minimum tax, and former citizens or residents of the United States), and this summary does not discuss the consequences of the laws of any foreign, state or local taxing jurisdictions. Accordingly, prospective investors are urged to consult their tax advisors with respect to the federal, state and local tax consequences of investing in the notes, as well as any consequences arising under the laws of any other taxing jurisdiction to which they may be subject.

The applicable pricing supplement may contain a further discussion of the special US federal income tax consequences of the purchase of certain notes, including notes that may be convertible into or exercisable or exchangeable for our common or preferred shares or for securities, or cash representing the value of securities, of an entity unaffiliated with us, a basket of securities,

an index or indices of these securities, notes that are "contingent payment debt instruments" (as described below), notes extendible, currency or other indexed notes, and amortizing notes.

### **Payments of Interest**

Except as described below, interest on a note will be taxable to a US Holder as ordinary interest income at the time received in accordance with the US Holder's normal method of accounting for tax purposes. Special rules governing the interest on notes issued at an original issue discount are described under "Original Issue Discount," below.

### **Original Issue Discount**

The following is a summary of the principal US federal income tax consequences of the ownership of notes having original issue discount ("OID") and a term of more than one year. The US federal income tax treatment of the notes with a term of one year or less is described below under "Short-Term Notes."

A note will have OID for US federal income tax purposes if its "issue price" is less than its "stated redemption price at maturity" (other than a *de minimis* amount, as discussed below).

The issue price of a note generally is the first price at which a substantial amount of the "issue" of the notes is sold for cash or other money (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), excluding pre-issuance accrued discount (as discussed below under "Pre-Issuance Accrued Interest").

The stated redemption price at maturity of a note generally is the total amount of all payments provided by the note issuer, including "stated interest" payments.

Qualified stated interest generally is stated interest that is "unconditionally payable" in cash or property (other than the issuer) at least annually either at a single fixed rate, or a "qualifying variable rate" (as described below). Qualified stated interest is taxable to a US Holder when accrued or received in accordance with the US Holder's normal method of tax accounting.

Interest is considered unconditionally payable only if reasonable legal remedies exist to compel timely payment or the issuer provides terms and conditions that make the likelihood of late payment (other than a late payment within a reasonable grace period) or non-payment a remote contingency. Interest is payable at a single fixed rate only if the rate appropriately takes into account the interval between stated interest payments. Thus, if the interval between payments varies during the term of the instrument, the fixed rate on which payment is based generally must be adjusted to reflect a compounding assumption consistent with the interval preceding the payment.

Notes having "*de minimis* OID" generally will be treated as not having OID unless a US Holder elects to treat all interest on the notes as OID. See "Election to Treat All Interest as Original Issue Discount (Constant Yield Method Election)." A note will be treated as having *de minimis* OID if the difference between its stated redemption price at maturity and its issue price is less than the product of the stated redemption price at maturity and the number of complete years from the issue date to maturity (or the weighted average maturity in the case of a note that provides for payment of an amount other than qualified stated interest before maturity).

US Holders of notes having OID will be required to include OID in gross income for US federal income tax purposes (regardless of the US Holder's method of accounting), which may be in advance of receipt of the cash attributable to such interest. Interest accrues under the constant yield method, based on a compounded yield to maturity, as described below. Accordingly, U



notes having OID will generally be required to include in income increasingly greater amounts of OID in successive acc

The annual amount of OID includible in income by the initial US Holder of a note having OID will equal the sum of the OID with respect to the note for each day on which the US Holder held the note during the taxable year. Generally, the amount of OID is determined by allocating to each day in an "accrual period" the ratable portion of OID allocable to the accrual period. An accrual period means an interval of time with respect to which the accrual of OID is measured, and which may vary in length from the note provided that each accrual period is no longer than one year and each scheduled payment of principal or interest is made on the first or last day of an accrual period.

The amount of OID allocable to an accrual period will be the excess of:

the product of the "adjusted issue price" of the note at the commencement of the accrual period and the yield to maturity of the note over

the amount of any qualified stated interest payments allocable to the accrual period.

The adjusted issue price of a note at the beginning of the first accrual period is its issue price and, on any day thereafter, the adjusted issue price is the issue price and the amount of OID previously includible in the gross income of the US Holder (without regard to any "premium" as described below), reduced by the amount of any payment other than a payment of qualified stated interest on the note. If an interval between payments of qualified stated interest contains more than one accrual period, the amount of qualified stated interest that is payable at the end of the interval (including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval) is allocated on a *pro-rata* basis to each accrual period in the interval, and the adjusted issue price at the beginning of each accrual period in the interval is increased by the amount of any qualified stated interest that has accrued during the accrual period but is not payable until the end of the interval. The yield to maturity of a note is the yield to maturity on a basis of compounding at the end of each accrual period properly adjusted for the length of the particular accrual period. If the accrual periods are of equal length except for a shorter initial and/or final accrual period(s), the amount of OID allocable to the initial period(s) is determined using any reasonable method; however, the OID allocable to the final accrual period will always be the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period.

#### **Pre-Issuance Accrued Interest**

If (i) a portion of the initial purchase price of a note is attributable to pre-issuance accrued interest, (ii) the first stated interest payment on the note is to be made within one year of the note's issue date, and (iii) the payment will equal or exceed the amount of the pre-issuance accrued interest, then the US Holder may compute the issue price of the note by subtracting the amount of the pre-issuance accrued interest from the amount payable on the note. In such event, a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest and will not be amount payable on the note.

#### **Alternative Payment Schedules**

If a note (i) provides for an alternative payment schedule or schedules applicable upon the occurrence of a contingency, (ii) relating to payments of interest or of principal (other than a "remote" or "incidental" contingency), (iii) the timing and amount of the payments that comprise each payment schedule are known as of the issue date and (iv) one of such schedules is significantly more likely to occur, then the yield and maturity of the note are generally determined by assuming that the payments will be made according to the alternative schedule. If there is no single payment

schedule that is significantly more likely than not to occur (other than because of a mandatory sinking fund), the note m rules described below under " Contingent Payment Debt Instruments" and in the applicable pricing supplement.

If a note provides for alternative payment schedules, the determination of whether the note provides for qualified s by analyzing each alternative payment schedule as if each schedule were the note's sole payment schedule. The note wi stated interest to the extent of the lowest fixed rate at which qualified stated interest would be payable under any of the schedules.

### **Call and Put Options**

For purposes of calculating the yield and maturity of a note subject to a call option held by us, in general, the optio exercised if the yield on the note would be less than it would be if the option were not exercised, and a put option held b presumed exercised if the yield on the note would be more, than it would be if the option were not exercised. The effect may accelerate or defer the inclusion of OID in the income of a US Holder whose note is subject to a put option or a call to a note that does not have such an option. If any option that is presumed to be exercised is not in fact exercised, the no solely for purposes of the OID rules on the date of presumed exercise for an amount equal to its adjusted issue price on reissuance will have the effect of redetermining the note's yield and maturity for OID purposes and any related subsequ

### **Variable Rate Debt Instruments**

A note that qualifies as a "variable rate debt instrument" will be subject to the rules described below and will not b "contingent payment debt instrument" described in the following section. A note will be treated as a variable rate debt i

the issue price of the note does not exceed the total amount of noncontingent principal payments by of such principal payments and the lesser of (i) 15 percent or (ii) the product of 1.5 percent and the years in the debt instrument's term (or its weighted average maturity in the case of an installment ob

the note does not provide for any stated interest other than stated interest paid or compounded at lea qualifying variable rate which is (i) one or more "qualified floating rates," (ii) a single fixed rate and floating rates, (iii) a "single objective rate," or (iv) a single fixed rate and a single objective rate that floating rate."

For purposes of determining if a note is a variable rate debt instrument, a qualified floating rate is a variable rate w reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in instrument is denominated and is set at a "current rate." A qualified floating rate (or objective rate, as described below) value of that rate. A current value is the value of the variable rate on any day that is no earlier than three months prior to that value is in effect and no later than one year following that day.

A multiple of a qualified floating rate is generally not a qualified floating rate, unless it is either:

a product of a qualified rate times a fixed multiple greater than 0.65 but not more than 1.35, or

a multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate.

Certain combinations of rates are treated as a single qualified floating rate, including (i) interest stated at a fixed rate for one year or less followed by a qualified floating rate if the value

of the floating rate at the issue date is intended to approximate the fixed rate, and (ii) two or more qualified floating rates are expected to have approximately the same values throughout the term of the note. A combination of these rates is generally treated as a single qualified floating rate if the values of all rates on the issue date are within 0.25 percentage points of each other. A rate subject to an interest rate cap, floor, governor or similar restriction on rate adjustment is treated as a qualified floating rate if the restriction is fixed throughout the term of the note, or is not reasonably expected as of the issue date to cause the yield of the note to differ significantly from its expected yield absent the restriction.

An objective rate is defined as a rate (other than a qualified floating rate) that is determined using a single fixed rate based on objective financial or economic information (other than a rate based on information that is within our control (or that is related to us) or that is unique to our circumstances (or those of a related party)). The IRS may designate other variable rates as objective rates. However, a variable rate is not an objective rate if it is reasonably expected that the average value of the rate during the first half of the note's term will differ significantly from the average value of such rate during the final half of its term. A rate that is a fixed rate of stated interest for an initial period of one year or less followed by an objective rate is treated as a single objective rate if the objective rate at the issue date is intended to approximate the fixed rate; such a combination of rates is generally treated as a single objective rate if the objective rate on the issue date does not differ from the fixed rate by more than 0.25 percentage points. A rate that is a qualified inverse floating rate if it is equal to a fixed rate reduced by a qualified floating rate, the variations in which are expected to inversely reflect contemporaneous variations in the qualified floating rate (disregarding permissible rate caps and similar restrictions as those discussed above).

If a note is a variable rate debt instrument, special rules apply to determine the amount of qualified stated interest and the accrual of any OID. If the note bears interest that is unconditionally payable at least annually at a single qualified floating rate, all stated interest is treated as qualified stated interest. The accrual of any OID is determined by assuming the note bears interest at a rate equal to the issue date value of the qualified floating rate or qualified inverse floating rate or, in the case of a fixed rate, a fixed internal rate that is equal to the reasonably expected yield for the note. The qualified stated interest allocable to the note is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed for the accrual period.

If the note bears interest at a qualifying variable rate other than a single qualified floating rate or objective rate, the qualified stated interest and OID generally are determined by (i) determining a fixed rate substitute for each variable rate as described in the preceding paragraph, (ii) determining the amount of qualified stated interest and OID by assuming the note bears interest at such substitute fixed rate, and (iii) making appropriate adjustments to the qualified stated interest and OID so determined for actual interest rates under the note. If such qualifying variable rate includes a fixed rate, the note is treated for purposes of applying clause (i) of the preceding paragraph as if provided for an assumed qualified floating rate (or qualified inverse floating rate if the actual variable rate is such) that is equal to the fixed rate and have approximately the same fair market value, and the rate is used in lieu of the fixed rate.

Notes bearing interest at a variable rate and having a term in excess of one year that do not bear interest at a qualified floating rate and that have contingent principal payments or an issue price that exceeds the noncontingent principal payments by more than 10 percent of the amount are treated as "contingent payment debt instruments," as described below.

### **Contingent Payment Debt Instruments**

Notes that provide for one or more contingent payments but that do not qualify as variable rate debt instruments are treated as contingent payment debt instruments ("CPDIs"). If a CPDI is issued for cash or publicly traded property, OID is determined using the "noncontingent bond method."

Under the noncontingent bond method, US Holders of the notes will accrue OID over the term of the note based on a "comparable yield." In general the comparable yield of a CPDI is equal to the yield at which the issuer would issue a fixed rate debt instrument with terms and conditions similar to those of the CPDI, including level of subordination, term, timing of payments, and other conditions. However, if a fixed rate debt instrument with similar terms and conditions is not available, but a similar fixed rate instrument of an issuer is traded at a price that reflects a spread above a benchmark rate, the comparable yield is the sum of the benchmark rate, the issue date and the spread.

In addition to the determination of a comparable yield, the noncontingent bond method requires determination of a projected amount of each payment (whether or not contingent) to be made under the CPDI. The projected payment schedule is determined in such a way that the sum of the discounted present value of the projected amounts of all payments, determined using a discount rate equal to the comparable yield, equals the issue price and reasonably reflects the relative expected values of the payments. The projected amount is then determined as of the issue date and remains fixed throughout the term of the CPDI.

The projected payment schedule is used to determine the US Holder's interest accruals and adjustments, unless the holder determines that our projected payment schedule is unreasonable, in which case the US Holder must disclose its own projected payment schedule in connection with its federal income tax return and the reason(s) why it is not using our projected payment schedule.

The projected payment schedule includes all noncontingent payments as well as a projected amount for each contingent payment. Appropriate adjustments are made to account for any difference between the projected amount of a contingent payment and the actual amount of the payment. The projected amounts are, in effect, treated as fixed, and interest accrual is required based on these projected amounts whether or not the amount of any payment is fixed or determinable in the taxable year. Thus, the noncontingent bond method requires recognition of income prior to the receipt of cash.

A US Holder's basis in a CPDI is increased by the projected contingent payments accrued by the holder under the projected payment schedule (as determined without regard to adjustments made to reflect differences between actual and projected payments) in excess of the amount of any non-contingent payments and the projected amount of any contingent payments previously made. Gain on the sale or retirement of a CPDI generally would be treated as ordinary income. Losses, on the other hand, would be treated as capital to the extent of the holder's prior net interest inclusions (reduced by the total net negative adjustments previously allowed to the holder) and capital to the extent in excess thereof.

The pricing supplement applicable to any note that is treated as a CPDI will describe the material US federal income tax consequences of the ownership of the note. Prospective investors should consult their own tax advisors with respect to the application of the noncontingent bond method to these notes.

### **Short-Term Notes**

A note that has a maturity of one year or less from the date of its issuance is a "short-term note." In general, an issuer using the noncontingent bond method US Holder of a short-term note is not required to accrue OID for US federal income tax purposes unless the issuer has made this election.

applies to all short-term notes acquired by the US Holder during the first taxable year for which the election is made, and all subsequent taxable years of the US Holder, unless the IRS consents to a revocation. US Holders that report income for US federal income tax purposes under the accrual method and certain other holders, including banks, common trust funds, holders who hold the short-term notes in connection with identified hedging transactions, regulated investment companies, certain pass-through entities and dealers in securities, may elect to calculate OID on such short-term notes on a straight-line basis, unless an irrevocable election with respect to any short-term note has been made to calculate OID under the constant yield method based on daily compounding. In the case of a US Holder that is not required and does not elect to calculate OID in income currently, any gain realized on the sale, exchange or retirement of a short-term note is treated as ordinary income to the extent of the OID which had accrued on a straight-line basis (or, if elected, under the constant yield method based on daily compounding) on the date of sale, exchange or retirement. In addition, non-electing US Holders that are not subject to the current inclusion rule under this paragraph will be required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry short-term notes in an amount not exceeding the deferred interest income, until the deferred interest income is realized.

For purposes of determining the amount of OID subject to these rules, all interest payments on a short-term note, including interest on the original issue discount, are included in the short-term note's stated redemption price at maturity.

### **Market Discount and Premium**

If a US Holder purchases a note, other than a short-term note, for an amount that is less than its stated redemption price at maturity (in the case of a note having OID, less than its revised issue price (which is the sum of the issue price of the note and the amount of the OID previously includible in the gross income of any holder (without regard to any acquisition premium))), the amount of the discount generally will be treated as market discount for US federal income tax purposes. (It is possible that a US Holder may purchase a note at its original issuance for an amount that is different than its issue price.) The amount of any market discount generally will be treated as *de minimis* and disregarded if it is less than the product of 0.25 percent of the stated redemption price at maturity of the note multiplied by the complete years to maturity (or weighted average maturity in the case of notes paying any amount other than qualified stated interest at maturity).

Under the market discount rules, a US Holder is required to treat any principal payment on, or any gain on the sale, exchange, or other disposition of, a note as ordinary income to the extent of any accrued market discount which has not previously been included in income. If the note is disposed of in a nontaxable transaction (other than certain specified nonrecognition transactions), the market discount will be includible as ordinary income to the US Holder as if the US Holder had sold the note at its then fair market value. The US Holder may be required to defer, until the maturity of the note or its earlier disposition in a taxable transaction, the amount of the portion of the interest expense on any indebtedness incurred or continued to purchase or carry the note.

Market discount accrues ratably during the period from the date of acquisition to the maturity of a note, unless the US Holder elects to accrue it under the constant yield method. A US Holder of a note may elect to include market discount in income currently or ratably or under the constant yield method, in which case the rule described above regarding deferral of interest deductions will not apply. The election to include market discount currently applies to all market discount obligations acquired during or after the date on which the election applies, and may not be revoked without the consent of the IRS. If an election is made to include market discount currently, the basis of the note in the hands of the US Holder will be increased by the market discount thereon as it is included in income.

A US Holder that purchases a note having OID for an amount exceeding its "adjusted issue price" (which is described as "Original Issue Discount") and less than or equal to the sum of all remaining amounts payable on the note other than payments of qualified stated interest will be treated as having purchased the note with acquisition premium. The amount of OID that the US Holder includes in gross income with respect to such note will be reduced in the proportion that the excess bears to the OID remaining to be included in income on the date of the note's acquisition through the stated maturity date. Rather than apply the above fraction, a US Holder that, as a result of an election, elects to treat all interest as OID would treat the purchase at an acquisition premium as a purchase at an original issue price and would accrue interest accruals on a constant yield to maturity.

A US Holder that acquires a note for an amount that is greater than the sum of all remaining amounts payable on the note other than payments of qualified stated interest will be treated as having purchased the note at a bond premium, and will not be required to include the OID in income. A US Holder generally may elect to amortize bond premium. The election to amortize bond premium must be made on a timely-filed federal income tax return for the first taxable year to which the US Holder wishes the election to apply.

If bond premium is amortized, the amount of interest that must be included in the US Holder's income for each period ending on an interest payment date or on stated maturity, as the case may be, will be reduced by the portion of bond premium allocable to that period on the note's yield to maturity (or, in certain circumstances, based on an earlier call date) determined by using the US Holder's yield on the note, compounding at the close of each accrual period. If the bond premium allocable to an accrual period is in excess of the interest allocable to that period, the excess may be deducted to the extent of prior income inclusions and is then carried forward to the next period and offsets qualified stated interest in such period. There are also special rules for determining bond premium on CPDIs, instruments and on debt instruments with alternative payment schedules that are not treated as CPDIs. If an election to amortize bond premium is not made, a US Holder must include the full amount of each interest payment in income in accordance with its regular tax treatment and will receive a tax benefit from the premium only in computing its gain or loss upon the sale or other disposition or redemption of the principal amount of the note.

An election to amortize bond premium will apply to amortizable bond premium on all notes and other bonds, the interest on which is includible in the US Holder's gross income, held at the beginning of the US Holder's first taxable year to which the election applies and thereafter acquired, and may be revoked only with the consent of the IRS. The election to treat all interest as OID is treated as an election to amortize bond premium. Special rules may apply if a note is subject to a call option prior to maturity at a price in excess of the redemption price at maturity.

#### **Election to Treat All Interest as Original Issue Discount (Constant Yield Method Election)**

A US Holder of a note may elect to include in income all interest and discount (including *de minimis* OID and *de minimis* market discount), as adjusted by any premium with respect to the note, as OID on a constant yield method, which is described as "Election to Treat All Interest as Original Issue Discount." The election is made for the taxable year in which the US Holder acquired the note, and it may not be revoked without the consent of the IRS. If the election is made with respect to a note having market discount, the US Holder will be deemed to have made an election to include market discount on a constant yield basis with respect to all debt instruments having market discount during the year of election or thereafter. If the election is made with respect to a note having amortizable bond premium, the US Holder will be deemed to have made an election to amortize premium generally with respect to all debt instruments having amortizable bond premium during the year of election or thereafter.

### Foreign Currency Notes

The following discussion applies to foreign currency notes that are not denominated in or indexed to a currency that is "hyperinflationary," that are not CPDIs and that are not "dual currency notes." Special US tax considerations applicable to foreign currency notes denominated in or indexed to a hyperinflationary currency, are CPDIs or are dual currency notes that will be discussed in the pricing supplement.

In general, a US Holder that uses the cash method of accounting and holds a foreign currency note will be required to recognize the US dollar value of the amount of interest income received, whether or not the payment is received in US dollars or another currency. The US dollar value of the amount of interest received is the amount of foreign currency interest paid, translated at the spot rate on the date of receipt. The US Holder will not have exchange gain or loss on the interest payment itself, but may have exchange gain or loss when it disposes of any foreign currency received.

A US Holder that uses the accrual method of accounting is generally required to include in income the dollar value of the interest accrued during the accrual period. Accrual basis US Holders may determine the amount of income recognized with respect to such interest in accordance with either of two methods. Under the first method, the dollar value of accrued interest is translated at the average exchange rate for the interest accrual period (or, with respect to an accrual period that spans two taxable years, the partial period within the taxable year). For this purpose, the average rate is the simple average of spot rates of exchange for each business day of such period or other average rate for the period reasonably derived and consistently applied by the US Holder. Under the second method, a US Holder calculates the dollar value of interest at the spot rate on the last day of the interest accrual period (in the case of a partial accrual period, the last day of the accrual period). If the last day of an interest accrual period is within five business days of the receipt, the spot rate on the date of receipt will apply to all debt instruments held by the US Holder and will be irrevocable without the consent of the IRS. An accrual basis US Holder may recognize exchange gain or loss, as the case may be, on the receipt of a foreign currency interest payment if the exchange rate on the date the payment is received differs from the rate applicable to the previous accrual of that interest income. The foreign currency interest income is generally treated as US source ordinary income or loss.

OID on a foreign currency note is determined in the foreign currency and is translated into US dollars in the same manner as the accrual basis US Holder accrues stated interest. Exchange gain or loss is determined when OID is considered paid to the extent the date of payment differs from the exchange rate at which the OID was accrued.

The amount of market discount on a foreign currency note includible in income will generally be determined by the amount of market discount in the foreign currency and translating that amount into dollars at the spot rate on the date the foreign currency note is otherwise disposed of. If the US Holder accrues market discount currently, the amount of market discount which accrues during the accrual period is determined in the foreign currency and translated into US dollars on the basis of the average exchange rate in the accrual period. Exchange gain or loss may be recognized to the extent that the rate of exchange on the date of the retirement of the note differs from the exchange rate at which the market discount was accrued.

Amortizable bond premium on a foreign currency note is computed in units of foreign currency and, if the US Holder elects to amortize the interest income in units of foreign currency. At the time amortized bond premium offsets interest income (i.e., the last day of the accrual period which the election is made and the last day of each subsequent tax year), exchange gain or loss with respect to amortizable bond premium is recognized and is measured by the difference between exchange rates at that time and at the time of the acquisition of the note.

With respect to the sale, exchange, retirement or other disposition of a note denominated in a foreign currency, the amount realized will be considered to be first, the payment of accrued but unpaid interest (on which exchange gain or loss is described above); second, accrued but unpaid OID (on which exchange gain or loss is recognized as described above); and third, the principal. With respect to principal, exchange gain or loss is equal to the difference between (i) the foreign currency principal amount translated on the date the payment is received or the date of disposition, and (ii) the foreign currency principal amount translated on the date the note was acquired, or deemed acquired. Exchange gain or loss computed on accrued interest, OID, market discount or market premium realized, however, only to the extent of total gain or loss on the transaction. The conversion of US dollars into a foreign currency for the immediate use of that currency to purchase a foreign currency note generally will not result in a taxable gain or loss for the US Holder.

#### **Sale, Exchange, Redemption or Repayment of the Notes**

Upon the disposition of a note by sale, exchange, redemption, or repayment of principal at maturity, a US Holder will recognize a taxable gain or loss equal to the difference between (i) the amount realized on the disposition (other than amounts attributable to accrued interest) and (ii) the US Holder's adjusted tax basis in the note. A US Holder's adjusted tax basis in a note generally will be the note (net of accrued interest) to the US Holder, increased by amounts includible in income as OID or market discount (which do not include market discount in income on a current basis) and reduced by any amortized bond premium and any payments (including qualified stated interest) made on such note.

Because the note is held as a capital asset, such gain or loss (except to the extent that the market discount rules or other rules for short-term notes otherwise provide) will generally constitute capital gain or loss. Capital gains of individual taxpayers from the sale or other disposition of a note held for more than one year may be eligible for reduced rates of taxation. The deductibility of interest realized on the sale, exchange, or other disposition of a note is subject to limitations.

#### **Disclosure Requirements for US Holders Experiencing Significant Book-Tax Differences**

A US Holder that reports any item or items of income, gain, expense, or loss in respect of a note for tax purposes in excess of the amount reported for book purposes by more than \$10 million on a gross basis in any taxable year may be subject to disclosure requirements for "reportable transactions." Prospective investors should consult their tax advisors concerning any possible obligation with respect to the notes and penalty that may apply upon the failure to comply with such an obligation.

#### **Tax Treatment of Non-US Holders**

As used in this discussion, the term "Non-US Holder" means a beneficial owner of a note that is, for US federal income tax purposes,

a nonresident alien individual,

a foreign corporation,

a foreign partnership,

an estate whose income is not subject to US federal income tax on a net income basis, or

a trust if no court within the United States is able to exercise primary jurisdiction over its administration and no US States persons have the authority to control all of its substantial decisions.



## Edgar Filing: Jupiter Global Holdings Corp - Form 10QSB

Payments on the notes to Non-US Holders will not be subject to US federal income or withholding tax if the following conditions are satisfied:

the Non-US Holder does not actually or constructively own 10% or more of the total combined voting power of our stock entitled to vote,

the Non-US Holder is not a controlled foreign corporation for US federal income tax purposes that is determined by actual or constructive ownership,

the Non-US Holder is not a bank receiving interest on a loan made in the ordinary course of its trade or business,

interest payable on the notes is not determined by reference to any receipts, sales or other cash flow, or any change in the value of any property of, or any dividend or similar payment made by us or a person related to us, within the meaning of Code section 871(h)(4)(A), and

the payments are not effectively connected with a trade or business conducted by the Non-US Holder, and either (a) the Non-US Holder provides a correct, complete and executed IRS Form W-8BEN, Form W-8IMY (or successor form) with all of the attachments required by the IRS, or (b) the Non-US Holder provides the note through a qualified intermediary (generally a foreign financial institution or clearing organization) or office of a US financial institution or clearing organization that is a party to a withholding agreement, which has provided to us an IRS Form W-8IMY stating that it is a qualified intermediary and has relied upon which it can rely to treat the payment as made to a foreign person.

If any of these exceptions apply, interest (including OID) on the notes will be subject to a 30% withholding tax which an income tax treaty reduces or eliminates the tax or the interest is effectively connected with the conduct of a US trade or business. If the Non-US Holder provides a correct, complete and executed IRS Form W-8ECI.

In general, gain realized on the sale, exchange or retirement of the notes by a Non-US Holder will not be subject to US federal income tax, unless:

the gain with respect to the notes is effectively connected with a trade or business conducted by the Non-US Holder in the United States, or

the Non-US Holder is a nonresident alien individual who holds the notes as a capital asset and is present in the United States for more than 182 days in the taxable year of the sale and certain other conditions are satisfied.

A note held by an individual who at death is a Non-US Holder will not be includible in the Non-US Holder's gross estate for US estate tax purposes if payments on the notes to the Non-US Holder would not have been subject to US federal income or withholding tax at the time of death under the tests described above.

### **Information Reporting and Backup Withholding**

Information reporting will apply to certain payments on a note (including interest and OID) and proceeds of the sale of the note to a US Holder that is not an exempt recipient (such as a corporation). Backup withholding may apply to payments made to a US Holder if (a) we have been notified by the US Holder that the US Holder has failed to provide its correct taxpayer identification number on IRS Form W-9, (b) we have been notified by the US Holder (underreporting generally refers to a determination by the IRS that a payee has failed to report on its tax return any reportable dividend and interest payments required to be shown on a tax return for a taxable year), or (c) we have been notified by the IRS that the tax identification number provided to the IRS on an information return does not match IRS records or the number was not on the information return.

## Edgar Filing: Jupiter Global Holdings Corp - Form 10QSB

Backup withholding and nonresident alien withholding will not be required with respect to interest paid to Non-US Holders if we have received from the Non-US Holder a correct and complete IRS Form W-8BEN, W-8ECL, W-8EXP or Form W-8, and the required attachments required by the IRS. Interest paid to a Non-US Holder will be reported on IRS Form 1042-S which is filed to Non-US Holders.

Information reporting and backup withholding may apply to the proceeds of a sale of a note by a Non-US Holder in the United States or conducted through certain US related financial intermediaries, unless we receive one of the tax forms described above.

Backup withholding is not an additional tax and may be refunded (or credited against your US federal income tax liability). Information reporting requirements may apply regardless of whether withholding is required. For Non-US Holders, copies of information returns reporting such interest and withholding also may be made available to the tax authorities in the country in which you are resident under the provisions of an applicable income tax treaty or agreement.

**The preceding discussion is only a summary of certain of the tax implications of an investment in notes. Prospective investors are urged to consult with their own tax advisors prior to investing to determine the tax implications of such investment in light of such investor's particular circumstances.**

### SUPPLEMENTAL PLAN OF DISTRIBUTION

We are offering the notes on a continuing basis through agents. Any agent may sell notes to dealers at a concessionary price or discount it received from us. We also may sell the notes:

- (a) directly to purchasers on our own behalf; or
- (b) through any agent as principal, either at a discount from their principal amount to be agreed on at the time of resale, or at 100% of their principal amount, for resale to one or more investors and other purchasers at different prices, as determined by the agent at the time of resale, which may be greater or lesser than the purchase price paid by the agent.

We will have the sole right to accept offers to purchase notes and may reject any proposed purchase of the notes in which an agent will have the right, in its reasonably exercised discretion, to reject any offer to purchase the notes it receives in which we will pay each agent a commission, in the form of a discount, ranging from .125% to .750% of the price offered to the public, depending on maturity, sold through that agent. Any agent may agree with us to accept a commission other than one based on the above, in which case the commission will be set forth in the applicable pricing supplement. We and Bear, Stearns & Co. Inc., as trustee, entered into a distribution agreement dated as of June 19, 2003, as amended, with respect to the notes. Pursuant to the terms of that agreement, the agent has agreed to use its reasonable best efforts to solicit orders to purchase notes. We may also appoint other agents to solicit offers to purchase the notes, who will enter into the above distribution agreement. Any other agents will be named in the applicable pricing supplement and any solicitation and sale of notes through those agents will be on the same terms and conditions as those set forth in the applicable pricing supplement. The other agents or dealers through which we or the agent may sell notes may be our affiliates or customers and we may have transactions with and perform services for us in the ordinary course of business. We also may pay fees and other amounts to any affiliate of an agent in connection with certain transactions that we enter into in connection with certain issuances of the notes that may exceed the agent's discount.

Unless the applicable pricing supplement indicates otherwise, payment of the purchase price shall be made in funds readily available in New York City.

The agents may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended. We indemnify the agents against or to make contributions relating to certain civil liabilities, including liabilities under the S agreed to reimburse the agents for certain expenses.

Following the initial distribution of notes, the agent or other affiliates of The Bear Stearns Companies Inc. may use supplement in connection with offers and sales associated with market-making transactions in the notes. Each agent ma agent in the market-making transactions. The offers and sales will be made at prices that relate to prevailing prices at th

Any agents offering notes will not confirm sales to any accounts over which they exercise discretionary authority v approval of the customer.

Because Bear, Stearns & Co. Inc. is our wholly-owned subsidiary, each distribution of the notes will conform to th forth in Rule 2720 of the NASD Conduct Rules. The maximum commission or discount received by any NASD membe broker-dealer participating in a distribution of the notes will not be greater than eight percent of the aggregate principal of the notes in which such NASD member or independent broker-dealer participates.

#### **VALIDITY OF THE NOTES**

The validity of the notes will be passed on for us by Cadwalader, Wickersham & Taft LLP, New York, New York.

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**GLOSSARY**

Set forth below are definitions of some of the terms used in this prospectus supplement.

"Business Day" means any day that (a) is not a Saturday or Sunday, (b) in New York, New York, is not a day on which financial institutions generally are authorized or required by law or executive order to close, and (c) if the interest rate formula is based on the London Banking Day.

"Calculation Agent" means the person chosen by us to perform the duties related to interest rate calculations and interest rate notes.

"Calculation Date" means, with regard to an Interest Determination Date, the earlier of (i) the 10th calendar day after the Interest Determination Date or if that day is not a Business Day, the next Business Day or (ii) the Business Day before the applicable date, maturity date, redemption date or repayment date.

"Exchange Rate Agent" means JPMorgan Chase Bank, N.A. (formerly, The Chase Manhattan Bank), unless otherwise specified in the applicable pricing supplement.

"H.15(519)" means the weekly statistical release entitled "Statistical Release H.15(519), Selected Interest Rates," published by the Board of Governors of the Federal Reserve System.

"Index Maturity" means the period to maturity of the instrument or obligation on which the interest rate formula is based in the applicable pricing supplement.

"London Banking Day" means any day on which dealings or deposits in US dollars are transacted in the London interbank market.

"Money Market Yield" means the yield, expressed as a percentage, calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the interest period for which interest is being calculated.

"Paying Agent" means JPMorgan Chase Bank, N.A. (formerly, The Chase Manhattan Bank), unless otherwise specified in the applicable pricing supplement.

"Reuters Screen LIBO Page" means the display designated as page "LIBO" on the Reuters Monitor Money Rates Service, unless that page as may replace the LIBO page on that service for the purpose of displaying London interbank offered rates of major US dollar deposits.

"Reuters Screen NYMF Page" means the display designated as page "NYMF" on the Reuters Monitor Money Rates Service, unless that page as may replace the NYMF page on that service for the purpose of displaying prime rates or base lending rates of major US dollar deposits.

"Telerate Page 3750" means the display designated as page "3750" on the Telerate Service (or such other page as may replace that page on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for US dollar deposits).

PROSPECTUS

# The Bear Stearns Companies Inc.

## Debt Securities Warrants Preferred Stock Depository Shares

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By this prospectus, we intend to offer at one or more times

Debt Securities  
Warrants to Purchase Debt Securities  
Preferred Stock  
Depository Shares

in one or more series with an aggregate initial public offering price of up to \$12,410,781,162 (as described in the applicable prospectus supplement).

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We will provide the specific terms of these securities in supplements to this prospectus. You should read this prospectus and any supplements carefully before you invest in the securities.

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

We may use this prospectus in the initial sale of these securities. In addition, Bear, Stearns & Co. Inc. or any of our affiliates may use this prospectus in a market-making transaction in any of these or similar securities after their initial sale. **Unless we indicate otherwise in the confirmation of sale, this prospectus is being used in a market-making transaction.**

**Bear, Stearns & Co. Inc.**

Prospectus dated February 2, 2005.

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The information contained in this prospectus is not complete and may be changed. You should only rely on information incorporated by reference or provided in this prospectus or any supplement to this prospectus. We have not authorized us to provide you with different information. These securities are not being offered in any state where the offer is not permitted. We do not assume that the information in this prospectus or any supplement to this prospectus is accurate as of any date other than the front of those documents.

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## WHERE YOU CAN FIND MORE INFORMATION

We file current, annual and quarterly reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended, with the SEC. You may read and copy any document we file at the SEC's public reference room located at 450 Madison Avenue, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. Copies of these reports, proxy statements and other information also available to the public from the SEC's Internet site at <http://www.sec.gov>. Copies of these reports, proxy statements and other information can also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Our website is <http://www.bearstearns.com>. We make available free of charge on our website, via a link to the SEC's website at <http://www.sec.gov>, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements on Forms 3, 4 and 5 filed on behalf of directors and executive officers and any amendments to those reports filed or furnished pursuant to the Exchange Act as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC.

In addition, we currently make available on <http://www.bearstearns.com> our most recent annual report on Form 10-K and quarterly reports on Form 10-Q for the current fiscal year and our most recent proxy statement, although in some cases these documents may not be available on our website as soon as they are available on the SEC's internet site. You will need to have on your computer software that can read PDF Reader software to view these documents, which are in the .PDF format.

We have filed with the SEC a registration statement on Form S-3 (the "Registration Statement") under the Securities Exchange Act of 1933, as amended, with respect to the securities. This prospectus, which constitutes a part of that Registration Statement, does not contain all the information contained in that Registration Statement and its exhibits. For further information with respect to the securities, please refer to the Registration Statement and its exhibits.

Statements contained in this prospectus concerning the provisions of any documents are necessarily summaries of such documents. Each statement is qualified in its entirety by reference to the copy of the document filed with the SEC. The Registration Statement and its amendments, including exhibits filed as a part of the Registration Statement or an amendment to the Registration Statement, are available for inspection and copying through the entities listed above.

The SEC allows us to "incorporate by reference" the information that we file with them, which means that we can incorporate information to you by referring you to the other information we have filed with the SEC. The information that we incorporate by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supplement the information.

The following documents filed by us with the SEC pursuant to Section 13 of the Exchange Act (File No. 1-8989) and incorporated by reference under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act made before the termination of the offering are incorporated by reference:

- (1) the Annual Report on Form 10-K (including the portions of the Company's Annual Report to Stockholders incorporated by reference therein) for the fiscal year ended November 30, 2003;
- (2) the Quarterly Reports on Form 10-Q for the fiscal quarters ended February 29, 2004, May 31, 2004, August 31, 2004 and November 30, 2004;
- (3) the Current Reports on Form 8-K dated December 15, 2003, December 17, 2003, December 17, 2003, January 21, 2004, March 3, 2004, March 17, 2004, March 18, 2004, March 18, 2004, April 1, 2004, May 25, 2004, June 16, 2004, June 16, 2004, September 7, 2004, September 22, 2004, September 22, 2004, September 22, 2004, October 29, 2004, November 4, 2004, November 18, 2004, November 29, 2004, December 21, 2004, December 21, 2004, January 5, 2005, January 6, 2005, January 20, 2005 and January 25, 2005.

We will provide to you without charge, a copy of any or all documents incorporated by reference into this prospectus to those documents (unless they are specifically incorporated by reference in those documents). You may request copies by telephoning us at our Investor Relations Department, The Bear Stearns Companies Inc., 383 Madison Avenue, New York, New York, telephone number (212) 272-2000.

**THE BEAR STEARNS COMPANIES INC.**

We are a holding company that, through our broker-dealer and international bank subsidiaries, principally Bear Stearns ("Bear Stearns"), Bear Stearns Securities Corp. ("BSSC"), Bear Stearns International Limited ("BSIL") and Bear Stearns Bank ("BSB"), is a leading investment banking, securities and derivatives trading, clearance and brokerage firm serving corporations, government entities, institutional and individual investors worldwide. BSSC, a subsidiary of Bear Stearns, provides professional and correspondent services, in addition to clearing and settling customer transactions and certain of our proprietary transactions. In addition, a substantial portion of our operating activities through certain of our regulated subsidiaries (Bear Stearns, BSSC, BSIL and BSB) is conducted through other wholly-owned subsidiaries including: Bear Stearns Global Lending Limited, Bear Stearns Global Lending Company, Bear Stearns Financial Products Inc., Bear Stearns Capital Markets Inc., EMC Mortgage Corporation, Bear Stearns Mortgage Inc., Bear Stearns Credit Products Inc. and Bear Stearns Forex Inc.

Our business includes:

market-making and trading in US government, government agency, corporate debt and equity, mortgage-backed securities, asset-backed, municipal securities and high yield products;

trading in options, futures, foreign currencies, interest rate swaps and other derivative products;

securities, options and futures brokerage;

providing securities clearance services;

managing equity and fixed income assets for institutional and individual clients;

financing customer activities;

securities lending;

securities and futures arbitrage;

involvement in specialist activities on the New York Stock Exchange, American Stock Exchange and International Securities Exchange ("ISE");

underwriting and distributing securities;

arranging for the private placement of securities;

assisting in mergers, acquisitions, restructurings and leveraged transactions;



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making principal investments in leveraged acquisitions;

engaging in commercial real estate activities;

investment management and advisory services; and

fiduciary, custody, agency and securities research services.

Our business is conducted:

from our principal offices in New York City;

from domestic regional offices in Atlanta, Boston, Chicago, Dallas, Denver, Los Angeles, San Francisco;

from representative offices in Beijing, Herzliya, Hong Kong, Sao Paulo and Shanghai;

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through international offices in Dublin, Hong Kong, London, Lugano, Milan, Singapore and Tokyo.

through joint ventures with other firms in Belgium, Greece, Spain and Sweden.

Our international offices provide services and engage in investment activities involving foreign clients and international markets. Additionally, certain of these foreign offices provide services to US clients.

Bear Stearns and BSSC are broker-dealers and investment advisers registered with the SEC. Bear Stearns and/or BSSC are members of the NYSE, all other principal US securities and futures exchanges, the National Association of Securities Dealers, Inc., the Commodity Futures Trading Commission, the National Futures Association and the ISE. Bear Stearns is a "primary dealer" in US securities as designated by the Federal Reserve Bank of New York.

BSIL is a full service broker-dealer based in London and among other European exchanges, is a member of Eurex, the International Petroleum Exchange, Euronext Liffe, Euronext Paris and NASDAQ Europe. BSIL is supervised by and is registered in accordance with the rules of the Financial Services Authority.

BSB is an Ireland-based bank, which was registered in 1996 and subsequently granted a banking license on April 1, 2004 under the Central Bank Act, 1971. BSB allows our existing and prospective clients the opportunity of dealing with a banking company.

Bear Stearns Global Lending Limited ("BSGL") provides loans to certain Bear Stearns customers. BSGL is incorporated in the Cayman Islands.

Custodial Trust Company ("CTC"), an FDIC insured New Jersey State chartered bank, offers a range of trust, lending and securities-clearance services. CTC provides us with banking powers including access to the securities and funds-wire services of the Federal Reserve System. CTC provides trust, custody, agency and securities lending services for institutional accounts; commercial and residential lending; the clearance of government securities for institutions and dealers; and the processing of mortgage and mortgage-backed securities, including derivatives and collateralized mortgage obligations products. At November 30, 2004, CTC held approximately \$1.5 billion of assets for clients, including institutional clients such as pension funds, mutual funds, endowment funds and insurance companies.

Bear Stearns Financial Products Inc. ("BSFP") transacts business as a triple-A-rated counterparty to eligible clients in the sale of fixed income and equity derivative products. Eligible clients are those rated A3 or better by Moody's Investors Service or Standard & Poor's Ratings Services or counterparties acceptable to both rating agencies. BSFP transfers its market risk in derivative transactions to Bear Stearns Capital Markets Inc., an affiliate of BSFP and one of our wholly-owned subsidiaries, which is incorporated in the State of Delaware.

Bear Stearns Capital Markets Inc. ("BSCM") is engaged in fixed income derivatives transactions and hedges associated with such transactions. BSCM is incorporated in the State of Delaware.

EMC Mortgage Corporation ("EMC"), is a HUD and Freddie MAC approved lender based in Irving, Texas. EMC originates conforming and non-conforming, investment-grade and non-investment grade, conventional fixed rate and adjustable rate mortgage loans with servicing released or retained and sells such loans to investors. EMC also purchases and sells residual certificates of mortgage servicing rights. In addition, through a subsidiary, EMC may originate commercial construction loans through approved channels.

Bear Stearns Commercial Mortgage Inc. activities benefit mortgage customers by providing a source for owners of commercial, multifamily, and manufactured housing community properties, including the placement of these loans through approved channels in the states in which it is duly licensed or exempted.

Bear Stearns Credit Products Inc. ("BSCPI") is engaged in credit derivatives transactions and hedges associated with the same. BSCPI is incorporated in the State of Delaware.

Bear Stearns Forex Inc. ("BSFX") is a foreign exchange dealer engaged in foreign currency transactions and hedges. BSFX is incorporated in the State of Delaware.

We are incorporated in the State of Delaware. Our principal executive office is located at 383 Madison, New York, New York, USA, and our telephone number is (212) 272-2000. Our internet address is <http://www.bearstearns.com>. In this prospectus, "Company," "we," "us" and "our" refer only to The Bear Stearns Companies Inc. excluding its consolidated subsidiaries.

### USE OF PROCEEDS

Unless otherwise specified in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the securities for general corporate purposes, which may include additions to working capital, the repayment of short-term and long-term debt, or extensions of credit to, subsidiaries. Pending such uses, the net proceeds may be temporarily invested in short-term securities.

### RATIO INFORMATION

The ratio of earnings to fixed charges was calculated by dividing the sum of the fixed charges into the sum of the earnings and fixed charges. The ratio of earnings to combined fixed charges and preferred dividends was calculated by dividing the sum of earnings and fixed charges and preferred dividends into the sum of earnings before taxes and fixed charges. Fixed charges for purposes of this ratio include interest expense and certain other expenses. Preferred dividends represent the pre-tax earnings necessary to cover the dividends on preferred stock, assuming such earnings are taxed at our consolidated effective tax rate.

The table below presents the ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and preferred dividends for the fiscal years ended November 30, 2004, 2003, 2002, 2001 and 2000.

	Fiscal Year Ended November 30,				
	2004	2003	2002	2001	2000
Ratio of earnings to fixed charges	2.2	2.2	1.7	1.2	1.2
Ratio of earnings to combined fixed charges and preferred dividends	2.2	2.2	1.7	1.2	1.2

## DESCRIPTION OF DEBT SECURITIES

This section describes certain general terms and provisions of the debt securities to which any prospectus supplement applies. The particular terms of any debt securities offered by a prospectus supplement and the extent to which these general terms apply to the particular series of debt securities being offered, will be described in the prospectus supplement relating to those debt securities.

We will issue the debt securities under the Indenture, dated as of May 31, 1991, as amended (the "Indenture"), between us and Chase Bank, N.A. (formerly, The Chase Manhattan Bank), as trustee (the "Trustee").

The terms of the debt securities include those stated in the Indenture and those made part of the Indenture by reference to the Indenture Act of 1939, as amended. We have filed a copy of the Indenture as an exhibit to the Registration Statement of which this prospectus forms a part. A copy of the Indenture is available as described under "Where You Can Find More Information."

This section, along with the description in the applicable prospectus supplement, is a summary of the material provisions of the Indenture and is not complete. It does not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this summary, defines your rights as a holder of debt securities.

### General

We may offer debt securities for an aggregate principal amount of up to \$12,410,781,162 under this prospectus. As of the date of this prospectus, we have issued approximately \$92,455,416,650 aggregate principal amount of debt securities under the Indenture and \$23,616,093,000 is outstanding. The Indenture permits us to:

issue debt securities at various times in one or more series;

issue an unlimited principal amount of debt securities;

provide for the issuance of other debt securities under the Indenture other than those authorized on the cover of this prospectus at various times and without your consent; and

"reopen" a previous issue of a series of debt securities and issue additional debt securities of the same series.

Each prospectus supplement will describe the terms of any debt securities we issue, which may include the following:

the title and type of the debt securities;

the total principal amount of the debt securities;

the minimum denominations;

the percentage of the stated principal amount at which the debt securities will be sold and, if applicable, the method of determining the price;

the person to whom interest is payable, if other than the owner of the debt securities;

the maturity date or dates;

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the interest rate or rates, which may be fixed or variable, and the method used to calculate that interest

any index used to determine the amounts of any payments on the debt securities and the manner in which  
will be determined;

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the interest payment dates, the regular record dates for the interest payment dates, and the date interest begins to accrue;

the place or places where payments on the debt securities may be made and the place or places where the debt securities may be presented for registration of transfer or exchange;

any date or dates after which the debt securities may be redeemed, repurchased, or repaid in whole or in part, or the option of the holder and the periods, prices, terms, and conditions of that redemption, repurchase, or repayment;

any exchange or conversion features;

if other than the full principal amount, the portion of the principal amount of the debt securities that will be paid at maturity is accelerated;

the currency of principal, any premium, interest, and any other amounts payable on the debt securities, and the dollar amount in dollars;

if the debt securities will be issued in other than book-entry form;

the identification of or method of selecting any interest rate calculation agents, exchange rate agents, or other agents for the debt securities;

any provisions for the discharge of our obligations relating to the debt securities by the deposit of funds or other assets to secure obligations;

any provision relating to the extension or renewal of the maturity date of the debt securities;

if applicable, the circumstances under which we will pay additional amounts on any debt securities if the holder is not a United States person for tax purposes and under which we can redeem the debt securities if the holder pays additional amounts;

whether the debt securities will be listed on any securities exchange; and

any other terms of the debt securities, which could be different from those described in this prospectus supplement.

Unless we provide otherwise in an applicable prospectus supplement, we will issue debt securities only in registered form with or without coupons in denominations of \$1,000 and integral multiples of \$1,000, and in bearer form with or without coupons in the denominations of \$5,000. If we issue bearer debt securities of a series, we will describe the federal income tax consequences and other special provisions applicable to those bearer debt securities in the prospectus supplement relating to that series.

Unless we provide otherwise in the applicable prospectus supplement and subject to any limitations in the Indenture, we will deliver to you your registered securities at the corporate trust office or agency of the Trustee in the City and State of New York. There may be a service charge, other than applicable tax or governmental charges. Bearer debt securities will be transferable by delivery. We will describe any special provisions relating to the exchange of bearer debt securities of any series in the prospectus supplement relating to that series.

If the principal, any premium or interest on the debt securities of any series is payable in a foreign or composite currency, the applicable prospectus supplement will describe any restrictions, elections, federal income tax consequences, specific terms and other special provisions that apply to those debt securities and the currency.

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We may sell one or more series of debt securities at a substantial discount below the stated principal amount, bearing interest at a rate that at the time of issuance is below market rate. One or more series of debt securities may be variable rate securities. The interest rate on these securities may be

exchanged for fixed rate debt securities. We will describe the federal income tax consequences and other special considerations in the prospectus supplement relating to that series.

### **Ranking**

The debt securities will be unsecured and will rank equally with all of our other unsecured and unsubordinated indebtedness in respect of credit to our subsidiaries at various times. Any credit we may extend to our subsidiaries may be subordinated to the claims of other creditors of those subsidiaries.

We are a holding company and depend on the earnings and cash flow of our subsidiaries to meet our obligations under the debt securities. Because the creditors of our subsidiaries generally would have a right to receive payment superior to our right to receive payment from the assets of our subsidiaries, the holders of our debt securities will effectively be subordinated to the creditors of our subsidiaries. In the event of liquidation or reorganization of our subsidiaries, your right to participate in any distribution of our subsidiaries' assets is necessarily subject to the claims of our subsidiaries' creditors. Furthermore, the Exchange Act and the rules of certain exchanges and other regulatory bodies, and state laws governing certain indebtedness of our subsidiaries, impose net capital requirements on some of our subsidiaries that limit our ability to pay dividends or make loans and advances to us.

### **Methods of Receiving Payment on the Debt Securities**

*Registered Debt Securities.* Unless we otherwise provide in the applicable prospectus supplement, if the debt securities are registered in New York, then the principal, any premium and interest will be payable at the corporate trust office or agency of the Trustee in New York.

Interest payments made before maturity or redemption on registered debt securities may be made:

at our option, by check mailed to the address of the person entitled to payment; or

at your option, if you hold at least \$10 million in principal amount of registered debt securities, by wire transfer to an account you have designated in writing at least 16 days before the date on which the payment is due.

*Bearer Debt Securities.* Unless we provide otherwise in the applicable prospectus supplement, if the debt securities are not registered in New York, then the principal, any premium and interest will be payable at the Trustee's office located outside the United States that we designate for that purpose. No payment on a bearer debt security will be made by mail to a US address or by wire transfer to an account in the United States, or will otherwise be made inside the United States, unless otherwise provided in the applicable prospectus supplement.

### **Notices**

*Registered Debt Securities.* Unless otherwise provided in the applicable prospectus supplement, any notice given to a holder of a registered debt security will be mailed to the last address of such holder set forth in the applicable security register.

*Bearer Debt Securities.* Any notice given to a holder of a bearer debt security will be published in a daily newspaper of general circulation in the city or cities specified in the prospectus supplement relating to such bearer debt security.

### **Limitation on Liens**

We may not, and may not permit any of our Restricted Subsidiaries to, issue, incur, assume, guarantee or suffer to be incurred, for borrowed money secured by a pledge of, lien on or security interest in any shares of voting stock of any Restricted Subsidiary, unless we effectively providing



that the securities issued under the Indenture, including the debt securities, will be secured equally and ratably with such

The term "Restricted Subsidiary" as defined in the Indenture means Bear Stearns, CTC, BSSC and any of our other directly or indirectly, any of the common stock of, or succeeding to a significant portion of the business, property or assets of, a Subsidiary, or with which a Restricted Subsidiary is merged or consolidated.

### **Merger and Consolidation**

We may consolidate or merge with or into any other corporation, and may sell, lease or convey all or substantially all of our assets to any corporation, organized and existing under the laws of the United States or any US state, if:

- (1) we or any other successor corporation shall not immediately after the merger or consolidation be in violation of any of the covenants of the Indenture; and
- (2) the continuing corporation (if other than us), or the resulting entity that receives substantially all of our assets, shall expressly assume:
  - (a) payment of the principal of, and premium, if any, and interest on (and any additional amounts payable on account of) the debt securities and
  - (b) performance and observance of all of the covenants and conditions of the Indenture to be performed by us.

Unless otherwise provided in the applicable prospectus supplement, and subject to the foregoing, the Indenture permits us to

a consolidation, merger, sale of assets or other similar transaction that may adversely affect our creditworthiness, or the creditworthiness of a successor or combined entity;

a change in control; or

a highly leveraged transaction involving us, whether or not involving a change in control;

and the Indenture, therefore, will not protect holders of the debt securities from the substantial impact that any of the transactions described above may have on the value of the debt securities.

### **Modification and Waiver**

With the consent of the holders of 66<sup>2</sup>/<sub>3</sub>% in principal amount of the outstanding debt securities of each series affected by the proposed modification or amendment, the Trustee may modify or amend the Indenture, without the consent of each holder of the outstanding debt security affected by the proposed modification or amendment:

changes the stated maturity or the date of any installment of principal of, or interest on, any debt security, or changes the redemption price or optional redemption price;

reduces the principal amount of, or the rate of interest on, or the amount of any additional amount payable on, any debt security, or reduces the amount of principal that could be declared due and payable before the stated maturity of any debt security, or changes our obligation to pay any additional amounts (except as permitted under the Indenture) or the amount of principal of a discount security that would be due and payable if accelerated under the Indenture;

changes the place or currency of any payment of principal, premium, if any, or interest on any debt

impairs the right to institute suit for the enforcement of any payment on or with respect to any debt

reduces the percentage in principal amount of the outstanding debt securities of any series, the consent required to modify or amend the Indenture; or

modifies the foregoing requirements or reduces the percentage of outstanding debt securities necessary for a default to less than a majority.

We may make any of these amendments or modifications, however, with the consent of the holder of each outstanding

Except with respect to defaults relating to certain fundamental provisions of the Indenture, which cannot be waived by the holders of each outstanding security of a series affected, the holders of at least a majority in principal amount of the securities of any series may, with respect to that series, waive past defaults under the Indenture and waive compliance with the Indenture, either in a specific instance or generally.

### **Events of Default**

Under the Indenture, an "Event of Default" with respect to any series of debt securities means:

- (1) a failure to pay any interest, or any additional amounts payable, on any debt securities of that series when payment is due;
- (2) a failure to pay the principal of, and premium, if any, on any debt security of that series when due;
- (3) a failure to deposit any sinking fund payment when due relating to that series;
- (4) a failure to perform any other covenant contained in the Indenture or relating to that series that has been specified after written notice was provided;
- (5) a failure lasting 10 days after notice relating to any of our other indebtedness for borrowed money of any Restricted Subsidiary in excess of \$10 million, that results in such indebtedness becoming due and payable at maturity;
- (6) certain events of bankruptcy, insolvency or reorganization; and
- (7) any other Event of Default with respect to debt securities of that series.

### **Concerning the Trustee**

Within 90 days after any default, the Trustee will notify you of the default, unless the default is cured or waived.

The Trustee may withhold notice of a default (except a default relating to the payment of principal, premium or interest amounts related to any debt security or the payment of any sinking fund installment), if the Trustee in good faith determines that notice is in your interests.

If a default in the performance or breach of any covenant in the Indenture or relating to that series occurs and continues, and written notice has been given to us or the Trustee by the holders of at least 25% in principal amount of the outstanding securities of that series, the Trustee will not give notice to the holders for at least an additional 30 days after such default.

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If an event of default for any series of debt securities occurs and continues, the Trustee or the holders of 25% of the amount (or any lesser amount that the series may provide) of the outstanding debt securities affected by the default may immediately repay the entire principal amount (or any lesser amount that the series may provide) of the outstanding debt series.

So long as the Trustee has not yet obtained a judgment or decree for payment of money due, and we have paid all amounts due (other than those due solely as a result of acceleration) and have remedied all Events of Default, the holders of a majority in principal amount of all outstanding debt securities of the affected series may rescind any acceleration or may waive any past default. However, the holders of a majority in principal amount of all outstanding debt securities of the affected series may not waive any Event of Default under the Indenture for any series of debt securities in the following two circumstances:

a failure to pay the principal of, and premium, if any, or interest on, or any additional amounts payable on, any debt security of that series for which payment had not been subsequently made; or

a covenant or provision that cannot be modified or amended without the consent of each holder of such debt security of that series.

The holders of a majority in principal amount of the outstanding debt securities of a series may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee by the Indenture with respect to the debt securities of that series, provided that this direction is not in conflict with any rule of law or the Indenture. Before exercising any right or power under the Indenture at the direction of those holders, the Trustee will be entitled to receive from those holders reimbursement or security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

We are required to deliver to the Trustee an annual statement as to our fulfillment of all of our obligations under the Indenture.

#### **Defeasance**

If provided for under the Indenture with respect to debt securities of any series that are registered debt securities under the Securities Act and payable only in US dollars (except as otherwise provided under the Indenture), we will:

be discharged from any and all obligations in respect of the debt securities of that series under the Indenture, including certain obligations to register the transfer or exchange of debt securities of that series, replace stolen or lost debt securities of that series, maintain paying agents and hold moneys for payment in trust) on the 91st day after the date such conditions described in this paragraph have been satisfied; or

not be subject to provisions of the Indenture described above under the subsections entitled " Limitation on Waiver " and " Merger and Consolidation " with respect to the debt securities of that series;

in each case if we deposit with the Trustee, in trust, money or US government obligations that, through the payment of such obligations in accordance with their terms, will provide money in an amount sufficient to pay all the principal (including any mandatory sinking fund payments) of, and premium, if any, and any interest on, the debt securities of that series on the dates such payments are due under the terms of those debt securities.

To exercise either option, we are required to deliver to the Trustee an opinion of counsel to the effect that:

- (1) the deposit and related defeasance would not cause the holders of the debt securities of the series to be required to recognize income, gain or loss for US federal income tax purposes; and
- (2) if the debt securities of that series are then listed on the NYSE, the exercise of the option would not constitute a violation of the listing requirements of the NYSE.

We may specify defeasance provisions with respect to any series of debt securities.

## DESCRIPTION OF WARRANTS

This section sets forth certain general terms and provisions of the warrants to which any prospectus supplement may refer. The specific terms of the warrants offered by any prospectus supplement and the extent to which such general terms and provisions apply to the warrants so offered will be described in the prospectus supplement relating to those warrants.

We may issue warrants that are debt warrants, index warrants, interest rate warrants or universal warrants as described in any applicable prospectus supplement. Warrants may be offered independently of or together with one or more additional warrants, any securities, preferred stock or other securities or any combination thereof and may be attached to or separate from any such securities. Warrants will be settled either through physical delivery or through payment of a cash settlement value as described in the applicable prospectus supplement.

Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a bank or trust company acting as warrant agent, all as described in the prospectus supplement relating to that series of warrants. The warrant agent will act as our agent under the applicable warrant agreement and in connection with the certificates for any warrants of that series, and will not have any obligation or relationship of agency or trust for or with any holders of those warrant certificates or beneficial owners of those warrants.

This section, along with the description in the applicable prospectus supplement, is a summary of certain provisions of the warrant agreements and warrant certificates and is not complete. We urge you to read the warrant agreements and the warrant certificates because those documents, and not these descriptions, define your rights as a holder of warrants. We have filed copies of the warrant agreements and warrant certificates as exhibits to the Registration Statement of which this prospectus is a part. The warrant agreements and warrant certificates are available as described under "Where You Can Find More Information."

### Debt Warrants

We may issue, together with debt securities or separately, debt warrants for the purchase of debt securities on terms to be described in the applicable prospectus supplement at the time of sale.

### Index Warrants

We may issue index warrants entitling the holders thereof to receive from us, upon exercise, an amount in cash determined by reference to decreases or increases in the level of a specific index or in the levels (or relative levels) of two or more indices or combinations thereof, which index or indices may be based on one or more stocks, bonds or other securities, one or more interest rates, one or more commodity prices, one or more currency units, or any combination of the foregoing.

### Interest Rate Warrants

We may issue interest rate warrants entitling the holders thereof to receive from us, upon exercise, an amount in cash determined by reference to decreases or increases in the yield or closing price of one or more specified debt instruments or in the interest rates, swap rates, or other rates established from time to time by one or more specified financial institutions, or any combination thereof.

### **Universal Warrants**

We may also issue universal warrants:

to purchase or sell securities of one or more issuers, securities based on the performance of an issuer, the performance of an issuer but excluding the performance of a particular subsidiary or subsidiaries, a basket of securities, or securities whose value is determined by reference to the performance, level, financial, economic or other measure or instrument, including the occurrence or non-occurrence of a circumstance, or any combination of the above;

entitling the holders thereof to receive from us, upon exercise, an amount in cash determined by reference to the performance of an issuer, the performance of an issuer but excluding the performance of a particular subsidiary or subsidiaries, a basket of securities, or securities whose value is determined by reference to the performance, level, financial, economic or other measure or instrument, including the occurrence or non-occurrence of a circumstance, or any combination of the above; or the right to purchase or the right to sell a specified amount of one or more currencies or currency units or any combination of the foregoing for a specified amount of one or more different currencies or currency units or any combination of the foregoing;

to purchase or sell commodities; or

in such other form as shall be specified in the applicable prospectus supplement.

We refer to the property in the above clauses as the warrant property. We may satisfy our obligations, if any, with respect to the warrants by delivering the warrant property, cash or in the case of warrants to purchase or sell securities or commodities, securities or commodities, as described in the applicable prospectus supplement.

### **Further Information in Prospectus Supplement**

#### *General Terms of Warrants*

The applicable prospectus supplement may contain, where applicable, the following additional information relating to the warrants:

the specific designation and aggregate number of warrants;

the offering price;

the currency, currency unit, currency index or currency basket based on or relating to currencies for which the warrants may be purchased;

the date on which the right to exercise those warrants will commence and the date on which that right will expire, or, if the right to exercise the warrants may not continuously exercise the warrants throughout that period, the specific date on which you may not exercise the warrants;

whether the warrants will be issued in registered form or bearer form;

whether those warrants are extendible and the period or periods of such extendibility;

the terms upon which bearer warrants of any series may be exchanged for registered warrants of that series.

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whether those warrants will be issued in book-entry form, as a global warrant certificate, or in certifi

any applicable US federal income tax consequences;

the identity of the warrant agent for the warrants and of any other depositories, execution or paying  
registrars, determination, or other agents;



the proposed listing, if any, of the warrants or any securities purchasable upon exercise of the warrants on the exchange;

whether the warrants are to be sold separately or with other securities; and

any other terms of those warrants not inconsistent with the applicable warrant agreement.

*Additional Terms of Debt Warrants*

The applicable prospectus supplement may contain, where applicable, the following additional information relating to:

the designation, aggregate principal amount, currency and terms of the debt securities that may be purchased upon exercise of the debt warrants;

the exercise price and whether the exercise price may be paid in cash, by the exchange of any debt securities or both and the method of exercising the debt warrants; and

the designation, terms and amount of debt securities, if any, to be issued together with each of the debt warrants, and the date, if any, after which the debt warrants and debt securities will be separately transferable.

*Additional Terms of Index and Interest Rate Warrants*

The applicable prospectus supplement may contain, where applicable, the following additional information relating to index and interest rate warrants:

the exercise price, if any;

the index or indices for any index warrants, which index or indices may be based on one or more US or foreign bonds, or other securities, one or more US or foreign interest rates, one or more currencies or currencies, or a combination of the foregoing, and may be a preexisting US or foreign index or an index based on one or more interest rates, currencies or currency units selected by us solely in connection with the issuance of such warrants, and certain information regarding such index or indices and the underlying securities, interest rates, currencies or currency units (including, to the extent possible, the policies of the publisher of the index with respect to additions, deletions or substitutions of such securities, interest rates, currencies or currency units);

for index warrants, the method of providing for a substitute index or indices or otherwise determining the value of the index in connection with the exercise of such index warrants if the index changes or ceases to be made available;

the commodity, commodity index or combinations of commodities or commodity indices;

any market to which the commodity or commodity index relates;

the debt instrument (which may be one or more debt instruments issued either by the US government or a US government agency), the rate (which may be one or more interest rates or interest rate swap rates established by one or more specified financial institutions) or the other yield or price utilized for any interest rate swap;

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information regarding such debt instrument, rate, yield or price;

the strike amount, the method of determining the spot amount and the method of expressing movement in the closing price of the debt instrument or in the level of the rate as a

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cash amount in the currency in which the interest rate cash settlement value of any interest rate warrant;

whether such warrants shall be put warrants, call warrants or otherwise;

the formula for determining the cash settlement value of each warrant;

the circumstances, if any, under which a minimum and/or maximum expiration value is applicable to such warrants;

any minimum number of warrants which must be exercised at any one time, other than upon automatic exercise;

the maximum number, if any, of such warrants that may, subject to our election, be exercised by all warrant holders;

any provisions for the automatic exercise of such warrants other than at expiration;

whether and under what circumstances such warrants may be canceled by us prior to the expiration of such warrants;

any other procedures and conditions relating to the exercise of such warrants.

### *Additional Terms of Universal Warrants*

The applicable prospectus supplement may contain, where applicable, the following additional information relating to the terms of the universal warrants:

whether the universal warrants are put warrants or call warrants and whether you or we will be entitled to exercise such warrants;

the specific warrant property, and the amount or the method for determining the amount of the warrant to be purchased or sold upon exercise of each universal warrant;

the currency in which the exercise price, if any, and the cash settlement value of such warrants is payable;

the base currency and the reference currency for any currency warrants;

the price at which and the currency with which the underlying securities or commodities may be purchased or sold upon the exercise of each universal warrant, or the method of determining that price;

whether the exercise price may be paid in cash, by the exchange of any other security offered with the underlying securities or commodities, or both and the method of exercising the universal warrants; and

whether the exercise of the universal warrants is to be settled in cash or by delivery of the underlying securities or commodities or both.

Before you exercise your warrants, you will not have any of the rights of (1) holders of the debt securities of the issuer, including the right to receive payments of principal, any premium or interest on those debt securities, or to enforce covenants or rights in the relevant indenture or any other agreement or (2) holders of preferred stock or other securities of the issuer.

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exercise, including the right to receive payments of dividends, if any, on such preferred stock or other securities or to exercise the right to vote.

You may exchange registered warrants of any series for registered warrants of the same series representing in total the same number of warrants that you have surrendered for exchange. To the extent permitted, you may exchange warrant certificates and transferable warrants at the corporate trust office of the warrant agent for that series of warrants (or any other office indicated in the applicable prospectus supplement relating to that series of warrants).

Unless otherwise specified in the applicable prospectus supplement, warrants will be issued in book-entry only form and will be represented by a single global warrant certificate, registered in the name of the nominee of the depository of the warrants.

Bearer warrants will be transferable by delivery. The applicable prospectus supplement will describe the terms of the transferability of any bearer warrants.

### **Exercise of Warrants**

You may exercise your warrants at the corporate trust office of the warrant agent (or any other office indicated in the applicable prospectus supplement relating to those warrants) up to 5:00 p.m., New York time, on the date stated in the prospectus supplement relating to those warrants or as may be otherwise stated in the prospectus supplement. If you do not exercise your warrants before the time specified (or a later date that we may set), your unexercised warrants will become void.

Only registered debt securities will be issued and delivered upon exercise of registered warrants. Warrants will be exercised upon receipt of the warrant certificate and any payment, if applicable, at the corporate trust office of the warrant agent or the office indicated in the applicable prospectus supplement and we will, as soon as practicable after such receipt and payment, issue the warrant property or pay the settlement value in respect of the warrants.

If fewer than all of the warrants represented by such warrant certificate are exercised, a new warrant certificate will be issued for the remaining amount of the warrants. Special provisions relating to the exercise of any bearer warrants or automatic exercise of warrants are described in the applicable prospectus supplement.

## **DESCRIPTION OF PREFERRED STOCK**

This section describes certain general terms and provisions of the preferred stock to which any prospectus supplement relating to the preferred stock offered by any prospectus supplement and the extent, if any, to which such general terms and provisions to the preferred stock so offered will be described in the prospectus supplement relating to such preferred stock.

This section, along with the description in the applicable prospectus supplement, is a summary of certain provisions of the restated certificate of incorporation, as amended, including the applicable certificates of designation, and is not complete.

We urge you to read the restated certificate of incorporation, as amended, and the certificate of designation for the preferred stock in which you are intending to invest, because those documents, and not these descriptions, define your rights in the preferred stock. We have filed a copy of the restated certificate of incorporation, as amended, and the certificates of designation for the currently outstanding shares of preferred stock as exhibits to the Registration Statement of which this prospectus is a part. The restated certificate of incorporation, as amended, are available described under "Where You Can Find More Information."

**General**

Our restated certificate of incorporation, as amended, authorizes the issuance of 10,000,000 shares of preferred stock. We may issue preferred stock from time to time in one or more series. The exact terms of each series will be established by the board of directors or a duly authorized committee of the board.

The terms of any particular series of preferred stock will be described in the prospectus supplement relating to that series of preferred stock, including, where applicable:

- (1) the designation, stated value and liquidation preference of such preferred stock and the number of shares of such series;
- (2) the offering price;
- (3) the dividend rate or rates (or method of calculation), the date or dates from which dividends shall accrue, whether dividends shall be cumulative or noncumulative and, if cumulative, the dates from which dividends shall begin to cumulate;
- (4) any redemption or sinking fund provisions;
- (5) the amount that shares of such series shall be entitled to receive in the event of our liquidation, dissolution or winding up of our company;
- (6) the terms and conditions, if any, on which shares of such series shall be exchangeable for shares of another series, class or classes, or other series of the same class;
- (7) the voting rights, if any, of shares of such series in addition to those set forth in "Voting Rights" below;
- (8) the status as to reissuance or sale of shares of such series redeemed, purchased or otherwise reacquired by us on conversion or exchange;
- (9) the conditions and restrictions, if any, on the payment of dividends or on the making of other distributions, or on the purchase, redemption or other acquisition by us or any subsidiary of, the common stock or any other securities of our company ranking junior to the shares of such series as to dividends or upon liquidation;
- (10) the conditions and restrictions, if any, on the creation of indebtedness of us or of any subsidiary, or on the creation of additional stock ranking on a parity with or prior to the shares of such series as to dividends or upon liquidation;
- (11) any additional dividend, liquidation, redemption, sinking or retirement fund and other rights, preferences, limitations and restrictions of such preferred stock.

The preferred stock will, when issued, be fully paid and nonassessable. Unless otherwise specified in the applicable prospectus supplement, the shares of each series of preferred stock will upon issuance rank senior to the common stock and on a parity with each other outstanding series of preferred stock. As of November 30, 2004, there were outstanding:

3,493,250 depositary shares, each representing a one-fourth interest in a share of 6.15% Cumulative Preferred Stock, Series E;

2,612,800 depositary shares, each representing a one-fourth interest in a share of 5.72% Cumulative Preferred Stock, Series F; and

2,856,900 depositary shares, each representing a one-fourth interest in a share of 5.49% Cumulative Series G.

The preferred stock will have no preemptive rights to subscribe for any additional securities that may be issued by

## **Dividends**

Unless otherwise specified in the applicable prospectus supplement, before any dividends may be declared or paid of our common stock, par value \$1.00 per share, or of any other of our capital stock ranking junior to any series of the payment of dividends, the holders of the preferred stock of that series will be entitled to receive, when and as declared by the board of directors or a duly authorized committee of the board, out of our net profits or net assets legally available therefor, dividends on January 15, April 15, July 15 and October 15, in each year at such rates as will be specified in the applicable prospectus supplement. Dividends may be fixed or variable or both. If variable, the formula used for determining the dividend rate for each dividend in the applicable prospectus supplement. Dividends will be payable to the holders of record as they appear on our stock ledger as of such dates (not less than 15 days nor more than 60 days prior to a dividend payment date) as will be fixed by the board of directors or a duly authorized committee thereof. Dividends will be paid in the form of cash.

Dividends on any series of preferred stock may be cumulative or noncumulative, as specified in the applicable prospectus supplement. If the board of directors fails to declare a dividend payable on a dividend payment date on any series of preferred stock that is cumulative, then the holders of the preferred stock of that series will have no right to receive a dividend in respect of such dividend payment date, and we will have no obligation to pay the dividend accrued for such period, whether or not dividends on that series are declared or paid on any future dividend payment dates. If dividends on any series of preferred stock are noncumulative, then the holders of the preferred stock of that series will have no right to receive a dividend in respect of such dividend payment date, and we will have no obligation to pay the dividend accrued for such period, whether or not dividends on that series are declared or paid on any future dividend payment dates. If dividends on any series of preferred stock are declared in full and sums set apart for the payment thereof, then no dividends shall be declared and paid on that series until the full amount has been paid on all shares of every series of preferred stock then outstanding, including dividends accrued or in arrears, if any. Dividends on any series of preferred stock shall be paid ratably on all shares of every series of preferred stock then outstanding, including dividends accrued or in arrears, if any, in the respective amounts that would be payable per share if all such dividends were declared and paid in full.

The prospectus supplement relating to a series of preferred stock will specify the conditions and restrictions, if any, on the declaration or payment of dividends or on the making of other distributions on, or the purchase, redemption or other acquisition by us or any of our subsidiaries, of common stock or any other class of our stock ranking junior to the shares of that series as to dividends or upon liquidation, including preferences, rights, restrictions and qualifications that are not inconsistent with the certificate of incorporation and the articles of supplementary designation.

## **Liquidation Rights**

Unless otherwise specified in the prospectus supplement relating to a series of preferred stock, upon our liquidation, dissolution or winding up (whether voluntary or involuntary), the holders of preferred stock of that series will be entitled to receive out of the assets available for distribution to our stockholders, whether from capital, surplus or earnings, the amount specified in the applicable prospectus supplement for that series, together with all dividends accrued and unpaid, before any distribution of the assets will be made to the holders of common stock or any other class or series of shares ranking junior to that series of preferred stock upon liquidation, dissolution or winding up, and will be entitled to no other or further distribution. If, upon our liquidation, dissolution or winding up, the assets distributed to the holders of a series of preferred stock shall be insufficient to permit the payment in full to the holders of that series of preferred stock of the amounts payable to those holders, then the entire amount of our assets thus distributable will be distributed ratably among the holders of that series of preferred stock in proportion to the respective amounts that would be payable per share if those assets were sufficient to permit payment in full.

Neither our consolidation, merger or other business combination with or into any other individual, firm, corporation or partnership, nor the sale, lease, exchange or conveyance of all or any part of our property, assets or business will be deemed to be a liquidation, dissolution or winding up.



### **Redemption**

If so specified in the applicable prospectus supplement, any series of preferred stock may be redeemable, in whole or pursuant to a retirement or sinking fund or otherwise, on terms and at the times and the redemption prices specified in the applicable prospectus supplement. If less than all shares of the series at the time outstanding are to be redeemed, the shares to be redeemed will be redeemed in whole or by lot, in such manner as may be prescribed by resolution of the board of directors.

Notice of any redemption of a series of preferred stock will be given by publication in a newspaper of general circulation in the Borough of Manhattan, the City of New York, not less than 30 nor more than 60 days prior to the redemption date. We will mail such notice, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holder of each share of that series at the addresses shown on our stock transfer records, but the mailing of such notice will not be a condition of our obligation to redeem. In order to facilitate the redemption of shares of preferred stock, the board of directors may fix a record date for the determination of shares to be redeemed. Such record date will be not more than 60 days nor less than 30 days prior to the redemption date.

Prior to the redemption date, we will deposit money for the payment of the redemption price with a bank or trust company in the Borough of Manhattan, the City of New York, and having a capital and surplus of at least \$10,000,000. Unless we so deposit, on the redemption date, all dividends on the series of preferred stock called for redemption will cease to accrue to the holders of shares of that series as our stockholders shall cease, except the right to receive the redemption price (but with interest thereon) as otherwise specified in the applicable prospectus supplement, any monies so deposited which remain unclaimed by the holders of shares of that series at the end of six years after the redemption date will become our property, and will be paid by the bank or trust company to us.

### **Conversion Rights**

Unless otherwise specified in the applicable pricing supplement, no series of preferred stock will be convertible into common stock.

### **Voting Rights**

Unless otherwise determined by the board of directors and indicated in the applicable prospectus supplement, holders of shares of that series will not have any voting rights except as described below or as otherwise from time to time required by the board of directors. Dividends on any series of preferred stock or any other class or series of stock ranking on a parity with that series with respect to dividends shall be in arrears for dividend periods, whether or not consecutive, containing in the aggregate a number of dividends equal to the number of dividends in arrears for such period. If dividends on any series of preferred stock are in arrears for six calendar quarters, the holders of shares of that series (voting separately as a class with all other series of preferred stock for which voting rights have been conferred and are exercisable) will be entitled to vote for the election of two of the authorized number of directors at the next annual meeting of stockholders and at each subsequent meeting until all dividends accumulated on that series of preferred stock are paid or set apart for payment. The term of office of all directors elected by the holders of a series of preferred stock shall terminate upon the termination of the right of the holders of that series to vote for directors. Whenever the shares of a series are entitled to vote, each holder of shares of that series will have one vote for each share held.

So long as shares of any series of preferred stock remain outstanding, we shall not, without the consent of the holders of a majority in voting power of two-thirds of the shares of that series outstanding at the time (voting

separately as a class with all other series of preferred stock upon which like voting rights have been conferred and are e

- (1) issue or increase the authorized amount of any class or series of stock ranking senior to the shares o dividends or upon liquidation; or
- (2) amend, alter or repeal the provisions of our certificate of incorporation or of the resolutions contain designation, whether by merger, consolidation or otherwise, so as to materially and adversely affect or special right of the outstanding shares of that series or the holders thereof. Any increase in the an common stock or authorized preferred stock or the creation and issuance of common stock or any o stock ranking on a parity with or junior to a series of preferred stock as to dividends and upon liqui deemed to materially and adversely affect the powers, preferences or special rights of the shares of

Unless otherwise indicated in the applicable prospectus supplement, the transfer agent, dividend disbursing agent a series of preferred stock will be Mellon Investor Services L.L.C.

### DESCRIPTION OF DEPOSITARY SHARES

This section describes certain general terms and provisions of the depositary shares and depositary receipts which

This section, along with the description in the applicable prospectus supplement, is a summary of certain provision agreement relating to the applicable series of Preferred Stock and is not complete. Any such deposit agreement will be incorporated by reference in the Registration Statement of which this prospectus is a part. Copies of any such deposit agreement are available as described under "Where You Can Find More Information."

#### General

We may, at our option, elect to offer fractional interests in shares of a series of preferred stock, rather than whole s our option, we will provide for the issuance by a depository of depositary receipts evidencing depositary shares, each of fractional interest (to be specified in the applicable prospectus supplement) in a share of a particular series of the Prefer described below.

If we offer fractional shares of any series of preferred stock, those shares will be deposited under a separate deposi a depository bank or trust company selected by us and having its principal office in the United States and having a comb surplus of at least \$50,000,000 and the holders from time to time of the depositary receipts issued thereunder by that de applicable prospectus supplement will set forth the name and address of the depository. Subject to the terms of the depo owner of a depositary share will be entitled, in proportion to the applicable fractional interest in a share of preferred sto depositary share, to all the rights and preferences of the fractional share of preferred stock underlying such depositary sh dividend, voting, redemption and liquidation rights).

Until definitive engraved depositary receipts are prepared, upon our written order, the depository may issue tempo substantially identical to (and entitling the holders thereof to all the rights pertaining to) the definitive depositary receip form. Definitive depositary receipts will be prepared thereafter without unreasonable delay. Temporary depositary receip exchangeable for definitive depositary receipts at our expense.

### **Dividends and Other Distributions**

The depository will distribute to the holders of depositary receipts evidencing depositary shares all cash dividends and distributions received in respect of the underlying fractional shares of preferred stock in proportion to their respective holdings of depositary shares on the relevant record date. The depository will distribute only the amount that can be distributed with respect to each holder of depositary shares a fraction of one cent. Any balance not so distributed will be held by the depository (without interest thereon) and will be added to and treated as part of the next sum received by the depository for distribution to holders of then outstanding.

If we distribute property other than cash in respect of shares of preferred stock deposited under a deposit agreement, the depository will distribute the property received by it to the record holders of depositary receipts evidencing the depositary shares relating to the preferred stock, in proportion, as nearly as may be practicable, to their respective holdings of the depositary shares on the relevant record dates. If the depository determines that it is not feasible to make such a distribution, the depository may, with our approval, as it deems equitable and practicable to give effect to the distribution, including the sale of the property so received and the distribution of proceeds from such sale to the holders of the depositary receipts.

Each deposit agreement will also contain provisions relating to the manner in which any subscription or similar right in the preferred stock deposited under such deposit agreement will be made available to holders of depositary shares.

### **Redemption of Depositary Shares**

If the shares of preferred stock deposited under a deposit agreement are subject to redemption, in whole or in part, the depository shares relating to those deposited shares will be redeemed from the proceeds received by us in respect of the redemption. Whenever we redeem shares of preferred stock held by a depository, the depository will redeem as of the record date the number of depositary shares representing the shares of preferred stock so redeemed. The depository will mail the depositary shares to the record holders of the depositary shares not less than 20 and not more than 50 days prior to the date fixed for redemption to the record holders of the depositary shares so redeemed. The redemption price per depositary share will be equal to the applicable fraction of the per share redemption price of the preferred stock underlying such depositary share. If less than all the depositary shares are to be redeemed, the depositary shares to be redeemed will be selected by lot or pro rata as may be determined by the depository.

Once notice of redemption has been given, from and after the redemption date, the depositary shares called for redemption will be deemed to be outstanding, unless we fail to redeem the shares of preferred stock so called for redemption. On the redemption date, the rights of the holders of depositary shares will cease, except for the right to receive the monies payable upon such redemption and the right to the property to which the holders of depositary shares were entitled upon such redemption (but without interest), upon surrender of the depositary receipts evidencing depositary shares.

### **Voting Rights**

As soon as practicable after receipt of notice of any meeting at which the holders of shares of preferred stock deposited under a deposit agreement are entitled to vote, the depository will mail the information contained in that notice of meeting (and any accompanying materials) to the holders of the depositary shares relating to such preferred stock as of the record date for such meeting. The holders of the depositary shares will be entitled, subject to any applicable restrictions, to instruct the depository as to the exercise of the voting rights of the preferred stock represented by such holder's depositary shares. The depository will attempt to vote the preferred stock represented by the depositary shares in

accordance with the holder's instructions, and we will agree to take all action deemed necessary by the depository to ensure we do so. The depository will abstain from voting shares of preferred stock deposited under a deposit agreement if it has no instructions from the holders of the depository shares representing those shares.

#### **Withdrawal of Stock**

Upon surrender of depository receipts at the principal office of the depository (unless the depository shares evidenced by the receipts have previously been called for redemption), and subject to the terms of the deposit agreement, the owner of the receipts shall be entitled to delivery of whole shares of preferred stock and all money and other property, if any, represented by the receipts. Fractional shares of preferred stock will not be delivered. If the depository receipts surrendered by the holder evidence an amount in excess of those representing the number of whole shares of preferred stock to be withdrawn, the depository will deliver to the holder at the same time a new depository receipt evidencing the excess depository shares. Holders of shares of preferred stock which are not listed on a public trading market thereafter be entitled to deposit such shares under a deposit agreement or to receive depository shares. We do not expect to have a public trading market for the preferred stock, except as represented by depository shares.

#### **Amendment and Termination of the Deposit Agreement**

We may from time to time amend the form of depository receipt evidencing any depository shares and any provisions of the deposit agreement by agreement between us and the depository. However, any amendment that materially and adversely alters the rights of existing holders of depository shares will not be effective unless and until approved by the holders of at least a majority of the depository shares then outstanding under that deposit agreement. Each deposit agreement will provide that each holder of depository shares who continues to hold those depository shares at the time an amendment becomes effective will be deemed to have consented to the amendment and will be bound by that amendment. Except as may be necessary to comply with any mandatory provisions of applicable law, we may impair the right, subject to the terms of the deposit agreement, of any holder of any depository shares to surrender or to receive depository receipts evidencing those depository shares to the depository together with instructions to deliver to the holder the whole shares of preferred stock represented by the surrendered depository shares and all money and other property, if any, represented thereby. A deposit agreement will be terminated by us or the depository only if:

- (1) all outstanding depository shares issued under the deposit agreement have been redeemed; or
- (2) there has been a final distribution in respect of the preferred stock relating to those depository shares, whether by way of any liquidation, dissolution or winding up of the Company and the amount received by the depository in respect of that distribution has been distributed by the depository to the holders of those depository shares.

#### **Charges of Depository**

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depository shares. We will pay charges of any depository in connection with the initial deposit of preferred stock and the initial issuance of the depository shares and any redemption of such preferred stock. Holders of depository shares will pay any other taxes and charges incurred for the depository shares provided in the deposit agreement.

#### **Reports**

Each depository will forward to the holders of depository shares issued by that depository all reports and communications received or delivered to the depository and that we are required to furnish to the holders of the preferred stock held by the depository. The depository will

make available for inspection by the holders of those depositary shares, at the principal office of such depository and at any other office of such depository that it may from time to time deem advisable, all reports and communications received from us that are received by such depository in connection with the preferred stock.

#### **Limitation on Liability**

Neither we nor any depository will assume any obligation or will be subject to any liability under a deposit agreement with respect to the depositary shares other than for its negligence or willful misconduct. Neither we nor any depository will be liable if it is prevented, hindered or delayed from performing by law or any circumstance beyond its control in performing its obligations under a deposit agreement. The obligations of a depository under a deposit agreement will be limited to performance in good faith of its duties thereunder, and they will not be liable to prosecute or defend any legal proceeding in respect of any depositary shares or preferred stock unless satisfactory indemnification is provided. We and any depository may rely on written advice of counsel or accountants, on information provided by persons presenting themselves as holders of depositary shares or other persons believed in good faith to be competent to give such information and on information believed to be genuine and to have been signed or presented by the proper party or parties.

#### **Resignation and Removal of Depository**

A depository may resign at any time by delivering to us notice of its election to resign, and we may remove any depository at any time. Any such resignation or removal will take effect upon the appointment of a successor depository and its acceptance of such appointment. A successor depository must be appointed within 60 days after delivery of the notice of resignation or removal and must be a qualified company having its principal office in the United States of America and having a combined capital and surplus of at least \$10,000,000.

### **BOOK-ENTRY PROCEDURES AND SETTLEMENT**

Each debt security, warrant, share of preferred stock, and depositary share in registered form will be represented either

by one or more global securities representing the entire issuance of securities; or

by a certificate issued in definitive form to a particular investor.

#### **Book-Entry System**

Unless otherwise specified in a prospectus supplement, we will issue each security in book-entry only form. This means we will not issue actual notes or certificates. Instead, we will issue global securities in registered form representing the entire issuance of securities. Each global security will be registered in the name of a financial institution that holds them as depository on behalf of other financial institutions that participate in that depository's book-entry system. These participating institutions, in turn, hold beneficial interests in the securities on their own behalf or on behalf of their customers.

If a security is registered on the books that we or the Trustee, warrant agent, depository, or other agent maintain in the name of a particular investor, we refer to that investor as the "holder" of that security. These persons are the legal holders of the securities. For securities issued in global form, we will recognize only the depository as the holder of the securities and we will make payments for securities, including deliveries of any property other than cash, to the depository. The depository passes along the payments to its participants, which in turn pass the payments along to their customers who are the beneficial owners. The depository and its participants are obligated to pass these payments along under agreements they have made with one another or with their customers, and we are obligated to do so under the terms of the securities.

As a result, investors will not own securities issued in book-entry form directly. Instead, they will own beneficial interest in a security through a bank, broker, or other financial institution that participates in the depository's book-entry system or through a participant in the depository's book-entry system. As long as the securities are issued in global form, investors will be deemed owners, and not holders, of the securities. The depository will not have knowledge of the actual beneficial owners of the securities.

#### **Certificates in Registered Form**

In the future we may cancel a global security or issue securities initially in non-global, or certificated, form. We do not intend to exchange global securities for actual notes or certificates registered in the names of the beneficial owners of the global securities unless:

the depository, such as The Depository Trust Company ("DTC"), notifies us that it is unwilling or unable to act as the depository for the global securities or we become aware that the depository has ceased to be a clearing agent under the Exchange Act, and in any case we fail to appoint a successor to the depository within 90 days after the date of such notification;

we, in our sole discretion, determine not to have any notes of a series represented by a global security.

Upon the occurrence of either of the foregoing events, we will issue securities in certificated form in exchange for global securities. An owner of a beneficial interest in the global securities to be exchanged will be entitled to delivery in definitive form equal in principal amount to such beneficial interest and to have such securities registered in its name. Debt securities issued in exchange for global securities will be issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof, except as otherwise specified in the pricing supplement, and will be issued in registered form only, without coupons.

You should read "Limitation on Issuance of Bearer Debt Securities and Bearer Warrants" for a description of certain limitations on the issuance of individual bearer debt securities in exchange for beneficial interests in a global security.

#### **Street Name Owners**

When actual notes or certificates registered in the names of the beneficial owners are issued, investors may choose to hold securities in their own names or in street name. Securities held by an investor in street name would be registered in the name of a financial institution that the investor chooses, and the investor would hold only a beneficial interest in those securities that he or she maintains at that institution. For securities held in street name, we will recognize only the intermediary banks, financial institutions in whose names the securities are registered as the holders of those securities and we will make all payments on securities, including deliveries of any property other than cash, to them. These institutions pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are required to do so. Investors who hold securities in street name will be indirect owners, not holders, of those securities.

#### **Legal Holders**

Our obligations, as well as the obligations of the Trustee under the Indenture and the obligations, if any, of any other agents, the depository, and any other third parties employed by us, the Trustee, or any of those agents, run only to the holders of the securities. We do not have obligations to investors who hold beneficial interests in global securities, who hold the securities in street name, or who hold securities by any other indirect means. This will be the case whether an investor chooses to be an

indirect owner of a security or has no choice because we are issuing the securities only in global form. For example, once we have made a payment or give a notice to the holder, we have no further responsibility for that payment or notice even if that holder is required to deal with depository participants or customers or by law, to pass it along to the indirect owners, but does not do so. Similarly, we do not seek the approval of the holders for any purpose, such as to amend the Indenture for a series of debt securities or a warrant agreement, or to seek the approval of the holders for any purpose, such as to amend the Indenture for a series of debt securities or a warrant agreement, or to relieve us of the consequences of a default or of our obligation to comply with a particular provision of the Indenture, but we seek the approval only from the holders, and not the indirect owners, of the relevant securities. Whether and how the holders of the securities or indirect owners is up to the holders. When we refer to "you" in this section, we mean those who invest in the securities described in the prospectus, whether they are the holders or only indirect owners of those securities. When we refer to "your securities" in this section, we mean the securities in which you will hold a direct or indirect interest.

### **Special Considerations for Indirect Owners**

If you hold securities through a bank, broker, or other financial institution, either in book-entry form or in street name, you should discuss with your own institution to find out:

how it handles payments on your securities and notices;

whether you can provide contact information to the registrar to receive copies of notices directly;

whether it imposes fees or charges;

whether and how you can instruct it to exercise any rights to purchase or sell warrant property under the Indenture, to exchange or convert a security for or into other property;

how it would handle a request for the holders' consent, if required;

whether and how you can instruct it to send you the securities registered in your own name so you can exercise your rights, if permitted at any time;

how it would exercise rights under the securities if there were a default or other event triggering the acceleration of the securities to protect their interests; and

if the securities are in book-entry form, how the depository's rules and procedures will affect these rights.

### **Depositories for Global Securities**

Each security issued in book-entry form and represented by a global security will be deposited with, and registered with, one or more financial institutions or clearing systems, or their nominees, which we will select. These financial institutions or clearing systems, or their nominees, which we will select for any security are called "depositories." Each series of securities will have one or more of the following as the depositories:

DTC;

a financial institution holding the securities on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear system, which is known as "Euroclear";

a financial institution holding the securities on behalf of Clearstream Banking, société anonyme, Luxembourg, which is known as "Clearstream"; and

any other clearing system or financial institution named in the applicable prospectus supplement.

The depositories named above also may be participants in one another's systems. For example, if DTC is the depository for the security, investors may hold beneficial interests in that security



through Euroclear or Clearstream as DTC participants. The depository or depositories for your securities will be named in the prospectus supplement. If no depository is named, the depository will be DTC.

### **The Depository Trust Company**

The following is based on information on DTC's website at [www.dtcc.com](http://www.dtcc.com):

DTC will act as securities depository for the securities. The securities will be issued as fully-registered securities in the name of Cede & Co., which is DTC's partnership nominee, or any other name as may be requested by an authorized representative of DTC. One fully registered global security will be issued for each issue of the securities, each in the aggregate principal amount of the securities to be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of the issue.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "clearing 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 under Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over two million issues of United States and non-United States equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that its participants deposit with DTC. DTC also facilitates the settlement among direct participants of sales and other securities transactions in deposited securities through electronic book-entry transfers and pledges between direct participants. This eliminates the need for physical movement of certificates of securities. Direct participants include both United States and non-United States 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), in turn, is owned by a number of direct participants of DTC and members of the National Securities Clearing Corporation, the Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation. Access to DTC is also available to others such as both United States and non-United States securities brokers and dealers, banks, trust companies, clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to its participants are on file with the SEC.

Purchases of the securities under the DTC system must be made by or through direct participants, which will receive the securities on DTC's records. The beneficial interest of each actual purchaser of each security is in turn to be recorded on the direct participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. A beneficial owner is expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of beneficial interests in securities will be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their beneficial interests in the securities, except if the use of the book-entry system is discontinued.

To facilitate subsequent transfers, all securities deposited by direct participants with DTC are registered in the name of the depository, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in

beneficial ownership. DTC has no knowledge of the actual beneficial owners of the securities; DTC's records reflect only the direct participants to whose accounts such securities are credited, which may or may not be the beneficial owners. The direct participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

None of DTC, Cede & Co., or any other DTC nominee will consent or vote with respect to the securities unless authorized by the participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible before the regular record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts securities are credited on the regular record date. These participants are identified in a listing attached to the omnibus proxy.

We will make payments of principal, any premium, interest, or other amounts on the securities in immediately available funds to Cede & Co., or any other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit participants' accounts upon DTC's receipt of funds and corresponding detail information from us, on the applicable payment date in proportion to their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name. Payments will be the responsibility of these participants and not of DTC or any other party, subject to any statutory or regulatory requirements that may be in effect from time to time. Payment of principal and any premium or interest to Cede & Co., or any other nominee as requested by an authorized representative of DTC, is our responsibility. Disbursement of the payments to direct participants is the responsibility of DTC, and disbursement of the payments to the beneficial owners is the responsibility of the direct or indirect participants.

We will send any redemption notices to DTC. If less than all of the securities of a series are being redeemed, DTC will determine by lot the amount of the interest of each direct participant in the issue to be redeemed.

DTC may discontinue providing its services as depository for the securities at any time by giving us reasonable notice. If a successor securities depository is not obtained, we will print and deliver certificated securities.

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 its accuracy.

#### **Clearstream and Euroclear**

Each series of securities represented by a global security sold or traded outside the United States may be held through Euroclear, which provide clearing, settlement, depository, and related services for internationally traded securities. Both Euroclear and Euroclear provide a clearing and settlement organization for cross-border bonds, equities, and investment funds. Clearstream and Euroclear operate under the laws of Luxembourg. Euroclear is incorporated under the laws of Belgium.

Euroclear and Clearstream are securities clearance systems in Europe that clear and settle securities transactions between participants through electronic, book-entry delivery of securities against payment. Euroclear and Clearstream may be depositories of securities. In addition, if DTC is the depository for a global security, Euroclear and Clearstream may hold interests in the securities on behalf of participants in DTC. As long as any global security is held by Euroclear or Clearstream as

depository, you may hold an interest in the global security only through an organization that participates, directly or indirectly, in Euroclear or Clearstream. If Euroclear or Clearstream is the depository for a global security and there is no depository in the United States, you will not be able to hold interests in that global security through any securities clearance system in the United States. Payments, deliveries, exchanges, notices, and other matters relating to the securities made through Euroclear or Clearstream must comply with the rules and procedures of those systems. Those systems could change their rules and procedures at any time. We have no control over those systems, their participants and we take no responsibility for their activities. Transactions between participants in Euroclear or Clearstream and participants in DTC, on the other hand, when DTC is the depository, also would be subject to DTC's rules and procedures.

Investors will be able to make and receive through Euroclear and Clearstream payments, deliveries, transfers, exchanges, and other transactions involving any securities held through those systems only on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers, and other institutions are open for business in the United States. Because of time-zone differences, United States investors who hold their interests in the securities through these systems may not be able to find their interests, or to receive or make a payment or delivery or exercise any other right with respect to their interests, on a particular day. They may find that the transaction will not be effected until the next business day in Luxembourg or Brussels, as applicable. Thus, investors who exercise rights that expire on a particular day may need to act before the expiration date. In addition, investors who hold interests in securities through both DTC and Euroclear or Clearstream may need to make special arrangements to finance any purchases or sales of securities through the United States and European clearing systems, and those transactions may settle later than would be the case for transactions through a clearing system.

### **Special Considerations for Global Securities**

As an indirect owner, an investor's rights relating to a global security will be governed by the account rules of the depository, the investor's financial institution or other intermediary through which it holds its interest (e.g., Euroclear or Clearstream or DTC, the depository), as well as general laws relating to securities transfers. We do not recognize this type of investor or any interest in securities. Instead, we deal only with the depository that holds the global security. If securities are issued only in the form of global securities, an investor should be aware of the following:

an investor cannot cause the securities to be registered in his or her own name, and cannot obtain a certificate of ownership for his or her interest in the securities, except in the special situations described above;

an investor will be an indirect holder and must look to his or her own bank or broker for payments on the securities and the protection of any legal rights relating to the securities;

an investor may not be able to sell interests in the securities to some insurance companies and other entities unless required by law to own their securities in non-book-entry form;

an investor may not be able to pledge his or her interest in a global security in circumstances where the securities representing the securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective;

the depository's policies will govern payments, deliveries, transfers, exchanges, notices, and other matters relating to an investor's interest in a global security, and those policies may change from time to time;

we, the Trustee, and any warrant agents will not be responsible for any aspect of the depository's policies or the records of ownership interests in a global security;

we, the Trustee, and any warrant agents do not supervise the depository in any way;

the depository may require that those who purchase and sell interests in a global security within its immediately available funds, and your broker or bank may require you to do so as well; and

financial institutions that participate in the depository's book-entry system and through which an investor's interest in the global securities, directly or indirectly, also may have their own policies affecting payments, transfers, exchanges, notices, and other matters relating to the securities. Those policies may change from time to time. For example, if you hold an interest in a global security through Euroclear or Clearstream when DTC is not the depository, Euroclear or Clearstream, as applicable, will require those who purchase and sell interests in that security to use immediately available funds and comply with other policies and procedures, including deadline instructions as to transactions that are to be effected on a particular day. There may be more than one intermediary in the chain of ownership for an investor. We do not monitor and are not responsible for the actions or records of ownership interests of any of those intermediaries.

Receipt by owners of beneficial interests in a temporary global security of payments of principal, any premium or interest will be subject to the restrictions discussed under "Limitations on Issuance of Bearer Debt Securities and Bearer Warrants."

If interest is paid on a bearer global security, or if no interest has been paid but the bearer global security remains outstanding for a reasonable period of time after the restricted period (as defined in applicable US Treasury regulations) has ended, the depository will provide us with a certificate to the effect that the owners of the beneficial interests in the bearer global security are non-US persons. Non-US persons are permitted to hold bearer debt securities under applicable US Treasury regulations.

In general, US persons that are permitted to hold bearer debt securities are US persons who acquire the securities through a branch of certain US financial institutions and certain US financial institutions that hold the bearer debt securities for resale or who hold the bearer debt securities on their own account through a foreign branch. The certificate must be provided to the depository within a certain period of time after the end of the restricted period, but in no event later than the date when interest is paid. The certificate must be accompanied by statements provided to the depository by the owners of the beneficial interests.

#### **LIMITATIONS ON ISSUANCE OF BEARER DEBT SECURITIES AND BEARER WARRANTS**

In compliance with US federal income tax laws and regulations, bearer debt securities, including bearer debt securities, will not be offered, sold, resold or delivered, directly or indirectly, in the United States or its possessions or to "United States persons" as defined below, except as otherwise permitted by certain US Treasury regulations. Any underwriters, dealers or agents participating in the offerings of bearer debt securities, directly or indirectly, must agree that they will not, in connection with the original issuance of bearer debt securities or during the "restricted period" (as defined in the Treasury regulations) offer, sell, resell or deliver, directly or indirectly, bearer debt securities in the United States or to United States persons, other than as permitted by the Treasury regulations. Underwriters, dealers or agents must have procedures reasonably designed to ensure that their employees or agents who are selling bearer debt securities are aware of the restrictions on the offering, sale, resale or delivery of bearer debt securities.

We will not deliver a bearer debt security (other than a temporary global bearer debt security) in connection with interest payments on any bearer debt security until we have received the written certification provided for in the Indenture. Each bearer debt security, other than a temporary global bearer debt security, will bear the following legend on the face of the security and any coupons that may be detachable:

"Any United States person who holds this obligation will be subject to limitations under the US income tax laws, in accordance with the provisions provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

The legend also will be evidenced on any book-entry system maintained with respect to the bearer debt securities.

The sections referred to in the legend provide, in general, that a US taxpayer who holds a bearer security or coupon will not recognize any loss realized on the sale, exchange or redemption of the bearer security and any gain which otherwise would be treated as ordinary income, unless the taxpayer is, or holds the bearer security or coupon through, a "financial institution" (as defined in relevant Treasury regulations) and certain other conditions are satisfied.

For these purposes, "United States" means the United States of America (including the District of Columbia), and "United States person" generally means:

a citizen or resident of the United States;

a corporation, partnership, or other business entity created or organized in or under the laws of the United States or a state or political subdivision thereof (including the District of Columbia);

an estate whose income is subject to US federal income taxation regardless of its source; or

a trust, if a court within the United States is able to exercise primary supervision over its administration and the majority of the United States persons have the authority to control all of its substantial decisions.

The prospectus supplement relating to bearer warrants will describe any limitations on the offer, sale, delivery and redemption of the warrants (including a requirement that a certificate of non-US beneficial ownership be delivered once a bearer warrant is sold).

## PLAN OF DISTRIBUTION

We may sell the securities by any of the following methods:

to underwriters (including Bear Stearns) or dealers, who may act directly or through a syndicate represented by one or more managing underwriters (including Bear Stearns);

through broker-dealers (including Bear Stearns) we have designated to act on our behalf as agents;

directly to one or more purchasers;

directly to the public through Bear Stearns utilizing DAiSS<sup>SM</sup> (Dutch Auction internet Syndication System) rules-based, proprietary, single-priced, modified Dutch Auction syndication system for the pricing and sale of the securities; or

through a combination of any of these methods of sale.

Each prospectus supplement will describe the manner and terms of an offering of securities, including:

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the names of any underwriters, dealers, or agents;

whether that offering is being made to underwriters or through agents or directly;

the rules and procedures for the auction process through DAiSS<sup>SM</sup>, if used;

any underwriting discounts, dealer concessions, agency commissions and any other items that may underwriters', dealers' or agents' compensation;

the securities' purchase price or initial public offering price;

the proceeds we anticipate from the sale of the securities; and

any securities exchange on which the offered securities may be listed.

We may enter into derivative or other hedging transactions with financial institutions. These financial institutions may use the proceeds from the sales of securities to hedge their position, deliver this prospectus in connection with some or all of those sales and use the proceeds from the sale of this prospectus to close out any loan of securities or short position created in connection with those sales.

We may effect sales of securities in connection with forward sale agreements with third parties. Any distribution of securities pursuant to any forward sale agreement may be effected from time to time in one or more transactions that may take place through block trades or ordinary broker's transactions, or through broker-dealers acting either as principal or agent, or through private placements, or through an underwritten public offering, or through a combination of any such methods of sale, at market prices at the time of sale, at prices relating to such prevailing market prices or at negotiated or fixed prices.

We may also sell securities short using this prospectus and deliver securities covered by this prospectus to close out or such short positions, or loan or pledge securities to financial institutions that in turn may sell the securities using this prospectus.

We may pledge or grant a security interest in some or all of the securities covered by this prospectus to support a debt obligation or other obligation and, if we default in the performance of our obligations, the pledgees or secured parties may sell the securities from time to time pursuant to this prospectus.

#### **Distribution Through Underwriters**

When securities are to be sold to underwriters, we will execute an underwriting agreement with them at the time of the offering. The terms of the underwriting agreement will be set forth in the prospectus supplement. Unless otherwise set forth in the applicable prospectus supplement, the underwriters' purchase of those securities will be subject to certain conditions set forth in the underwriting agreement. If the underwriters purchase securities, they will be obligated to purchase all of the securities. The underwriters will acquire the securities for their own account as principal and may resell them, either directly to the public or to securities dealers, at various times in one or more transactions, either in negotiated transactions, either at a fixed public offering price or at varying prices determined at the time of sale. The underwriters may offer the offered securities to or through dealers, and those dealers may receive discounts, concessions, or commissions from the issuer or from the purchasers for whom they may act as agent.

#### **Distribution Through Dealers**

We may offer and sell securities from time to time to one or more dealers who would purchase the securities as principal and then may resell the offered securities to the public at fixed or varying prices to be determined by those dealers at the time of sale. We will set forth the names of the dealers and the terms of the transaction in the prospectus supplement. Any initial public offering price or concessions allowed or reallocated or paid to dealers may be changed from time to time.

#### **Distribution Through Agents**

We may offer and sell securities on a continuous basis through agents that become parties to an underwriting or distribution. We will name any agent involved in the offer and sale and describe any commissions payable by us in the prospectus supplement or otherwise indicated in the prospectus supplement.

the prospectus supplement, the agent will be acting on a best efforts basis during the appointment period.

### **General Information**

To the extent that any securities underwritten by Bear Stearns are not resold by Bear Stearns for an amount at least equal to the offering price, the proceeds from the offering of those securities will be reduced. Until resold, any such preferred stock will be treated as if they were not outstanding. Bear Stearns intends to resell any of those securities at various times after the offering at varying prices related to prevailing market prices at the time of sale, subject to applicable prospectus delivery requirements.

Securities bought in accordance with a redemption or repayment under their terms also may be offered and sold, if permitted by the applicable prospectus supplement, in connection with a remarketing by one or more firms acting as principals for their own accounts as agents for us. Any remarketing firm will be identified and the terms of its agreement, if any, with us and its compensation will be set forth in the prospectus supplement. Remarketing firms may be deemed to be underwriters in connection with the securities remarketing.

If so indicated in the applicable prospectus supplement, we will authorize agents, underwriters or dealers to solicit and sell securities through specified institutions to purchase securities at the public offering price set forth in the prospectus supplement pursuant to contracts providing for payment and delivery on a future date specified in the prospectus supplement. These contracts will be subject to those conditions set forth in the applicable prospectus supplement, and the prospectus supplement will set forth the complete terms and conditions of solicitation of these contracts.

Underwriters, dealers and agents participating in any distribution of securities may be deemed "underwriters" within the meaning of the Securities Act and any discounts or commissions they receive in connection with the distribution may be deemed to be compensation. Those underwriters and agents may be entitled, under their agreements with us, to indemnification by us for their liabilities, including liabilities under the Securities Act, or to contribution by us to payments that they may be required to make to satisfy those civil liabilities. Various of those underwriters or agents may be customers of, engage in transactions with or perform services for our affiliates in the ordinary course of business.

Following the initial distribution of any series of securities (and in the case of shares of preferred stock, subject to any applicable exemption from the NYSE), Bear Stearns may offer and sell previously issued securities of that series at various times after the date of this prospectus supplement in its business as a broker-dealer. Bear Stearns may act as principal or agent in those transactions. Bear Stearns will use this prospectus supplement applicable to those securities in connection with those transactions. Sales will be made at prices set forth in the prospectus supplement at the time of sale or at related or negotiated prices. Our other affiliates, including BSIL, may also engage in such sales and use this prospectus and any applicable prospectus supplement for such purpose.

The aggregate initial offering price specified on the cover of this prospectus relates to the initial offering of the securities on the date of this prospectus. This amount does not include the securities to be sold in market-making transactions. The aggregate offering price of the securities to be issued after the date of this prospectus, as well as securities previously issued. Information about the trade price, as well as the purchase price, for a market-making transaction will be provided to the purchaser in a separate confirmation of sale or an agent inform you in your confirmation of sale that your security is being purchased in its original offering and sale price. If you are purchasing your security in a market-making transaction.



In order to facilitate the offering of certain securities under this Registration Statement or an applicable prospectus, persons participating in the offering of those securities may engage in transactions that stabilize, maintain or otherwise support the price of those securities during and after the offering of those securities. Specifically, if the applicable prospectus supplement permits, those securities may over-allot or otherwise create a short position in those securities for their own account by selling more securities than have been sold to them by us and may elect to cover any such short position by purchasing those securities in the open market.

In addition, the underwriters may stabilize or maintain the price of those securities by bidding for or purchasing those securities in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other brokers participating in the offering are reclaimed if securities previously distributed in the offering are repurchased in connection with the offering or otherwise. The effect of these transactions may be to stabilize or maintain the market price of the securities, which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of securities and discourages resales of the securities. No representation is made as to the magnitude or effect of any such stabilization or penalty bid. Such transactions, if commenced, may be discontinued at any time.

Each series of offered securities will be a new issue of securities and will have no established trading market. Any market for offered securities is sold for public offering and sale may make a market in such offered securities, but such underwriter is not obligated to do so and may discontinue any market-making at any time without notice. The offered securities may or may not be listed on a national securities exchange. No assurance can be given as to the liquidity or trading market for the offered securities.

The underwriters, dealers and agents, and their affiliates may be customers of, engage in transactions with, or perform services for our subsidiaries in the ordinary course of business.

This prospectus, the applicable prospectus supplement and any applicable pricing supplement in electronic format are available on the Internet sites of, or through other online services maintained by, us and/or one or more of the agents and/or dealers participating in the offering of securities, or by their affiliates. In those cases, prospective investors may be able to view offering terms online. Upon the particular agent or dealer, prospective investors may be allowed to place orders online.

Other than this prospectus, the applicable prospectus supplement and any applicable pricing supplement in electronic format, information on our or any agent's or dealer's web site and any information contained in any other web site maintained by us or any agent or dealer is not part of this prospectus, the applicable prospectus supplement and any applicable pricing supplement or the registration statement, and they form a part; has not been approved or endorsed by us or by any agent or dealer in its capacity as an agent or dealer of the issuer with respect to the respective web site maintained by such entity; and should not be relied upon by investors.

We may from time to time offer securities directly to the public through Bear Stearns and may utilize DAiSS<sup>SM</sup>, a proprietary, single-priced, modified Dutch Auction syndication system for the pricing and allocation of such securities. Bidders may directly participate, through Internet access to an auction site, by submitting conditional offers to buy (each, a "bid") to acceptance by the underwriter, and which may directly affect the price at which such securities are sold.

The final offering price at which securities will be sold and the allocation of securities among bidders will be based on the results of the auction, subject to possible stabilization activity previously described.

During an auction, DAiSS<sup>SM</sup> will present to each bidder, on a real-time basis, the clearing spread at which the offer is based on the bids submitted and not withdrawn, and whether a bidder's individual bids would be accepted, prorated or not accepted. At the completion of the auction, the offering price of the securities will be the lowest spread at which the aggregate dollar amount of bids accepted and not removed, at that spread and lower spreads equals or exceeds the size of the offering as disclosed in the prospectus supplement. If DAiSS<sup>SM</sup> is utilized, prior to the auction we and Bear Stearns will establish minimum admission and quantity restrictions and other specific rules governing the auction process, all of which will be made available to bidders in the offering cul-de-sac and described in the prospectus supplement.

Bids at a lower spread than the final clearing spread will be fully allocated. Bids at the final clearing spread will be allocated on a pro-rata basis at the time of submission and pursuant to the allocation procedures in the auction rules. Bids above the final clearing spread will not be allocated.

If an offering is made using DAiSS<sup>SM</sup> you should review the auction rules, as displayed in the offering cul-de-sac and described in the prospectus supplement, for a more detailed description of the offering procedures.

The maximum commission or discount to be received by any NASD member or independent broker-dealer will not exceed 3 percent of the gross proceeds from the sale of any security being sold in the initial distribution.

Because Bear Stearns and BSIL are our wholly owned subsidiaries, each distribution of securities will conform to the requirements set forth in Rule 2720 of the NASD Conduct Rules. Furthermore, any underwriters offering the offered securities will not conduct accounts over which they exercise discretionary authority without the prior approval of the customer.

#### **ERISA CONSIDERATIONS**

Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), prohibits the borrowing of money, the purchase or sale of certain other transactions involving the assets of plans that are qualified under the Code ("Qualified Plans") or individual retirement accounts ("IRAs") and persons who have certain specified relationships to them. Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), prohibits similar transactions involving employee benefit plans that are subject to ERISA ("ERISA Plans"). ERISA Plans, IRAs and ERISA Plans are referred to as "Plans."

Persons who have such specified relationships are referred to as "parties in interest" under ERISA and as "disqualified persons" under the Code. "Parties in interest" and "disqualified persons" encompass a wide range of persons, including any fiduciary (for example, a manager, trustee or custodian), any person providing services (for example, a broker), the Plan sponsor, an employee or independent contractor whose members are covered by the Plan, and certain persons related to or affiliated with any of the foregoing.

The purchase and/or holding of securities by a Plan with respect to which we, Bear Stearns, BSSC and/or certain of our subsidiaries are a fiduciary and/or a service provider (or otherwise is a "party in interest" or "disqualified person") would constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, unless such securities are acquired or held pursuant to an applicable statutory or administrative exemption. Each of us, Bear Stearns and BSSC is considered a "disqualified person" under the Code or "party in interest" under ERISA with respect to many Plans, although we are not a "disqualified person" with respect to a Plan simply because the IRA is established with Bear Stearns or because Bear Stearns provides brokerage to the IRA, and neither we nor Bear Stearns can be a "party in interest" to any IRA other than certain employer-sponsored IRAs, as only employer-sponsored IRAs are exempt from ERISA.

Applicable exemptions may include certain prohibited transaction class exemptions (for example, Prohibited Transaction Exemption ("PTCE") 84-14 relating to qualified professional asset managers, PTCE 96-23 relating to certain in-house accounts, PTCE 91-38 relating to bank collective investment funds, PTCE 90-1 relating to insurance company separate accounts and PTCE 90-2 relating to insurance company general accounts). A fiduciary of a Plan purchasing the securities, or in the case of certain IRAs, the person directing the purchase of the securities for the IRA, shall be deemed to represent that its purchase, holding, and disposition of securities will not constitute a prohibited transaction under ERISA or Section 4975 of the Code for which an exemption is available.

A fiduciary who causes a Plan to engage, directly or indirectly, in a non-exempt prohibited transaction may be liable under ERISA, and may be liable for any losses to the Plan resulting from such transaction. Code Section 4975 generally imposes a tax on disqualified persons who engage, directly or indirectly, in similar types of non-exempt transactions with the assets of a Plan. Section 4975.

In accordance with ERISA's general fiduciary requirements, a fiduciary with respect to any ERISA Plan who is controlling the purchase of securities on behalf of such plan should consider the foregoing information and the information set forth in the applicable pricing supplement and any applicable pricing supplement, and determine whether such purchase is permitted under the governing instrument, is prudent and appropriate for the ERISA Plan in view of its overall investment policy and the composition and diversification of the Plan's investments. Fiduciaries of Plans established with, or for which services are provided by, us, Bear Stearns, BSSC and/or certain of our affiliates should consult with counsel before making any acquisition. Each purchaser of any securities, the assets of which constitute the Plan's investments, and each fiduciary that directs such purchaser with respect to the purchase or holding of such securities, will be deemed to represent that the purchase and holding of the securities does not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available.

Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA) and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to Section 406 of ERISA or Section 4975 of the Code. However, such plans may be subject to the provisions of applicable federal, state or local law that are materially similar to the foregoing provisions of ERISA or the Code. Fiduciaries of such plans should consider applicable law when investing in the securities. Each fiduciary of such a plan will be deemed to represent that the plan's acquisition and holding of securities will not result in a non-exempt violation of applicable Similar Law.

## EXPERTS

The consolidated financial statements and the related financial statement schedules included or incorporated by reference in this Report on Form 10-K for the year ended November 30, 2003 have been incorporated by reference in this prospectus and audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in auditing.

With respect to the unaudited interim financial information for the periods ended February 29, 2004, May 31, 2004, August 31, 2003, February 28, 2003, May 31, 2003 and August 31, 2003, which is incorporated by reference in this prospectus, Deloitte & Touche LLP, an independent registered public accounting firm, have applied limited procedures in accordance with standards of the Public Company Accounting Oversight Board (United States) for a review of such information. However, as stated in their reports included in this prospectus, they

did not audit and they do not express an opinion on the interim financial information. Accordingly, the degree of reliance on such information should be restricted in light of the limited nature of the review procedures applied. Deloitte & Touche LLP is not assuming the liability provisions of Section 11 of the Securities Act for their reports on the unaudited interim financial information. Such reports are not "reports" or a "part" of the registration statement prepared or certified by Deloitte & Touche LLP within the meaning of Section 11 of the Securities Act.

#### **VALIDITY OF THE SECURITIES**

The validity of the debt securities, the warrants, the preferred stock and the depositary shares will be passed on for by Wickersham & Taft LLP, New York, New York.

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**You should only rely on the information contained in this pricing supplement, the accompanying prospectus supplement, the accompanying prospectus supplement and prospectus. We have not authorized anyone to provide you with information or to make any representation to you based on information contained in this pricing supplement, the accompanying prospectus supplement and prospectus. If anyone provides you with information or inconsistent information, you should not rely on it. This pricing supplement, the accompanying prospectus supplement and prospectus are not an offer to sell these securities, and these documents are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. You should not under any circumstances assume that the information contained in this pricing supplement, the accompanying prospectus supplement and prospectus is correct on any date after their respective dates.**

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### Prospectus Supplement

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**The Bear Stearns Companies Inc.**

**\$8,615,000**

**Medium-Term Notes, Series B**

**Linked to the  
PHLX Housing Sector Index<sup>SM</sup>  
Principal Protected Notes  
Due November 7, 2008**

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**PRICING SUPPLEMENT**

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**Wells Fargo Investments, LLC**

**October 31, 2005**

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