

# Plain English at a Glance

Appendix A

## Plain English means creating a document that is

- visually inviting,
- logically organized, and
- understandable on the first reading.

## You create a plain English document by

- knowing your readers, and
- presenting information your readers need in an order they'll understand.

## Summary of the plain English rules

### Rule 421(b)

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#### Entire Prospectus

Clear, concise, and understandable

- short sentences whenever possible
- bullet lists whenever possible
- descriptive headers and sub-headers
- avoid relying on glossaries and defined terms
- avoid legal and highly technical business terms

#### Note

Avoid:

- legalistic, overly complex presentations
- vague boilerplate
- excerpts from legal documents
- repetition

**This is a summary, so please read the entire rule to make sure you comply with every aspect of it.**

### Rule 421(d)

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#### Cover and Back Pages, Summary, and Risk Factors

Use plain English principles in the organization, language, and design of documents

Substantially use:

- short sentences
- definite, concrete, everyday words
- active voice
- tables and bullet lists
- no legal jargon, highly technical business terms
- no multiple negatives

#### Entire Prospectus—Design

In designing the entire prospectus:

- may use pictures, logos, charts, graphs, or other design elements
- encouraged to use tables, schedules, charts, and graphics for financial data
- must draw graphs and charts to scale
- cannot use misleading design and information

## §230.421 Presentation of information in prospectuses

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- (b) You must present the information in a prospectus in a clear, concise and understandable manner. You must prepare the prospectus using the following standards:
- (1) Present information in clear, concise sections, paragraphs, and sentences. Whenever possible, use short, explanatory sentences and bullet lists;
  - (2) Use descriptive headings and subheadings;
  - (3) Avoid frequent reliance on glossaries or defined terms as the primary means of explaining information in the prospectus. Define terms in a glossary or other section of the document only if the meaning is unclear from the context. Use a glossary only if it facilitates understanding of the disclosure; and
  - (4) Avoid legal and highly technical business terminology.

### **Note to §230.421(b):**

In drafting the disclosure to comply with this section, you should avoid the following:

1. Legalistic or overly complex presentations that make the substance of the disclosure difficult to understand;
2. Vague “boilerplate” explanations that are imprecise and readily subject to different interpretations;
3. Complex information copied directly from legal documents without any clear and concise explanation of the provision(s); and
4. Disclosure repeated in different sections of the document that increases the size of the document but does not enhance the quality of the information.

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- (d) (1) To enhance the readability of the prospectus, you must use plain English principles in the organization, language, and design of the front and back cover pages, the summary, and the risk factors section.
  
- (2) You must draft the language in these sections so that at a minimum it substantially complies with each of the following plain English writing principles:
  - (i) Short sentences;
  - (ii) Definite, concrete, everyday words;
  - (iii) Active voice;
  - (iv) Tabular presentation or bullet lists for complex material, whenever possible;
  - (v) No legal jargon or highly technical business terms; and
  - (vi) No multiple negatives.
  
- (3) In designing these sections or other sections of the prospectus, you may include pictures, logos, charts, graphs, or other design elements so long as the design is not misleading and the required information is clear. You are encouraged to use tables, schedules, charts and graphic illustrations of the results of operations, balance sheet, or other financial data that present the data in an understandable manner. Any presentation must be consistent with the financial statements and non-financial information in the prospectus. You must draw the graphs and charts to scale. Any information you provide must not be misleading.

**Instruction to §230.421**

You should read Securities Act Release No. 33-7497 (January 28, 1998) for information on plain English principles. •



# Plain English Examples

This appendix contains “before” and “after” examples from participants in the Division of Corporation Finance’s plain English pilot. The Division’s staff added marginal notes to show how aspects of the plain English rules apply to specific documents.

These annotated examples are excerpted from the booklet, *Before & After Plain English Examples and Sample Analyses*, prepared by the Division of Corporation Finance. Although we revised the presentation and wording of the marginal notes in this appendix, the filings remain identical to those from the booklet. To get a complete copy of the booklet, please call the SEC’s public reference room at (202) 942-8090.

## Differences between the proposed and final amendments to Item 501

When the issuers prepared these documents, they relied on staff interpretations for filings in the plain English pilot and the proposed amendments to Item 501.

The following information was not required under Item 501 as *proposed*, but this information is required under Item 501 as *adopted*:

- the market(s) and the trading symbol;
- the underwriter’s over-allotment or similar option, if applicable;
- a prominent cross-reference to the risk factors section including the page number;
- the following on a total and per share basis, if applicable:
  - the price to the public;
  - the underwriter’s discounts and commissions; and
  - the net proceeds the issuer and selling shareholders receive.

## Examples for illustration purposes only

We are providing these examples and marginal notes only to illustrate the principles of plain English. We have not made any determination as to whether the filings are accurate or complete. You are responsible for the substance in your plain English filings. To understand the plain English rules fully, you must read the proposing and adopting releases:

- the proposing release—Release no. 33-7380; and
- the adopting release—Release no. 33-7497.

Both releases are available from the SEC’s Public Reference Room and our web site at [www.sec.gov](http://www.sec.gov).

We collected many filings from the Division’s plain English pilot in one book. You can get a photocopy of this 756-page book, *Plain English Pilot Program: Selected Plain English Samples*, from the SEC’s Public Reference Room or a printed copy from Bowne Publishing in New York City. (The SEC does not endorse Bowne, nor do we have a business relationship with them.)

## Before

## MBNA cover page, core prospectus

Note: When MBNA filed this disclosure document, they relied on the SEC rules that were in effect at that time.

Fully-justified text and lengthy paragraphs give page a dense, block-like appearance.

Abstract terms and legal jargon prevalent

A lot of passive voice, adding to sentence length

Eliminate defined terms from the cover page.

Long sentence—60+ words

Why capitalize these common terms?

Long sentence—50+ words

Many long sentences—40+ words

Centered text and all capital letters are hard to read.

Legends are in legalese.

Legalistic tone—does Item 501 require all this information?

All information is presented the same way: What does this page focus my attention on?

Sans serif font is hard to read.

Text runs in long lines across the page.

PROSPECTUS

## MBNA Master Credit Card Trust II

Asset Backed Certificates

### MBNA America Bank, National Association

Seller and Servicer

The Asset Backed Certificates (collectively, the "Certificates") described herein may be sold from time to time in one or more series (each, a "Series") in amounts, at prices and on terms to be determined at the time of sale and to be set forth in a supplement to this Prospectus (a "Prospectus Supplement"). The Certificates of each Series will represent an undivided interest in MBNA Master Credit Card Trust II (the "Trust"). The Trust has been formed pursuant to a pooling and servicing agreement between MBNA America Bank, National Association ("MBNA"), as seller and servicer, and The Bank of New York, as trustee. The property of the Trust will include receivables (the "Receivables") generated from time to time in a portfolio of consumer revolving credit card accounts (the "Accounts"), all monies due in payment of the Receivables and certain other property, as more fully described herein and, with respect to any Series, in the related Prospectus Supplement. MBNA initially will own the remaining undivided interest in the Trust not represented by the Certificates issued by the Trust and will service the Receivables.

Each Series will consist of one or more classes of Certificates (each, a "Class"), one or more of which may be fixed rate Certificates, floating rate Certificates or other type of Certificates, as specified in the related Prospectus Supplement. Each Certificate will represent an undivided interest in the Trust and the interest of the Certificateholders of each Class or Series will include the right to receive a varying percentage of each month's collections with respect to the Receivables of the Trust at the times, in the manner and to the extent described herein and, with respect to any Series offered hereby, in the related Prospectus Supplement. Interest and principal payments with respect to each Series offered hereby will be made as specified in the related Prospectus Supplement. One or more Classes of a Series offered hereby may be entitled to the benefits of a cash collateral account or guaranty, a collateral interest, a letter of credit, a surety bond, an insurance policy or other form of enhancement as specified in the Prospectus Supplement relating to such Series. In addition, any Series offered hereby may include one or more Classes which are subordinated in right and priority to payment of principal of, and/or interest on, one or more other Classes of such Series or another Series, in each case to the extent described in the related Prospectus Supplement. Each Series of Certificates or Class thereof offered hereby will be rated in one of the four highest rating categories by at least one nationally recognized rating organization.

While the specific terms of any Series in respect of which this Prospectus is being delivered will be described in the related Prospectus Supplement, the terms of such Series will not be subject to prior review by, or consent of, the Certificateholders of any previously issued Series.

**Potential investors should consider, among other things, the information set forth in "Risk Factors" beginning on page 19 herein.**

**THE CERTIFICATES WILL REPRESENT INTERESTS IN THE TRUST ONLY AND WILL NOT REPRESENT INTERESTS IN OR OBLIGATIONS OF MBNA AMERICA BANK, NATIONAL ASSOCIATION OR ANY AFFILIATE THEREOF. A CERTIFICATE IS NOT A DEPOSIT AND NEITHER THE CERTIFICATES NOR THE UNDERLYING ACCOUNTS OR RECEIVABLES ARE INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.**

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

Certificates may be sold by MBNA directly to purchasers, through agents designated from time to time, through underwriting syndicates led by one or more managing underwriters or through one or more underwriters acting alone. If underwriters or agents are involved in the offering of the Certificates of any Series offered hereby, the name of the managing underwriter or underwriters or agents will be set forth in the related Prospectus Supplement. If an underwriter, agent or dealer is involved in the offering of the Certificates of any Series offered hereby, the underwriter's discount, agent's commission or dealer's purchase price will be set forth in, or may be calculated from, the related Prospectus Supplement, and the net proceeds to MBNA from such offering will be the public offering price of such Certificates less such discount in the case of an underwriter, the purchase price of such Certificates less such commission in the case of an agent or the purchase price of such Certificates in the case of a dealer, and less, in each case, the other expenses of MBNA associated with the issuance and distribution of such Certificates. See "Plan of Distribution."

This Prospectus may not be used to consummate sales of any Series of Certificates unless accompanied by the related Prospectus Supplement.

The date of this Prospectus is September 2, 1997.

Prospectus

**MBNA Master Credit Card Trust II**  
Issuer

**MBNA America Bank, National Association**  
Seller and Servicer

**Asset Backed Certificates**

**Consider carefully the risk factors beginning on page 10 in this prospectus.**

A certificate is not a deposit and neither the certificates nor the underlying accounts or receivables are insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The certificates will represent interests in the trust only and will not represent interests in or obligations of MBNA or any MBNA affiliate.

This prospectus may be used to offer and sell any series of certificates only if accompanied by the prospectus supplement for that series.

**The Trust—**

- may periodically issue asset backed certificates in one or more series with one or more classes; and
- will own—
  - receivables in a portfolio of consumer revolving credit card accounts;
  - payments due on those receivables; and
  - other property described in this prospectus and in the accompanying prospectus supplement.

**The Certificates—**

- will represent interests in the trust and will be paid only from the trust assets;
- offered with this prospectus will be rated in one of the four highest rating categories by at least one nationally recognized rating organization;
- may have one or more forms of enhancement; and
- will be issued as part of a designated series which may include one or more classes of certificates and enhancement.

**The Certificateholders—**

- will receive interest and principal payments from a varying percentage of credit card account collections.

**Neither the SEC nor any state securities commission has approved these certificates or determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

February 27, 1998

Ample white space surrounds key information and makes page visually inviting.

Page layout highlights cross reference to risk factors.

Clear sentences are in active voice with concrete, everyday language.

No lengthy, block-like paragraphs

Information presented in three main categories:

- the trust
- the certificates
- the certificateholders

No defined terms

Common terms, like *classes*, are not capitalized.

Long sentences are put into bullet lists.

Left justified text and shorter line lengths are easy to read.

Serif typeface is easier to read than sans serif.

Legends in plain English and lowercase are easier to read than all capital letters.

# Before

# Premium Cigars International, cover page

Fully justified text creates a dense, block-like appearance.

Eliminate defined terms from cover page.

Is *no par value* helpful information for investors?

Key information, such as price per share, is not distinguished from general text.

Cross reference draws readers' attention away from key information.

All capital letters are hard to read.

Legend is in legalese.

Some legalese is used, like *set forth* and *when, as and if delivered*.

Offering table, references to footnotes, and paragraph following the table are legalistic.

Legalistic tone—does Item 501 require all this information?

PROSPECTUS  
SUBJECT TO COMPLETION DATED JUNE 25, 1997

**PREMIUM CIGARS INTERNATIONAL, LTD.**

2,000,000 Shares

Premium Cigars International, Ltd. (“we” or “PCI”), distributes moderately priced premium cigars and other cigars, which are sold from our humidors placed primarily in convenience stores in the United States and Canada. By this Prospectus, we are offering you shares of PCI Common Stock, no par value (“Shares”).

This is our initial public offering, and no public market currently exists for PCI’s Shares. We estimate that the initial public offering price will be \$5.01 per Share. The Offering Price per Share will be determined by negotiations between PCI and the Representative, and may not be indicative of the market price of Shares after the Offering. Factors used to determine the initial public offering price are set forth under “Underwriting.”

We will apply to have our Shares listed on The Nasdaq SmallCap System under the symbol PCIG on completion of the Offering.

THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK AND IMMEDIATE AND SUBSTANTIAL DILUTION. YOU SHOULD PURCHASE UNITS ONLY IF YOU CAN AFFORD A COMPLETE LOSS. SEE “RISK FACTORS.”

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.


	Price to the Public	Underwriting Discounts and Commissions (1)	Proceeds to the Company (2)
Per Share . . . . .	\$5.01	\$ .50	\$4.51
Total (3) . . . . .	\$10,020,000	\$1,002,000	\$9,018,000

The Shares are being offered by the Underwriters when, as and if delivered to and accepted by the Underwriter and subject to various prior conditions, including their right to reject orders in whole or in part. W.B. McKee Securities, Inc. will act as representative of the Underwriters (“Representative”). We expect that Share certificates will be delivered in Phoenix, Arizona, on or about \_\_\_\_\_, 1997.

**W.B. MCKEE SECURITIES, INC.**  
The date of this Prospectus is July \_\_, 1997

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

**Initial Public Offering  
Prospectus**



**P C I**  
PREMIUM CIGARS INTERNATIONAL

**1,900,000 shares of Common Stock**  
**\$5.25 per share**

Premium Cigars International, Ltd.  
15651 N. 83rd Way, Suite 3  
Scottsdale, Arizona 95260

**The Offering**

	<u>Per Share</u>	<u>Total</u>
Public Price .....	\$ 5.25	\$9,975,000
Underwriting discounts.....	\$ .525	\$ 997,500
Proceeds to PCI ....	\$4.725	\$8,977,500

We distribute moderately priced premium cigars and other cigars, which are sold from our humidors placed primarily in convenience stores in the United States and Canada.

This is our initial public offering, and no public market currently exists for our shares. The offering price may not reflect the market price of our shares after the offering.

Proposed Trading Symbols:  
NASDAQ SmallCap Market<sup>SM</sup> — PCIG  
Boston Stock Exchange — PCI

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*This Investment Involves a High Degree of Risk. You Should Purchase Shares Only If You Can Afford a Complete Loss. See "Risk Factors" Beginning on Page 5.*

*Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities, or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.*

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**W.B. MCKEE SECURITIES, INC.**  
**KASHNER DAVIDSON SECURITIES CORP.**  
August 21, 1997

Only key information on page

Offering information is clear and easy to read.

Ample white space is visually inviting and highlights key information.

Key information, like price per share, is highlighted.

Left justified text eliminates block-like appearance.

Two-column format is easier to read than text running across page.

Design and layout highlight market and trading symbols.

Short sentences use concrete, everyday terms.

Language is free from legalese, technical language, and unnecessary cross references.

Personal pronouns, while not required, enhance readability.

Legend is in plain English.

# Before

# General Motors Corporation, summary

Legalese and technical terms, like *pursuant to the terms and conditions set forth*, and *effected largely pursuant to transactions*, etc.

Cross reference to definition disrupts flow of information; meanings of terms in summary must be clear from context.

Terms like *certain* and *appropriate* are vague, not concrete.

Passive voice—who is completing these transactions?

Parenthetical phrases are legalistic and disrupt flow of information.

Little “i”s are legalistic; bulleted list would be easier to read.

Organization of information driven by mechanics of transactions rather than by information shareholders need to make a decision.

Transactions’ effect on shareholders not discussed until column two.

Is detail about GM amending its certificate of incorporation necessary for the summary?

**RAYTHEON**

Raytheon is an international, high technology company which operates in four businesses: commercial and defense, engineering and construction, aircraft and major appliances. On July 11, 1997, Raytheon completed its acquisition of the business of Texas Instruments Defense. Immediately after the completion of the Hughes Transactions, Raytheon will merge with Hughes Defense.

For additional information regarding the business of Raytheon, see "Overview of Raytheon Business."

**THE HUGHES TRANSACTIONS**

*Description of the Hughes Transactions*

The Hughes Transactions will be completed through two principal steps:

- (1) the Hughes Reorganization (consisting of several transactions which prepare Hughes Defense for the spin-off from General Motors, separate the businesses of Hughes Defense, Delco and Hughes Telecom and effect the transfer of Delco to General Motors); and
- (2) the Spin-Off Merger (a merger transaction which effects the spin-off of Hughes Defense and the recapitalization and conversion of GM Class H Common Stock into New GM Class H Common Stock).

*Step 1: The Hughes Reorganization.* Pursuant to the Hughes Reorganization, among other things, (i) certain assets and liabilities will be transferred among Hughes Defense, Delco and Hughes Telecom so that each entity will have the appropriate assets and liabilities for its business; (ii) Hughes Telecom will be separated from Hughes Defense (which we refer to as the "Hughes Telecom Spin-Off"); (iii) Delco will be transferred from Hughes Electronics to General Motors; and (iv) Hughes Defense will recapitalize its capital stock into Class A Common Stock and Class B Common Stock. The Hughes Reorganization will be effected largely pursuant to transactions described in the Master Separation Agreement and the agreements contemplated by that agreement. See "Description of the Hughes Transactions—General—Hughes Reorganization" and "Separation and Transition Arrangements."

*Step 2: The Spin-Off Merger.* Pursuant to the terms and conditions set forth in the Spin-Off Merger Agreement, a wholly owned subsidiary of General Motors formed in order to effect the Spin-Off Merger will merge with General Motors. General Motors will be the surviving corporation of the Spin-Off Merger. See "Description of the Hughes Transactions—General—Spin-Off Merger" and "—Spin-Off Merger Agreement."

As a result of the Spin-Off Merger, the following will occur:

- each outstanding share of GM Class H Common Stock will be recapitalized and converted automatically into one share of New GM Class H Common Stock and each GM Class H Common Stockholder will receive a distribution of the Per Share Class H Distribution (as defined under "Background—The Distribution Ratio") of Class A Common Stock;
- each outstanding share of GM \$1½ Common Stock will remain outstanding and each GM \$1½ Common Stockholder will receive a distribution of the Per Share \$1½ Distribution (as defined under "Background—The Distribution Ratio") of Class A Common Stock; and
- the GM Certificate of Incorporation will be amended to delete provisions relating to the GM Class H Common Stock (including the provisions that require GM Class H Common Stock to be recapitalized into GM \$1½ Common Stock at a 120% exchange ratio under certain circumstances) and to add provisions setting forth the terms of the New GM Class H Common Stock.

For additional information regarding the Hughes Transactions, see "Description of the Hughes Transactions—General."

For a description of the methodology used to determine the allocation of Class A Common Stock between the two classes of GM common stockholders and a description of the post-closing payment to be made between Delco and Hughes Telecom, see "Background—Distribution Ratio."

Class H Common Stock outstanding at any time. For most calculations in this document which use the Class H Fraction, we have used the Class H Fraction as of September 30, 1997 (approximately 25.6%).

INTRODUCTION TO THE HUGHES TRANSACTIONS

THE HUGHES TRANSACTIONS

We are proposing three related transactions to enhance the value of the businesses operated by our Hughes Electronics subsidiary. We need your consent in order to accomplish these "Hughes Transactions."

(1) Hughes Defense

We propose to spin off the defense electronics business of Hughes Electronics to our common stockholders. We call this business "Hughes Defense." Immediately after the spin-off, Hughes Defense will merge with Raytheon Company. Based on the Recent Raytheon Stock Price, these transactions have an indicated value of approximately \$9.5 billion.

The merged company will be the nation's third largest defense company and one of the largest providers of defense electronics in the world. The merger should enable it to compete more effectively in the U.S. defense industry, where significant consolidation has been occurring. We call the merged company "New Raytheon."

GM common stockholders will receive all of the Class A Common Stock of Hughes Defense, representing approximately 30% of the common stock of New Raytheon after the merger. This stock has an indicated value of approxi-

mately \$5.2 billion based on the Recent Raytheon Stock Price. Approximately 58.7% of the Class A Common Stock would be distributed to GM Class H Common Stockholders and approximately 41.3% would be distributed to GM Class A Common Stockholders based on the Recent Raytheon Stock Price.

Hughes Defense will be permitted to have approximately \$4.3 billion of debt when it is spun off. Substantially all of the proceeds of this debt will be made available as new capital for Hughes Telecom. The obligation to repay this debt, however, will remain with New Raytheon (in which GM's common stockholders will have an approximately 30% equity interest).

The indicated transaction value of approximately \$9.5 billion consists of the sum of (1) the value of the Class A Common Stock to be distributed to GM's common stockholders and (2) the amount of debt that Hughes Defense is permitted to have at the time of the spin-off. We believe that this amount represents a substantial premium to the enterprise value of Hughes Defense under its current ownership structure.

(2) Delco Electronics

We propose to transfer Delco Electronics, our automotive electronics business, from Hughes

Information organized from shareholders' perspectives—how transactions affect them addressed first.

Active voice helps shareholders follow the steps involved in the transaction more easily.

Summary is free of defined terms.

Concrete, everyday language replaces legalese like pursuant to the terms and conditions set forth and effected largely pursuant to transactions, etc.

Numbers are more reader-friendly than little "i"s.

Easy to read two-column format with left justified margins.

Personal pronouns, although not required, help engage shareholders' attention.

# Before

# Baltimore Gas & Electric Company

Section from body of prospectus

Paragraphs are lengthy and block-like.

Subheadings are helpful, but more would be better.

Defined below? Where is below? Cross reference not helpful.

Long sentence—85+ words

Many defined terms with definitions elsewhere. Can you make meanings clear from context?

Long sentence—90+ words

Lists embedded in text; complex presentation

**Interest Rate**

*General*

Each Note will bear interest from its date of issue at the fixed rate per annum or at the rate per annum determined pursuant to the interest rate formula, stated therein and in the applicable Pricing Supplement, until the principal thereof is paid or made available for payment. Interest will be payable on each Interest Payment Date (as defined below) and at Stated Maturity or, if applicable, upon redemption. Each payment of interest payable at Stated Maturity or, if applicable, upon redemption shall include interest accrued to, but excluding, the date of Stated Maturity or redemption. Interest will be payable generally to the person (which, in the case of Book-Entry Notes, shall be the Depository or its nominee) in whose name a Note (or any predecessor Note) is registered at the close of business on the Record Date (as defined below) next preceding each Interest Payment Date; provided, however, that interest payable at Stated Maturity or, if applicable, upon redemption, will be payable to the person (which, in the case of Book-Entry Notes, shall be the Depository or its nominee) to whom principal shall be payable. The first payment of interest on any Note originally issued between a Record Date and an Interest Payment Date or on an Interest Payment Date will be made on the Interest Payment Date following the next succeeding Record Date to the registered owner on such Record Date. Interest (other than interest payable at Stated Maturity or, if applicable, upon redemption) will be paid, at the Company's option, by check mailed to registered holders or by wire transfer to any holder of record. For additional information with respect to payments of interest on Book-Entry Notes, see "Book-Entry Notes" below. Interest rates, or interest rate formulas, will be subject to change by the Company from time to time, provided that any change in interest rates, or interest rate formulas, will not affect any Note previously issued or which the Company has agreed to sell. The interest rate on the Fixed Rate Notes and the Floating Rate Notes will in no event be higher than the maximum rate permitted by Maryland law, as the same may be modified by United States law of general application.

*Fixed Rate Notes*

The applicable Pricing Supplement relating to a Fixed Rate Note will designate a fixed rate of interest per annum payable on such Note. Unless otherwise indicated in the applicable Pricing Supplement, interest with respect to Fixed Rate Notes will be paid semi-annually each May 1 and November 1 and at Stated Maturity or, if applicable, upon redemption. If any Interest Payment Date or the Stated Maturity (or, if applicable, the date of redemption) of a Fixed Rate Note falls on a day that is not a Business Day, payment of principal, premium, if any, or interest will be made on the next Business Day as if it were made on the date such payment was due, and no interest will accrue on the amount so payable for the period from and after such Interest Payment Date or the Stated Maturity (or the date of redemption), as the case may be. The Record Dates for such Notes will be the April 15 and October 15 next preceding the May 1 and November 1 Interest Payment Dates. Unless otherwise indicated in the applicable Pricing Supplement, interest payments for Fixed Rate Notes shall be the amount of interest accrued to, but excluding, the relevant Interest Payment Date. Interest on such Notes will be computed on the basis of a 360-day year of twelve 30-day months.

*Floating Rate Notes*

The applicable Pricing Supplement relating to a Floating Rate Note will designate an interest rate formula for such Floating Rate Note. Such formula may be: (a) the Commercial Paper Rate, in which case such Note will be a Commercial Paper Rate Note, (b) the Prime Rate, in which case such Note will be a Prime Rate Note, (c) the CD Rate, in which case such Note will be a CD Rate Note, (d) the Federal Funds Effective Rate, in which case such Note will be a Federal Funds Effective Rate Note, (e) LIBOR, in which case such Note will be a LIBOR Note, (f) the Treasury Rate, in which case such Note will be a Treasury Rate Note, (g) the CMT Rate, in which case such Note will be a CMT Rate Note, or (h) such other interest rate formula as is set forth in such Pricing Supplement. The applicable Pricing Supplement for a Floating Rate Note also will specify the Spread and/or Spread Multiplier, if any, applicable to each Note. Any Floating Rate Note may also have either or both of the following: (a) a maximum numerical interest rate limitation, or ceiling, on the rate of interest which may accrue during any interest period (the "Maximum Interest Rate"); and (b) a minimum numerical interest rate limitation, or floor, on the rate of interest which may

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Section from body of prospectus

The interest rate on the notes will either be fixed or floating. The interest paid will include interest accrued to, but excluding, the date of maturity, redemption or repurchase. Interest is generally payable to the person in whose name the note is registered at the close of business on the record date before each interest payment date. However, interest payable at maturity, redemption, or repurchase will be payable to the person to whom principal is payable. The first interest payment on any note originally issued between a record date and interest payment date or on an interest payment date will be made on the interest payment date after the next record date. Interest payable other than at maturity, redemption or repurchase will be paid, at our option, by check or wire transfer.

### **Fixed Rate Notes**

The applicable pricing supplement will designate the fixed rate of interest payable on a note. Interest will be paid May 1 and November 1, and upon maturity, redemption or repurchase. If any payment date falls on a day that is not a Business Day, payment will be made on the next Business Day and no additional interest will be paid. The record dates for such notes will be April 15 (for interest to be paid on May 1) and October 15 (for interest to be paid on November 1). Interest payments will be the amount of interest accrued to, but excluding, each May 1 and November 1. Interest will be computed using a 360-day year of twelve 30-day months.

### **Floating Rate Notes**

#### *General*

Each floating rate note will have an interest rate formula. The formula may be based on:

- the commercial paper rate;

- the prime rate;
- the CD rate;
- the federal funds effective rate;
- the LIBOR;
- the Treasury rate;
- the CMT rate; or
- another interest rate index.

The applicable pricing supplement will also indicate the Spread and/or Spread Multiplier, if any. In addition, any floating rate note may have a maximum or minimum interest rate limitation.

Upon request, the Calculation Agent will provide the current interest rate and, if different, the interest rate which will become effective on the next Interest Reset Date.

#### *Date of Interest Rate Change*

The interest rate on each floating rate note may be reset daily, weekly, monthly, quarterly, semi-annually, or annually. 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 semi-annually, the third Wednesday of the two months of each year indicated in the applicable pricing supplement; and
- for notes which reset annually, the third Wednesday of the month of each year indicated in the applicable pricing supplement.

Paragraphs are short and readable.

Short sentences—longest sentence is 36 words.

Two-column format and left justified text, while not required, help make summary more reader-friendly.

More subheadings break up dense text and help readers navigate their way through information easily.

Defined terms are minimized, with meanings of terms clear from context.

Bullet lists help investors read and understand this information more quickly and easily.