

AFLAC INC
 Form 424B2
 August 05, 2010
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Filed Pursuant to Rule 424(b)(2)
 Registration No. 333-159111

CALCULATION OF REGISTRATION FEE

Title of each class of	Amount	Proposed	Proposed	Amount Of
	to Be	Maximum	Maximum	
Securities to be Registered	Registered	Offering Price	Aggregate	Registration Fee(1)
		Per Unit	Offering Price	
3.45% Notes due 2015	\$300,000,000	99.926%	\$299,778,000	\$21,374.17
6.45% Notes due 2040	\$450,000,000	99.499%	\$447,745,500	\$31,924.25
Total	\$750,000,000		\$747,523,500	\$53,298.43

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

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Filed Pursuant to Rule 424(b)(2)
 Registration No: 333-159111

Prospectus Supplement to Prospectus dated May 11, 2009.

\$750,000,000

Aflac Incorporated

\$300,000,000 3.45% Senior Notes due 2015

\$450,000,000 6.45% Senior Notes due 2040

This is an offering by Aflac Incorporated of \$300,000,000 principal amount of its 3.45% Senior Notes due 2015 (the 2015 notes) and \$450,000,000 principal amount of its 6.45% Senior Notes due 2040 (the 2040 notes) and together with the 2015 notes, the notes. We will pay interest on the notes semi-annually in arrears on each February 15 and August 15, commencing on February 15, 2011. The 2015 notes will mature on August 15, 2015 and the 2040 notes will mature on August 15, 2040.

We may redeem some or all of the notes at any time and from time to time before their maturity at the redemption price discussed under the caption Description of the Notes Optional Redemption of the Notes in this prospectus supplement. The notes will be our general unsecured obligations and will rank equally in right of payment with any of our existing and future unsecured senior indebtedness. The notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

See **Risk Factors** beginning on page S-4 of this prospectus supplement, page 4 of the accompanying prospectus, **Item 1A. Risk Factors** on page 15 of Aflac Incorporated's Annual Report on Form 10-K for the year ended December 31, 2009, **Item 1A. Risk Factors** on page 84 of Aflac Incorporated's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, and **Item 1A. Risk Factors** on page 89 of Aflac Incorporated's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 to read about factors you should consider before buying the notes.

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

	Price to Public	Underwriting Discount	Proceeds(1)
Per 2015 note	99.926%	0.600%	99.326%
2015 note Total	\$ 299,778,000	\$ 1,800,000	\$ 297,978,000
Per 2040 note	99.499%	0.875%	98.624%
2040 note Total	\$ 447,745,500	\$ 3,937,500	\$ 443,808,000

(1) Proceeds, before expenses, to Aflac Incorporated.

The price to public set forth above does not include accrued interest, if any. Interest on the notes will accrue from August 9, 2010 and must be paid by the underwriters if the notes are delivered after August 9, 2010.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes. The underwriters expect to deliver the notes through the facilities of The Depository Trust Company for the accounts of its participants, which may include Clearstream Banking,

société anonyme, and Euroclear Bank S.A./N.V., against payment in New York, New York on or about August 9, 2010.

Goldman, Sachs & Co.

Prospectus Supplement dated August 4, 2010.

J.P. Morgan

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus supplement or the accompanying prospectus. You must not rely on any unauthorized information or representations. This prospectus supplement and the accompanying prospectus are an offer to sell only the notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement or the accompanying prospectus is current only as of its date.

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About this Prospectus Supplement

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering of the notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which provides more general information. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated herein and therein by reference, on the other hand, you should rely on the information contained in this prospectus supplement.

As used in this prospectus supplement, unless the context otherwise requires, references to we , us , our or the Company refer to the consolidated operations of Aflac Incorporated, and its direct and indirect operating subsidiaries. Parent Company refers solely to Aflac Incorporated. Aflac refers solely to our subsidiary, American Family Life Assurance Company of Columbus, an insurance company domiciled in Nebraska. Aflac operates in the United States (Aflac U.S.) and operates as a branch in Japan (Aflac Japan).

The functional currency of Aflac Japan s insurance operations is the Japanese yen. We translate our yen-denominated financial statement accounts into U.S. dollars as follows. Assets and liabilities are translated at end-of-period exchange rates. Realized gains and losses on security transactions are translated at the exchange rate on the trade date of each transaction. Other revenues, expenses and cash flows are translated using average exchange rates for the year. The resulting currency translation adjustments are reported in accumulated other comprehensive income. We include in earnings the realized currency exchange gains and losses resulting from transactions.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. If anyone provided you with additional or different information, you should not rely on it. Neither we nor the underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

The distribution of this prospectus supplement and the accompanying prospectus and the offer and sale of the notes in certain jurisdictions may be restricted by law. The Company and the underwriters require persons into whose possession this prospectus supplement and the accompanying prospectus come to inform themselves about and to observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute an offer of, or an invitation to purchase, any of the notes in any jurisdiction in which such offer or invitation would be unlawful.

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Prospectus Supplement Summary

This summary highlights information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference. This summary sets forth the material terms of this offering, but does not contain all of the information you should consider before investing in our notes. You should read carefully this entire prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, before making an investment decision to purchase our notes, especially the risks of investing in our notes discussed under Risk Factors contained herein and therein and, under Item 1A. Risk Factors beginning on page 15 of our Annual Report on Form 10-K for the year ended December 31, 2009, Item 1A. Risk Factors on page 84 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, and Item 1A. Risk Factors beginning on page 89 of our Quarterly Report for the quarter ended June 30, 2010 (each incorporated by reference herein) as well as the consolidated financial statements and notes to those consolidated financial statements incorporated by reference herein and therein.

Aflac Incorporated

The Parent Company was incorporated in 1973 under the laws of the State of Georgia. The Parent Company is a general business holding company and acts as a management company, overseeing the operations of its subsidiaries by providing management services and making capital available. Its principal business is supplemental health and life insurance, which is marketed and administered through its subsidiary, Aflac. Aflac operates in the United States and as a branch in Japan. Most of Aflac's policies are individually underwritten and marketed through independent agents. Our insurance operations in the United States (Aflac U.S.) and our branch in Japan (Aflac Japan) service the two markets for our insurance business.

During 2009, the Parent Company purchased Continental American Insurance Group, Inc., which includes its wholly-owned subsidiary, Continental American Insurance Company (CAIC). CAIC, headquartered in Columbia, South Carolina, equips Aflac U.S. with a platform for offering attractive voluntary group insurance products that are well-suited for distribution by insurance brokers at the worksite.

We believe Aflac is the world's leading underwriter of individually issued policies marketed at worksites. We continue to diversify our product offerings in both Japan and the United States. Aflac Japan sells supplemental insurance products, including cancer life plans, general medical indemnity plans, medical/sickness riders, care plans, living benefit life plans, ordinary life insurance plans and annuities. Aflac U.S. sells supplemental insurance products, including accident/disability plans, cancer plans, short-term disability plans, sickness and hospital indemnity plans, hospital intensive care plans, fixed-benefit dental plans, vision care plans, long-term care plans, and life insurance products.

We are authorized to conduct insurance business in all 50 states, the District of Columbia, several U.S. territories and Japan. Aflac Japan accounted for 73%, 72% and 71% of the Parent Company's total revenues in 2009, 2008 and 2007, respectively. Aflac Japan's revenues, including realized gains and losses on its investment portfolio, accounted for 75% of the Parent Company's total revenues for the six months ended June 30, 2010. The percentage of the Company's total assets attributable to Aflac Japan was 85% at December 31, 2009, 87% at December 31, 2008 and 85% at June 30, 2010.

Our principal executive offices are located at 1932 Wynnton Road, Columbus, Georgia 31999, and our telephone number is (706) 323-3431.

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The Offering

Issuer	Aflac Incorporated.
Securities	\$300,000,000 aggregate principal amount of 3.45% Senior Notes due 2015 and \$450,000,000 aggregate principal amount of 6.45% Senior Notes due 2040.
Aggregate Principal Amount of Notes	\$750,000,000.
Date of Maturity	The 2015 notes will mature on August 15, 2015 and the 2040 notes will mature on August 15, 2040.
Interest	The 2015 notes will bear interest at 3.45% per annum and the 2040 notes will bear interest at 6.45% per annum, in each case payable semi-annually in arrears on February 15 and August 15 of each year, beginning on February 15, 2011.
Ranking	The notes are our unsecured obligations and will rank equally with all of our other unsecured senior indebtedness from time to time outstanding.
Optional Redemption	We may redeem the notes in whole or in part at any time at the redemption price described in the section in this prospectus supplement entitled "Description of the Notes Optional Redemption of the Notes".
Certain Covenants	The indenture under which the notes will be issued contains covenants that impose conditions on our ability to create liens on any capital stock of our restricted subsidiaries (as defined under "Description of Debt Securities" in the accompanying prospectus) or engage in sales of the capital stock of our restricted subsidiaries.
Events of Default	Events of default generally include failure to pay principal or any premium, failure to pay interest, failure to pay any sinking fund installment, failure to observe or perform any other covenants or agreement in the notes or indenture, certain events of bankruptcy, insolvency, or reorganization, or certain defaults of the Parent Company debt.
Listing	The notes will not be listed on any securities exchange. Currently there is no public market for the notes.
Use of Proceeds	We estimate that the net proceeds to us from this offering will be approximately \$741,551,000 after deducting underwriting discounts and estimated offering expenses. We intend to use the net proceeds from this offering to repay in full at maturity the Parent Company's 1.52% Uridashi notes and variable interest rate Uridashi notes, both due September 2011, to repurchase our common stock and for general corporate purposes.

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See Use of Proceeds in this prospectus supplement.

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Risk Factors

You should carefully consider all information set forth and incorporated by reference in this prospectus supplement and the accompanying prospectus and, in particular, should carefully read the section entitled "Risk Factors" in this prospectus supplement and the accompanying prospectus and the section entitled "Item 1A. Risk Factors" in our Annual Report on Form 10-K, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 before purchasing any of the notes.

Trustee

The Bank of New York Mellon Trust Company, N.A.

Governing Law

The notes will be governed by the laws of the State of New York.

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Risk Factors

Investing in our notes involves risk. Please see the risk factors described in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2009, Item 1A. Risk Factors on page 84 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, and Item 1A. Risk Factors beginning on page 89 of our Quarterly Report for the quarter ended June 30, 2010, which are incorporated by reference in this prospectus supplement. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus supplement and the accompanying prospectus. The risks and uncertainties we have described are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business operations. These risks could materially affect our business, results of operations or financial condition and cause the value of our securities to decline. You could lose all or part of your investment.

Risks Relating to Our Senior Debt

Because the notes will be issued by the Parent Company, which is a holding company, the notes will be structurally subordinated to the obligations of our subsidiaries.

The Parent Company is a holding company whose assets primarily consist of the capital stock of its subsidiaries. Because the Parent Company is a holding company, holders of the notes will have a junior position to the claims of creditors of its subsidiaries on their assets and earnings. The notes will be unsecured and unsubordinated obligations and will:

rank equally in right of payment with all of our other unsecured and unsubordinated senior indebtedness, including other senior unsecured indebtedness issued under the indenture under which the notes will be issued;

be effectively subordinated in right of payment to all our secured indebtedness to the extent of the value of the assets securing such indebtedness;

be effectively subordinated to all existing and future obligations (including insurance obligations) of our subsidiaries; and

not be guaranteed by any of our subsidiaries.

At June 30, 2010, the aggregate amount of our outstanding consolidated indebtedness was \$2,653 million, of which none was secured. All unsecured indebtedness of the Parent Company would rank equally in right of payment with the notes. All obligations (including insurance obligations) of our subsidiaries would be effectively senior to the notes. At June 30, 2010, the consolidated obligations of our subsidiaries reflected on our balance sheet were approximately \$81,209 million.

Furthermore, in the event of insolvency, bankruptcy, liquidation, dissolution, receivership, reorganization or similar event involving a subsidiary, the assets of that subsidiary would be used to satisfy claims of policyholders and creditors of the subsidiary rather than the Parent Company's creditors. As a result of the application of the subsidiary's assets to satisfy claims of policyholders and creditors, the value of the stock of the subsidiary would be diminished and perhaps rendered worthless. Any such diminution in the value of the shares of the Parent Company's subsidiaries would adversely impact its financial condition and possibly impair its ability to meet its obligations on the debt securities. In addition, any liquidation of the assets of the Parent Company's subsidiaries (Aflac U.S., in particular) to satisfy claims of such subsidiary's policyholders and creditors might make it impossible for such subsidiary to pay dividends to the Parent Company. Likewise, any inability of Aflac Japan to repatriate earnings to Aflac may also limit Aflac's ability to pay dividends to the Parent Company. This inability to pay dividends would further impair the Parent Company's ability to satisfy its obligations under the notes.

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The indenture under which the notes will be issued will contain only limited protection for holders of the notes in the event the Parent Company is involved in a highly leveraged transaction, reorganization, restructuring, merger or similar transaction in the future.

The indenture under which the notes will be issued may not sufficiently protect holders of notes in the event the Parent Company is involved in a highly leveraged transaction, reorganization, restructuring, merger or similar transaction. The indenture will not contain any provisions restricting the Parent Company's ability to:

incur additional debt, including debt senior in right of payment to the notes;

pay dividends on or purchase or redeem capital stock;

sell assets (other than certain restrictions on the Parent Company's ability to consolidate, merge or sell all or substantially all of its assets and its ability to sell the stock of certain subsidiaries);

enter into transactions with affiliates;

create liens (other than certain limitations on creating liens on the stock of certain subsidiaries) or enter into sale and leaseback transactions; or

create restrictions on the payment of dividends or other amounts to the Parent Company from its subsidiaries.

Additionally, the indenture will not require the Parent Company to offer to purchase the notes in connection with a change of control or require that the Parent Company adhere to any financial tests or ratios or specified levels of net worth. The Parent Company's ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the notes could have the effect of diminishing the Parent Company's ability to make payments on the notes when due.

An active trading market for the notes may not develop.

The notes are new issues of securities with no established trading market, and we do not intend to list the notes on any securities exchange or for quotation in any automated dealer quotation system. We have been informed by the underwriters that they intend to make a market in the notes after the offering is completed. However, the underwriters may cease their market-making at any time. In addition, the liquidity of the trading market in the notes, and the market price quoted for the notes, may be adversely affected by changes in the overall market for fixed income securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. In addition, such market-making activity will be subject to limits imposed by the Securities Act of 1933, as amended (the "Securities Act") and the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As a result, you cannot be sure that an active trading market will develop for either the 2015 notes or the 2040 notes. If no active trading market develops, you may not be able to resell your notes at their fair market value or at all.

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Use of Proceeds

We estimate that the net proceeds to us from this offering will be approximately \$741,551,000 after deducting underwriting discounts and estimated offering expenses. We intend to use the net proceeds from this offering to repay in full at maturity the Parent Company's \$170 million aggregate principal amount of 1.52% Uridashi notes and \$226 million aggregate principal amount of the variable interest rate Uridashi notes (0.68% as of June 30, 2010), both due September 2011, to repurchase our common stock and for general corporate purposes.

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Table of Contents**Capitalization**

The following table sets forth our cash and cash equivalents and our consolidated capitalization as of June 30, 2010 on an actual basis and as adjusted to give effect to the offering of the notes and the planned use of proceeds. See Use of Proceeds .

You should read the information in this table together with our consolidated financial statements and the related notes in our Quarterly Report on Form 10-Q for the period ended June 30, 2010, which is incorporated herein by reference.

	As of June 30, 2010	
	Actual	As Adjusted
	(In millions)	
Cash and Cash Equivalents	\$ 2,184	\$ 2,530
Short-term Debt	0	0
Long-term Debt	2,653	2,999(1)
Total Debt	2,653	2,999
Shareholders' Equity		
Common Stock, at Par Value	66	66
Additional Paid-in Capital	1,271	1,271
Retained Earnings	13,340	13,340
Accumulated Other Comprehensive Income		
Unrealized Foreign Currency Translation Gains	599	599
Unrealized Gains (Losses) on Investment Securities	139	139
Unrealized Gains (Losses) on Derivatives	(3)	(3)
Pension Liability Adjustment	(106)	(106)
Treasury Stock, at Average Cost	(5,276)	(5,276)
Total Shareholders' Equity	10,030	10,030
Total Capitalization	\$ 12,683	\$ 13,029

- (1) This as adjusted amount assumes that an estimated amount of \$396 million of net proceeds from this notes offering will be used to repay in full at maturity the Parent Company's \$170 million aggregate principal amount of 1.52% Uridashi notes and the \$226 million aggregate principal amount of the variable interest rate Uridashi notes, both due September 2011. The estimated reduction in Long-term Debt is based on a Japanese yen to U.S. dollar exchange rate of 88.48 at June 30, 2010. If the yen/dollar exchange rate strengthened in favor of the dollar by 10% to 97.32, the estimated repayment amount would be \$360 million. If the yen/dollar exchange rate weakened against the dollar by 10% to 79.63, the estimated repayment amount would be \$440 million.

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The following table sets forth our ratio of earnings to fixed charges for each of the periods indicated. For the purpose of computing the below ratios, earnings consist of income from continuing operations before income taxes excluding interest expense on income tax liabilities, plus fixed charges. Fixed charges consist of interest expense, excluding interest expense on income tax liabilities, interest on investment-type contracts and such portion of rental expense as is estimated to be representative of the interest factors in the leases, all on a pre-tax basis.

	Six Months Ended June 30, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005
Ratio of Earnings to Fixed Charges	21.8x	21.7x	37.2x	58.5x	70.7x	69.4x

Table of Contents**Description of the Notes**

Set forth below is a description of the specific terms of the notes. This description supplements, and should be read together with, the description of the general terms and provisions of the securities set forth in the accompanying prospectus under the caption "Description of Debt Securities". The following description does not purport to be complete and is subject to, and qualified in its entirety by reference to, the indenture dated as of May 21, 2009, as supplemented by a third supplemental indenture for the 2040 notes and as supplemented by a fourth supplemental indenture for the 2015 notes, which we collectively refer to as the "Senior Debt Indenture", between Aflac Incorporated, as issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee, which we refer to as the "Trustee", pursuant to which the notes will be issued. Although for convenience the 2015 notes and the 2040 notes are referred to as "notes", each will be issued as a separate series and will not together have any class voting rights. Accordingly, for purposes of this "Description of Notes" section, references to the "notes" shall be deemed to refer to each series of notes separately, and not to the 2015 notes and the 2040 notes on any combined basis. All capitalized terms herein that are not defined within this prospectus supplement shall have the same meanings as defined in the Senior Debt Indenture. As used in this "Description of the Notes" section, unless the context otherwise requires, references to "we", "us", "our" or "the Company" refer to Aflac Incorporated.

General

The aggregate principal amount of the two series of notes offered hereby will be limited to \$750,000,000. The 2015 notes will be issued as a series of senior debt securities under the Senior Debt Indenture and will be limited in aggregate principal amount to \$300,000,000. The 2040 notes will be issued as a series of senior debt securities under the Senior Debt Indenture and will be limited in aggregate principal amount to \$450,000,000. The notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. Payments of principal of, and interest on, the notes will be made in U.S. dollars. The provisions of the Senior Debt Indenture pertaining to satisfaction and discharge of the indenture and unclaimed moneys will apply to the notes.

The notes are our unsecured obligations and will rank equally and *pari passu* with all of our other unsecured senior indebtedness from time to time outstanding.

Maturity

The entire principal amount of the 2015 notes will mature and become due and payable, together with any accrued and unpaid interest thereon, on August 15, 2015. The entire principal amount of the 2040 notes will mature and become due and payable, together with any accrued and unpaid interest thereon, on August 15, 2040.

Interest

Each 2015 note will bear interest at 3.45% per year and each 2040 note will bear interest at 6.45% per year, from the most recent date on which interest has been paid or duly provided for or, if no interest has been paid, from the date of original issuance until such principal amount or overdue installment is paid or made available for payment. We will pay interest semi-annually in arrears on February 15 and August 15 of each year, commencing on February 15, 2011, each of which we refer to as an interest payment date.

Interest payments for the notes shall be computed and paid on the basis of a 360-day year consisting of twelve 30-day months. In the event that any date on which interest is payable on the notes is not a business day, then payment of the interest payable on such date will be made on the next succeeding day that is a business day (and without any interest or other payment in respect of any such delay), except that, if such next succeeding business day is in the next succeeding calendar year, such payment will be made on the immediately preceding business day, in each case with the same force and effect as if such payment was made on the date such payment was originally payable.

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The interest payable by us on a note on any interest payment date and on the maturity date, subject to certain exceptions, will be paid to the person in whose name such note is registered at the close of business on February 1 or August 1 immediately preceding such interest payment date, whether or not a business day. However, interest that we pay on the maturity date or a Redemption Date (as defined below) will be payable to the person to whom the principal will be payable.

Optional Redemption of the Notes

Each series of notes will be redeemable, at the sole option of the Company, in whole at any time or in part from time to time (a Redemption Date), at a redemption price (the Redemption Price) equal to the greater of (1) 100% of the aggregate principal amount of the notes to be redeemed and (2) an amount equal to the sum of the present values of the remaining scheduled payments for principal of and interest on the notes to be redeemed, not including any portion of the payments of interest accrued as of such Redemption Date, discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 30 basis points with respect to the 2015 notes and 35 basis points with respect to the 2040 notes; plus, in the case of each of (1) and (2), accrued and unpaid interest on the principal amount of the notes to be redeemed to, but excluding, such Redemption Date.

Treasury Rate means (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining life, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month), or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using 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. The Treasury Rate shall be calculated on the third business day preceding the Redemption Date.

Comparable Treasury Issue means the United States Treasury security selected by the 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 the notes.

Independent Investment Banker means each of Goldman, Sachs & Co. and J.P. Morgan Securities Inc. and their successors or, if any of such firms is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Trustee after consultation with the Company.

Comparable Treasury Price means with respect to any Redemption Date for the notes (1) the average of five Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Trustee obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

Reference Treasury Dealer means each of Goldman, Sachs & Co. and J.P. Morgan Securities Inc. and their respective successors and three other primary U.S. government securities dealers (each a Primary Treasury Dealer), as specified by the Company; provided that (1) if any of Goldman, Sachs & Co. and J.P. Morgan Securities Inc. and their respective successors or any Primary Treasury Dealer as specified by the Company shall cease to be a Primary Treasury Dealer, the Company will substitute therefore another Primary Treasury Dealer and (2) if the Company fails to select a substitute within a reasonable period of time, then the substitute will be a Primary Treasury Dealer selected by the Trustee after consultation with the Company.

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Reference Treasury Dealer Quotations means, with respect to the Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, 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 Independent Investment Banker by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such Redemption Date.

The Company will notify the Trustee of the Redemption Price with respect to the foregoing redemption promptly after the calculation thereof. The Trustee will not be responsible for calculating said Redemption Price.

Unless the Company defaults in payment of the Redemption Price, on and after the Redemption Date, interest will cease to accrue on the notes or portions of the notes called for redemption.

If less than all of the notes of a series are to be redeemed, the Trustee will select, in such manner as it shall deem appropriate and fair, the principal amount of such notes held by each beneficial owner of such notes to be redeemed. The Trustee may select notes and portions of notes in amounts of \$2,000 and whole multiples of \$1,000 in excess of \$2,000.

On and after the Redemption Date, interest will cease to accrue on the notes or any portion of the notes called for redemption, unless we default in the payment of the Redemption Price.

Transfer

No service charge will be made for any registration of transfer or exchange of notes, but payment will be required of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

Certain Covenants

The Senior Debt Indenture does not contain any provisions that will restrict the Company from incurring, assuming or becoming liable with respect to any indebtedness or other obligations, whether secured or unsecured, or from paying dividends or making other distributions on its capital stock or purchasing or redeeming its capital stock. The Senior Debt Indenture does not contain any financial ratios or specified levels of net worth or liquidity to which the Company must adhere. In addition, the Senior Debt Indenture does not contain any provision that would require that the Company repurchase or redeem or otherwise modify the terms of any of the notes upon a change in control or other events involving the Company which may adversely affect the creditworthiness of the notes.

The Company is not required pursuant to the Senior Debt Indenture to repurchase the notes, in whole or in part, with the proceeds of any sale, transfer or other disposition of any shares of capital stock of any restricted subsidiary (or of any subsidiary having any direct or indirect control of any restricted subsidiary). Further, the Senior Debt Indenture does not provide for any restrictions on the Company's use of such proceeds.

For a discussion of the covenants contained in the Senior Debt Indenture, including those imposing limitations on liens on restricted subsidiaries and dispositions of stock of restricted subsidiaries, see "Description of Debt Securities - Covenants Applicable to the Debt Securities" in the accompanying prospectus.

Book-Entry System

The Depository Trust Company, or DTC, which we refer to along with its successors in this capacity as the depository, will act as securities depository for the notes. The notes will be issued only as fully registered securities registered in the name of Cede & Co., the depository's nominee. One or more fully registered global notes, representing the total aggregate principal amount of the notes, will be issued and will be deposited with the depository or its custodian and will bear a legend regarding the restrictions on exchanges and registration of transfer referred to below.

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The laws of some jurisdictions may require that some purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in the notes so long as the notes are represented by global notes.

Investors may elect to hold interests in the notes in global form through either DTC in the United States or Clearstream Banking, société anonyme (Clearstream, Luxembourg) or Euroclear Bank S.A./N.V. (Euroclear), if they are participants in those systems, or indirectly through organizations which are participants in those systems. Clearstream, Luxembourg and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and Euroclear's names on the books of their respective depositories, which in turn will hold such interests in customers' securities accounts in the depositories' names on the books of DTC. Citibank, N.A. will act as depository for Clearstream, Luxembourg and JPMorgan Chase Bank, N.A. will act as depository for Euroclear (in such capacities, the U.S. Depositories).

DTC advises that it is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. The depository holds securities that its participants (the DTC Participants) deposit with the depository. The depository also facilitates the settlement among DTC Participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes in DTC Participants' accounts, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. The depository is owned by a number of its direct participants and by the New York Stock Exchange, the American Stock Exchange, Inc., and the Financial Industry Regulatory Authority, Inc. Access to the depository's system is also available to others, including securities brokers and dealers, banks and trust companies that clear transactions through or maintain a direct or indirect custodial relationship with a direct participant either directly, or indirectly. The rules applicable to the depository and DTC Participants are on file with the Securities and Exchange Commission (the SEC).

Clearstream, Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depository. Clearstream, Luxembourg holds securities for its participating organizations (Clearstream Participants) and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a professional depository, Clearstream, Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant, either directly or indirectly.

Distributions with respect to interests in the notes held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by the U.S. Depository for Clearstream, Luxembourg.

Euroclear advises that it was created in 1968 to hold securities for participants of Euroclear (Euroclear Participants) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash.

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Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the Euroclear Operator). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the Terms and Conditions). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no records of or relationship with persons holding through Euroclear Participants.

Distributions with respect to the notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by the U.S. Depository for Euroclear.

We will issue the notes in definitive certificated form if the depository notifies us that it is unwilling or unable to continue as depository or the depository ceases to be a clearing agency registered under the Exchange Act, and a successor depository is not appointed by us within 90 days. In addition, beneficial interests in a global note may be exchanged for definitive certificated notes upon request by or on behalf of the depository in accordance with customary procedures following the request of a beneficial owner seeking to exercise or enforce its rights under such notes. If we determine at any time that the notes shall no longer be represented by global notes, we will inform the depository of such determination who will, in turn, notify participants of their right to withdraw their beneficial interest from the global notes, and if such participants elect to withdraw their beneficial interests, we will issue certificates in definitive form in exchange for such beneficial interests in the global notes. Any global note, or portion thereof, that is exchangeable pursuant to this paragraph will be exchangeable for note certificates, as the case may be, registered in the names directed by the depository. We expect that these instructions will be based upon directions received by the depository from its participants with respect to ownership of beneficial interests in the global notes.

As long as the depository or its nominee is the registered owner of the global notes, the depository or its nominee, as the case may be, will be considered the sole owner and holder of the global notes and all notes represented by these global notes for all purposes under the notes and the indenture governing the notes. Except in the limited circumstances referred to above, owners of beneficial interests in global notes:

will not be entitled to have the notes represented by these global notes registered in their names, and

will not be considered to be owners or holders of the global notes or any notes represented by these global notes for any purpose under the notes or the indenture governing the notes.

All payments on the notes represented by the global notes and all transfers and deliveries of related notes will be made to the depository or its nominee, as the case may be, as the holder of the securities.

Ownership of beneficial interests in the global notes will be limited to participants or persons that may hold beneficial interests through institutions that have accounts with the depository or its nominee. Ownership of beneficial interests in global notes will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by the depository or its nominee, with respect to participants' interests, or any participant, with respect to interests of persons held by the participant on their behalf. Payments, transfers,

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deliveries, exchanges and other matters relating to beneficial interests in global notes may be subject to various policies and procedures adopted by the depositary from time to time. Neither we nor the trustee will have any responsibility or liability for any aspect of the depositary's or any participant's records relating to, or for payments made on account of, beneficial interests in global notes, or for maintaining, supervising or reviewing any of the depositary's records or any participant's records relating to these beneficial ownership interests.

Although the depositary has agreed to the foregoing procedures in order to facilitate transfers of interests in the global notes among participants, the depositary is under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. We will not have any responsibility for the performance by the depositary or its direct participants or indirect participants under the rules and procedures governing the depositary.

The information in this section concerning the depositary, its book-entry system, Clearstream, Luxembourg and Euroclear has been obtained from sources that we believe to be reliable, but we have not attempted to verify the accuracy of this information.

Global Clearance and Settlement Procedures

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

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

Because of time-zone differences, credits of notes received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a DTC Participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such notes settled during such processing will be reported to the relevant Euroclear Participant or Clearstream Participant on such business day. Cash received in Clearstream, Luxembourg or Euroclear as a result of sales of the notes by or through a Clearstream Participant or a Euroclear Participant to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in DTC.

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

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About the Trustee

The Bank of New York Mellon Trust Company, N.A. is the Trustee. Subject to the provisions of the Trust Indenture Act of 1939, as amended, the Trustee is under no obligation to exercise any of its powers vested in it by the Senior Debt Indenture at the request of any holder of the notes unless the holder offers the Trustee reasonable indemnity against the costs, expenses and liabilities which might result. The Trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in performing its duties if the Trustee reasonably believes that it is not reasonably assured of repayment or adequate indemnity. We have entered, and from time to time may continue to enter, into banking or other relationships with The Bank of New York Mellon Trust Company, N.A. or its affiliates.

The Trustee may resign or be removed with respect to one or more series of debt securities under the Senior Debt Indenture, and a successor trustee may be appointed to act with respect to such series.

Applicable Law

The notes and the Senior Debt Indenture will be governed by, and construed in accordance with, the laws of the State of New York.