

HARSCO CORP
Form 424B2
May 13, 2008

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**Filed Pursuant to Rule 424(b)(2)
File No. 333-150825**

CALCULATION OF REGISTRATION FEE

Title Of Each Class of Securities To Be Registered	Amount To Be Registered	Amount Of Registration Fee⁽¹⁾⁽²⁾
5.75% Senior Notes due 2018	\$ 450,000,000	\$ 17,685.00

(1) The filing fee of \$17,685.00 is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

(2) This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in the Company's Registration Statement on Form S-3 (File No. 333-150825) in accordance with Rules 456(b) and 457(r) under the Securities Act of 1933.

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Prospectus Supplement
(To Prospectus dated May 12, 2008)

Harsco Corporation

\$450,000,000

5.75% Senior Notes due 2018

Interest payable May 15 and November 15

Issue price:

We are offering \$450,000,000 5.75% Senior Notes due 2018. We will pay interest on the notes on May 15 and November 15 of each year, or the first business day thereafter if May 15 or November 15 is not a business day, commencing on November 15, 2008. We may redeem some or all of the notes at any time and from time to time at the redemption price described herein.

We must offer to repurchase the notes upon the occurrence of a change of control triggering event at the price described in this prospectus supplement in *Description of the Notes* *Change of Control Offer*.

The notes will be our senior unsecured obligations and will rank equally with all our other senior unsecured indebtedness from time to time outstanding.

See Risk Factors on page S-6 of this prospectus supplement and Risk Factors contained in our annual report on Form 10-K for the year ended December 31, 2007, which is incorporated by reference herein, to read about certain risks you should consider before investing in the notes.

	Price to Public⁽¹⁾	Underwriting Discounts and Commissions	Proceeds to Harsco
Per note	99.895%	0.650%	99.245%
Total	\$ 449,527,500	\$ 2,925,000	\$ 446,602,500
(1) Plus accrued interest, if any, from May 15, 2008.			

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

Delivery of the notes offered hereby in book-entry form only will be made through the offices of The Depository Trust Company and its participants, including Euroclear and Clearstream, on or about May 15, 2008.

Joint Book-Running Managers

JPMorgan

Citi

RBS Greenwich Capital

May 12, 2008.

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

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ABOUT THIS PROSPECTUS SUPPLEMENT

We provide information to you about this offering in two separate documents. The accompanying prospectus provides general information about us and securities we may offer from time to time, some of which may not apply to this offering. This prospectus supplement describes the specific details regarding this offering. Generally, when we refer to the prospectus, we are referring to both documents combined. Additional information is incorporated by reference in this prospectus supplement. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, in the accompanying prospectus or in any free writing prospectus that we may provide to you. We have not, and the underwriters have not, authorized anyone to provide you with different information. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus or any document incorporated by reference is accurate as of any date other than the date mentioned on the cover page of these documents. We are not, and the underwriters are not, making offers to sell the securities in any jurisdiction in which an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation.

References in this prospectus supplement to the terms we, us, Harsco, the Company or other similar terms mean Harsco Corporation and its consolidated subsidiaries, unless we state otherwise or the context indicates otherwise.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

The nature of our business and the many countries in which we operate subject us to changing economic, competitive, regulatory and technological conditions, risks and uncertainties. Some of the statements contained in this prospectus supplement and the accompanying prospectus or incorporated by reference into this prospectus supplement are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. In accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we provide the following cautionary remarks regarding important factors which, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. Forward-looking statements contained herein could include, among other things, statements about our management confidence and strategies for performance; expectations for new and existing products, technologies and opportunities; and expectations regarding growth, sales, cash flows, earnings and Economic Value Added (EVA[®]). These statements can be identified by the use of such terms as may, could, expect, anticipate, intend, believe comparable terms.

Factors that could cause results to differ include, but are not limited to: changes in the worldwide business environment in which we operate, including general economic conditions; changes in currency exchange rates, interest rates and capital costs; changes in the performance of stock and bond markets that could affect, among other things, the valuation of the assets in our pension plans and the accounting for pension assets, liabilities and expenses; changes in governmental laws and regulations, including environmental, tax and import tariff standards; market and competitive changes, including pricing pressures, market demand and acceptance for new products, services and technologies; unforeseen business disruptions in one or more of the many countries in which we operate due to political instability, civil disobedience, armed hostilities or other calamities; the seasonal nature of our business; the successful integration of our acquisitions; the amount and timing of repurchases of our common stock, if any; and other risk factors listed from time to time in our SEC reports. A further discussion of these, along with other potential factors, can be found in this prospectus supplement under Risk Factors and in Part I, Item 1A, Risk Factors, of our

annual report on Form 10-K for the year ended December 31, 2007. We caution that these factors may not be exhaustive and that many of these factors are beyond our ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no duty to update forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. In light of these and other uncertainties, the inclusion of a forward-looking statement herein should not be regarded as a representation by us that our plans and objectives will be achieved.

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SUMMARY

The following summary information is qualified in its entirety by the information contained elsewhere in this prospectus supplement and the accompanying prospectus, including the documents we have incorporated by reference, and in the indenture as described under Description of the Notes.

THE COMPANY

Harsco was incorporated as a Delaware corporation in 1956. Our executive offices are located at 350 Poplar Church Road, Camp Hill, Pennsylvania 17011. Our main telephone number is (717) 763-7064, and our Internet website address is www.harsco.com. Information contained on or accessible through our website is not a part of this prospectus.

The Company's operations fall into two reportable segments: Access Services and Mill Services, plus an All Other category labeled Minerals & Rail Services and Products. For the year ended December 31, 2007, the Access Services Segment, the Mill Services Segment and the All Other Category Minerals & Rail Services and Products contributed revenues of approximately \$1,415.9 million, \$1,522.3 million and \$750.0 million, respectively, or 39%, 41% and 20% of our total revenues, respectively.

Access Services Segment

Our Access Services Segment includes our brand names of SGB Group, Hünnebeck Group and Patent Construction Systems Divisions. Our Access Services Segment is a leader in the construction services industry as one of the world's most complete providers of rental scaffolding, shoring, forming and other access solutions. The United Kingdom-based SGB Group Division operates from a network of international branches throughout Europe, the Middle East and Asia/Pacific; the Germany-based Hünnebeck Division serves Europe, the Middle East and South America, while the United States-based Patent Construction Systems Division serves North America including Mexico, Central America and the Caribbean. Major services include the rental of concrete shoring and forming systems, scaffolding and powered access equipment for non-residential and infrastructure projects; as well as a variety of other access services including project engineering and equipment erection and dismantling and, to a lesser extent, access equipment sales.

Mill Services Segment

Our Mill Services Segment, which consists of the MultiServ Division, is the world's largest provider of on-site, outsourced mill services to the global steel and metals industries. MultiServ provides its services on a long-term contract basis, supporting each stage of the metal-making process from initial raw material handling to post-production by-product processing and on-site recycling. Working as a specialized, high-value-added services provider, MultiServ rarely takes ownership of its customers' raw materials or finished products. Similar services are provided to the producers of non-ferrous metals, such as aluminum, copper and nickel.

All Other Category Minerals & Rail Services and Products

Our All Other Category includes the Excell Minerals, Reed Minerals, Harsco Track Technologies, IKG Industries, Patterson-Kelley and Air-X-Changers Divisions.

Excell Minerals is a multinational company that extracts high-value metallic content for production re-use on behalf of leading steelmakers and also specializes in the development of minerals technologies for commercial applications, including agriculture fertilizers and performance-enhancing additives for cement products.

Reed Minerals industrial abrasives and roofing granules are produced from power-plant utility coal slag at a number of locations throughout the United States. Our BLACK BEAUTY® abrasives are used for industrial surface preparation, such as rust removal and cleaning of bridges, ship hulls and various structures. Roofing granules are sold to residential roofing shingle manufacturers, primarily for the replacement roofing

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market. This Division is the United States largest producer of slag abrasives and third largest producer of residential roofing granules.

Harsco Track Technologies is a global provider of equipment and services to maintain, repair and construct railway tracks. Our railway track maintenance services support railroad customers worldwide. The railway track maintenance equipment product class includes specialized track maintenance equipment used by private and government-owned railroads and urban transit systems worldwide.

IKG Industries manufactures a varied line of industrial grating products at several plants in North America. These products include a full range of bar grating configurations, which are used mainly in industrial flooring, and safety and security applications in the power, paper, chemical, refining and processing industries.

Patterson-Kelley is a leading manufacturer of heat transfer products such as boilers and water heaters for commercial and institutional applications, and also powder processing equipment such as blenders, dryers and mixers for the chemical, pharmaceutical and food processing industries.

Air-X-Changers is a leading supplier of custom-designed and manufactured air-cooled heat exchangers for the natural gas industry. Our heat exchangers are the primary apparatus used to condition natural gas during recovery, compression and transportation from underground reserves through the major pipeline distribution channels.

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The Offering

Issuer	Harsco Corporation
Securities Offered	\$450,000,000 aggregate principal amount of notes.
Maturity	The notes will mature on May 15, 2018.
Interest Payment Dates	May 15 and November 15 of each year, or the first business day thereafter if May 15 or November 15 is not a business day, commencing on November 15, 2008.
Interest Rate	The notes will bear interest at 5.75% per year.
Further Issuances	We may create and issue further notes ranking equally and ratably with the notes offered by this prospectus supplement in all respects, so that such further notes will be consolidated and form a single series with the notes offered by this prospectus supplement and will have the same terms as to status, redemption or otherwise.
Optional Redemption	We may redeem the notes, in whole or in part, at any time and from time to time at the redemption prices described herein under the caption Description of the Notes Optional Redemption.
Change of Control Offer	If we experience a change of control triggering event, we may be required to offer to purchase the notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest. See Description of the Notes Change of Control Offer.
Certain Covenants	The indenture governing the notes will contain certain restrictions, including a limitation that restricts our ability and the ability of certain of our subsidiaries to create or incur secured indebtedness. Certain sale and leaseback transactions are similarly limited. See Description of the Notes Certain Covenants.
Ranking	The notes will be our senior unsecured obligations and will rank equally with all our other senior unsecured indebtedness, including all other unsubordinated debt securities issued under the indenture, from time to time outstanding. The indenture provides for the issuance from time to time of senior unsecured indebtedness by us in an unlimited amount. See Description of the Notes.
Form and Denomination	The notes will be issued in fully registered form in denominations of \$2,000 or integral multiples of \$1,000 in excess thereof.
DTC Eligibility	The notes will be represented by global certificates deposited with, or on behalf of, The Depository Trust Company, which we refer to as DTC, or its nominee. See Description of the Notes Book-Entry Procedures.

Same Day Settlement

Beneficial interests in the notes will trade in DTC's same-day funds settlement system until maturity. Therefore, secondary market trading activity in such interests will be settled in immediately available funds.

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Use of Proceeds	We expect to receive net proceeds, after deducting underwriting discounts but before deducting other offering expenses, of approximately \$446,602,500 from this offering. Proceeds will be used to repay a portion of the amounts outstanding under our U.S. and Euro commercial paper programs and for other general corporate purposes of the Company. See Use of Proceeds.
No Listing of the Notes	We do not intend to apply to list the notes on any securities exchange or to have the notes quoted on any automated quotation system.
Governing Law	The notes will be, and the indenture is, governed by the laws of the State of New York, United States of America.
Trustee, Registrar and Paying Agent	The Bank of New York

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RISK FACTORS

An investment in the notes involves risk. Prior to making a decision about investing in our securities, and in consultation with your own financial and legal advisors, you should carefully consider the following risk factors, as well as the risk factors incorporated by reference in this prospectus supplement from our annual report on Form 10-K for the year ended December 31, 2007 under the heading Risk Factors and other filings we may make from time to time with the SEC. You should also refer to the other information in this prospectus supplement and the accompanying prospectus, including our financial statements and the related notes incorporated by reference into this prospectus supplement. Additional risks and uncertainties that are not yet identified may also materially harm our business, operating results and financial condition and could result in a complete loss of your investment.

The notes are subject to prior claims of any secured creditors and the creditors of our subsidiaries, and if a default occurs we may not have sufficient funds to fulfill our obligations under the notes.

The notes are our unsecured general obligations, ranking equally with our other senior unsecured indebtedness but below any secured indebtedness and effectively below the debt and other liabilities of our subsidiaries. The indenture governing the notes permits us and our subsidiaries to incur secured debt under specified circumstances. If we incur any secured debt, our assets and the assets of our subsidiaries will be subject to prior claims by our secured creditors. In the event of our bankruptcy, liquidation, reorganization or other winding up, assets that secure debt will be available to pay obligations on the notes only after all debt secured by those assets has been repaid in full. Holders of the notes will participate in our remaining assets ratably with all of our unsecured and unsubordinated creditors, including our trade creditors.

If we incur any additional obligations that rank equally with the notes, including trade payables, the holders of those obligations will be entitled to share ratably with the holders of the notes in any proceeds distributed upon our insolvency, liquidation, reorganization, dissolution or other winding up. This may have the effect of reducing the amount of proceeds paid to you. If there are not sufficient assets remaining to pay all these creditors, all or a portion of the notes then outstanding would remain unpaid.

The indenture does not limit the amount of indebtedness that we may incur.

The indenture under which the notes will be issued does not limit the amount of indebtedness that we may incur. Other than as described under Description of the Notes Change of Control Offer in this prospectus supplement, such indenture does not contain any financial covenants or other provisions that would afford the holders of the notes any substantial protection in the event we participate in a highly leveraged transaction.

Our existing and future indebtedness may limit cash flow available to invest in the ongoing needs of our business, which could prevent us from fulfilling our obligations under the notes.

After giving effect to this notes offering and the repayment of a portion of the amounts outstanding under our U.S. and Euro commercial paper programs, our total pro forma indebtedness at March 31, 2008 would have been approximately \$1,195 million and our ratio of earnings to fixed charges for the three months ended March 31, 2008 would have been approximately 3.59:1. Additionally, we have the ability under our existing credit facilities to incur substantial additional indebtedness in the future. Our level of indebtedness could have important consequences to you. For example, it could:

require us to dedicate a substantial portion of our cash flow from operations to the payment of debt service, reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes;

increase our vulnerability to adverse economic or industry conditions;

limit our ability to obtain additional financing in the future to enable us to react to changes in our business; or

place us at a competitive disadvantage compared to businesses in our industry that have less indebtedness.

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Additionally, any failure to comply with covenants in the instruments governing our debt could result in an event of default which, if not cured or waived, would have a material adverse effect on us.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control. We also depend on the business of our subsidiaries to satisfy our cash needs. If we cannot generate the required cash, we may not be able to make the necessary payments under the notes.

Our ability to make payments on our indebtedness, including the notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. Our ability to generate cash, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We also depend on the business of our subsidiaries to satisfy our cash needs. Changes in the laws of foreign jurisdictions in which we operate may adversely affect the ability of some of our foreign subsidiaries to repatriate funds to us. Additionally, our historical financial results have been, and we anticipate that our future financial results will be, subject to fluctuations. We cannot assure you that our business will generate sufficient cash flow from our operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs and make necessary capital expenditures.

An active trading market for the notes may not develop.

There is no existing market for the notes and we do not intend to apply for listing of the notes on any securities exchange or any automated quotation system. Accordingly, there can be no assurance that a trading market for the notes will ever develop or will be maintained. Further, there can be no assurance as to the liquidity of any market that may develop for the notes, your ability to sell your notes or the price at which you will be able to sell your notes. Future trading prices of the notes will depend on many factors, including prevailing interest rates, our financial condition and results of operations, the then-current ratings assigned to the notes and the market for similar securities. Any trading market that develops would be affected by many factors independent of and in addition to the foregoing, including:

- the time remaining to the maturity of the notes;
- the outstanding amount of the notes;
- the terms related to optional redemption of the notes; and
- the level, direction and volatility of market interest rates generally.

The underwriters have advised us that they currently intend to make a market in the notes, but they are not obligated to do so and may cease market making at any time without notice.

We may not be able to repurchase the notes upon a change of control.

Upon the occurrence of specific kinds of change of control events, each holder of notes will have the right to require us to repurchase all or any part of such holder's notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. The terms of our existing credit facilities and other financing arrangements may require repayment of amounts outstanding in the event of a change of control and limit our ability to fund the repurchase of the notes in certain circumstances. If we experience a change of control triggering event, there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to

repurchase the notes. Our failure to repurchase the notes as required under the supplemental indenture governing the notes would result in a default under the supplemental indenture, which could have material adverse consequences for us and the holders of the notes. In addition, the change of control offer provisions of the notes may in certain circumstances make more difficult or discourage a sale or takeover of the Company and, thus, the removal of incumbent management. See Description of the Notes Change of Control Offer.

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USE OF PROCEEDS

We expect to receive net proceeds, after deducting underwriting discounts but before deducting other offering expenses, of approximately \$446,602,500 from this offering. We intend to use the proceeds to repay approximately \$286 million of the amount outstanding under our U.S. commercial paper program and approximately \$160 million of the amount outstanding under our Euro commercial paper program and for other general corporate purposes.

At May 9, 2008, the weighted average maturity of the approximately \$413 million of outstanding commercial paper under our U.S. commercial paper program was approximately 10.1 days and the weighted average interest rate of such commercial paper was 2.99%. Also at May 9, 2008, the weighted average maturity of the approximately 114 million (approximately \$175 million) of outstanding commercial paper under our Euro commercial paper program was approximately 28.6 days and the weighted average interest rate of such commercial paper was 4.58%.

Certain of the underwriters or their affiliates are dealers and/or participants under our commercial paper programs and may receive a portion of the net proceeds of this offering as a result of their ownership of a portion of our commercial paper. See Underwriting.

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The following table sets forth:

our unaudited consolidated capitalization (including short-term debt) as of March 31, 2008; and

our pro forma as adjusted capitalization as of March 31, 2008, as adjusted to give effect to the offering of the notes and the repayment of a portion of the amounts outstanding under our U.S. and Euro commercial paper programs with the net proceeds of the notes as described under Use of Proceeds.

You should read this table in conjunction with our consolidated financial statements, the related notes and other financial information contained in our quarterly report on Form 10-Q for the three months ended March 31, 2008 filed with the SEC on May 8, 2008, which is incorporated by reference in this prospectus as well as the other financial information incorporated by reference in this prospectus.

	As of March 31, 2008	
	Actual	Pro Forma as Adjusted
	<i>(In millions of U.S. dollars)</i>	
Short-term debt:		
Short-term borrowings	\$ 177	\$ 177
Current maturities of long-term debt	8	8
Total short-term debt⁽¹⁾	185	185
Long-term debt:		
Notes offered hereby	-	450
Other long-term debt	1,007	560
Total long-term debt⁽¹⁾	1,007	1,010
Stockholders equity:		
Preferred stock, Series A junior participating cumulative preferred stock	-	-
Common stock, par value \$1.25	139	139
Additional paid-in capital	131	131
Retained earnings	1,944	1,944
Accumulated other comprehensive loss	76	76
Treasury stock, at cost	(622)	(622)
Total stockholders equity	1,668	1,668
Total capitalization	\$ 2,860	\$ 2,863

(1)

Commercial paper is classified as long-term debt when the Company has the ability and intent to refinance it on a long-term basis through existing long-term credit facilities. At March 31, 2008, the Company classified \$115 million of commercial paper as short-term debt. The remaining \$451 million in commercial paper at March 31, 2008 was classified as long-term debt.

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DESCRIPTION OF THE NOTES

The following description of the particular terms of the notes supplements, and to the extent inconsistent, replaces, the description in the accompanying prospectus of the general terms and provisions of the debt securities to which description reference is hereby made. References to we, our, us and the Company in the following description refer to Harsco Corporation and not its subsidiaries. Capitalized terms defined in the accompanying prospectus and not defined herein are used herein as therein defined.

General

The aggregate principal amount of the notes is \$450,000,000. The notes will mature and become due and payable, together with any accrued and unpaid interest thereon, on May 15, 2018. The notes will bear interest at the rate of 5.75% per annum from May 15, 2008.

Interest on the notes will be payable semiannually in arrears on May 15 and November 15 of each year, or the first business day thereafter if May 15 or November 15 is not a business day, beginning on November 15, 2008 to the persons in whose names the respective notes are registered at the close of business on the May 1 and November 1 preceding the respective interest payment dates. If any payment date is not a business day, then payment will be made on the next business day, but without any additional interest or other amount. Interest will be computed on the notes on the basis of a 360-day year of twelve 30-day months.

The notes will be our direct, unsecured and unsubordinated obligations and will rank equally and ratably with all of our other unsecured and unsubordinated indebtedness. The notes will be effectively subordinated to all of our current and future secured debt.

The notes will not be subject to any sinking fund.

The notes will be represented by one or more registered notes in global form, but in certain limited circumstances may be represented by notes in definitive form. See **Book-Entry Procedures** in this prospectus supplement. The notes will be issued in U.S. dollars and only in minimum denominations of \$2,000, and integral multiples of \$1,000 in excess of \$2,000.

The notes will constitute a series of debt securities to be issued under a base indenture between Harsco and The Bank of New York, as trustee, the terms of which are described in the accompanying prospectus, as supplemented by a supplemental indenture, the terms of which are described in this prospectus supplement.

Further Issuances

We may from time to time, without notice to or consent of the holders of the respective notes, create and issue additional notes ranking equally and ratably with the notes in all respects (or in all respects except for the payment of interest accruing prior to the issue date of such additional notes or except, in some cases, for the first payment of interest following the issue date of such additional notes). The additional notes may be consolidated and form a single series with the notes of such series and will have the same terms as to status, redemption or otherwise as the notes.

Same-Day Settlement and Payment

The notes will trade in the same-day funds settlement system of the Depository Trust Company, which we refer to as DTC, until maturity or until we issue the notes in definitive form. DTC will therefore require secondary market trading activity in the notes to settle in immediately available funds. We can give no assurance as to the effect, if any, of settlement in immediately available funds on trading activity in the notes.

Ranking

The notes will be our senior unsecured obligations and will rank equally with all our other senior unsecured indebtedness, including any other debt securities issued under the indenture, from time to time outstanding.

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Optional Redemption

The notes will be redeemable in whole or in part, at our option, at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate as defined below, plus 30 basis points, plus accrued interest thereon to the date of redemption.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption. If less than all of the notes are to be redeemed, the notes to be redeemed shall be selected by lot by DTC, in the case of notes represented by a global security, or by the trustee by a method that the trustee deems to be fair and appropriate, in the case of notes that are not represented by a global security.

For purposes of the optional redemption provisions of the notes, the following terms will be applicable:

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to a maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount equal to the Comparable Treasury Price for such redemption date).

Comparable Treasury Issue means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

Comparable Treasury Price means, with respect to any redemption date, (i) the average of four Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if the trustee obtains fewer than six such Reference Treasury Dealer Quotations, the average of all such Quotations, or (iii) if only one Reference Dealer Quotation is received, such quotation.

Independent Investment Banker means one of the Reference Treasury Dealers that we appoint.

Reference Treasury Dealer means (i) J.P. Morgan Securities Inc., Citigroup Global Markets Inc. and Greenwich Capital Markets, Inc. and their successors, provided, however, that if any of the foregoing ceases to be a primary U.S. Government securities dealer in New York City (a **Primary Treasury Dealer**), we will substitute another Primary Treasury Dealer and (ii) any other Primary Treasury Dealer selected by us.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 5:00 p.m. on the third business day preceding such redemption date.

Change of Control Offer

If a change of control triggering event occurs, unless we have exercised our option to redeem the notes as described above, we will be required to make an offer (a "change of control offer") to each holder of the notes to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of that holder's notes on the terms set forth in the notes. In a change of control offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of notes repurchased, plus accrued and unpaid interest, if any, on the notes repurchased to, but not including, the date of repurchase (a "change of control payment"). Within 30 days following any change of control triggering event or, at our option, prior to any change of control, but after public announcement of the transaction that constitutes or may constitute the

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change of control, a notice will be mailed to holders of the notes describing the transaction that constitutes or may constitute the change of control triggering event and offering to repurchase such notes on the date specified in the applicable notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (a change of control payment date). The notice will, if mailed prior to the date of consummation of the change of control, state that the change of control offer is conditioned on the change of control triggering event occurring on or prior to the applicable change of control payment date specified in the notice.

On each change of control payment date, we will, to the extent lawful:

accept for payment all notes or portions of notes properly tendered pursuant to the applicable change of control offer;

deposit with the paying agent an amount equal to the change of control payment in respect of all notes or portions of notes properly tendered pursuant to the applicable change of control offer; and

deliver or cause to be delivered to the trustee the notes properly accepted together with an officers certificate stating the aggregate principal amount of notes or portions of notes being repurchased.

We will not be required to make a change of control offer upon the occurrence of a change of control triggering event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and the third party repurchases all notes properly tendered and not withdrawn under its offer. In addition, we will not repurchase any notes if there has occurred and is continuing on the change of control payment date an event of default under the indenture, other than a default in the payment of the change of control payment upon a change of control triggering event.

We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, or the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a change of control triggering event. To the extent that the provisions of any such securities laws or regulations conflict with the change of control offer provisions of the notes, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the change of control offer provisions of the notes by virtue of any such conflict.

For purposes of the change of control offer provisions of the notes, the following terms will be applicable:

Change of control means the occurrence of any of the following: (i) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or more series of related transactions, of all or substantially all of our assets and our subsidiaries' assets, taken as a whole, to any person, other than us or one of our subsidiaries; (ii) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of our outstanding voting stock or other voting stock into which the Company's voting stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (iii) we consolidate with, or merge with or into, any person, or any person consolidates with, or merges with or into, us, in any such event pursuant to a transaction in which any of our outstanding voting stock or the voting stock of such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of our voting stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the voting stock of the surviving person or any direct or indirect parent company of the surviving person immediately after giving effect to such transaction; (iv) the first day on which a majority of the members of our Board of Directors are not continuing directors; or (v) the adoption of a plan relating to the liquidation or dissolution of the Company. The term person, as

used in this definition, has the meaning given thereto in Section 13(d)(3) of the Exchange Act.

The definition of change of control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of all or substantially all of our assets and the assets of our subsidiaries,

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taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase such holder's notes as a result of a sale, transfer, conveyance or other disposition of less than all of our and our subsidiaries' assets, taken as a whole, to any person or group or persons may be uncertain.

Notwithstanding the foregoing, a transaction will not be deemed to involve a change of control if (i) we become a direct or indirect wholly-owned subsidiary of a holding company and (ii)(A) the direct or indirect holders of the voting stock of such holding company immediately following that transaction are substantially the same as the holders of our voting stock immediately prior to that transaction or (B) immediately following that transaction no person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the voting stock of such holding company.

Change of control triggering event means the occurrence of both a change of control and a rating event.