

BAXTER INTERNATIONAL INC

Form 424B2

May 20, 2008

Table of ContentsFiled Pursuant to Rule 424 (b)(2)
Registration No. 333-136224**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
5.375% Notes due 2018	\$ 500,000,000	\$ 19,650

(1) The filing fee of \$19,650 is calculated in accordance with Rule 457(r) under the Securities Act of 1933.

Prospectus Supplement
(To Prospectus dated August 1, 2006)

\$500,000,000

**Baxter International Inc.
5.375% Senior Notes due 2018**

We are offering \$500,000,000 aggregate principal amount of 5.375% Senior Notes due 2018. Interest on the notes is payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2008. The notes will mature on June 1, 2018. We may at our option redeem the notes, at any time, in whole or in part, at a make whole redemption price as described in the section of this prospectus supplement entitled "Description of the Notes - Optional Redemption." If a change of control triggering event as described in this prospectus supplement occurs, we will be required to offer to purchase the notes from the holders as described in the section of this prospectus supplement entitled "Description of the Notes - Offer to Purchase Upon Change of Control Triggering Event."

The notes will be our general senior unsecured and unsubordinated obligations and will rank equal in priority with all of our existing and future unsecured and unsubordinated indebtedness and senior in right of payment to any existing and future subordinated indebtedness.

Investing in the notes involves risks that are described in the "Risk Factors" section beginning on page S-3 of this prospectus supplement.

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

	Price to Public(1)	Underwriting Discounts and Commissions	Proceeds to Baxter(2)
5.375% Senior Notes due 2018	99.707%	0.500%	99.207%
Total	\$ 498,535,000	\$ 2,500,000	\$ 496,035,000

(1) Plus accrued interest from May 22, 2008, if settlement occurs after that date.

(2) Before expenses in connection with this offering. See Underwriting .

Currently, there is no public market for the notes. The notes will not be listed on any national securities exchange or any automated dealer quotation system.

The underwriters expect to deliver the notes in book-entry form through the facilities of The Depository Trust Company and its participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, on or about May 22, 2008.

Goldman, Sachs & Co.

JPMorgan

Banc of America Securities LLC

Barclays Capital Inc.

Credit Suisse

Deutsche Bank Securities

Mitsubishi UFJ Securities

UBS Investment Bank

The date of this prospectus supplement is May 19, 2008.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. Before making a decision to invest in the notes, you should read this entire prospectus supplement, including the section entitled "Risk Factors," as well as the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus that are described in the section entitled "Where You Can Find More Information" in the accompanying prospectus.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, and the documents incorporated by reference is accurate only as of the respective dates of those documents in which the information is contained. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless we have indicated otherwise, or the context otherwise requires, references to "Baxter," "we," "us," and "our" in this prospectus supplement and the accompanying prospectus are to Baxter International Inc. and its subsidiaries.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. As a result, it is not complete and does not contain all of the information that may be important to you or that you should consider when making an investment decision with respect to the notes. You should read the following summary in conjunction with the more detailed information contained in this prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference, before making a decision to invest in the notes.

Baxter International Inc.

Baxter International Inc. was incorporated under Delaware law in 1931. Our principal executive offices are located at One Baxter Parkway, Deerfield, Illinois 60015 and our telephone number is (847) 948-2000. We develop, manufacture and market products that save and sustain the lives of people with hemophilia, immune disorders, cancer, infectious diseases, kidney disease, trauma and other chronic and acute medical conditions. As a global diversified healthcare company, we apply a unique combination of expertise in medical devices, pharmaceuticals and biotechnology to create products that advance patient care worldwide. Our products are used by hospitals, kidney dialysis centers, nursing homes, rehabilitation centers, doctors' offices, clinical and medical research laboratories, and by patients at home under physician supervision. We manufacture products in 26 countries and sell them in over 100 countries.

We operate in three segments, each of which is a strategic business that is managed separately because each business develops, manufactures and sells distinct products and services. The BioScience business is a manufacturer of recombinant and plasma-based proteins to treat hemophilia and other bleeding disorders; plasma-based therapies to treat immune deficiencies, alpha 1-antitrypsin deficiency, burns and shock, and other chronic and acute blood-related conditions; products for regenerative medicine, such as proteins used in hemostasis, wound-sealing and tissue regeneration; and vaccines. The Medication Delivery business is a manufacturer of products used to deliver fluids and drugs to patients. These products include intravenous (IV) solutions and administration sets, premixed drugs and drug-reconstitution systems, pre-filled vials and syringes for injectable drugs, IV nutrition products, infusion pumps, and inhalation anesthetics, as well as products and services related to drug formulation and packaging technologies. The Renal business is a manufacturer of products for peritoneal dialysis, a home therapy for people with irreversible kidney failure who require renal replacement therapy. The business also distributes products for hemodialysis, which is generally conducted in a hospital or clinic. These businesses enjoy leading positions in the medical products and services fields.

For additional information regarding our business, we refer you to our filings with the Securities and Exchange Commission that are incorporated into this prospectus supplement and the accompanying prospectus by reference. Please read the section in the accompanying prospectus entitled "Where You Can Find More Information."

THE OFFERING

The following is a summary of the notes and is not intended to be complete. It does not contain all of the information that may be important to you. For a more complete understanding of the notes, please refer to the section entitled "Description of the Notes" in this prospectus supplement and the section entitled "Description of Debt Securities" in the accompanying prospectus.

Issuer Baxter International Inc., a Delaware corporation.

Notes Offered \$500,000,000 aggregate principal amount of 5.375% Senior Notes due 2018.

Maturity The notes will mature on June 1, 2018.

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Interest	Interest on the notes will accrue from the date of their issuance at the rate of 5.375% per annum.
Interest Payment Dates	Interest on the notes is payable semi-annually in arrears on June 1 and December 1 of each year. The first interest payment on the notes will be made on December 1, 2008.
Ranking	The notes are senior unsecured and unsubordinated obligations of ours and rank equal in priority with all of our existing and future unsecured and unsubordinated indebtedness and senior in right of payment to any existing and future subordinated indebtedness. See the section of this prospectus supplement entitled "Description of the Notes - Ranking."
Optional Redemption	We may at our option redeem the notes, at any time, in whole or in part, at a "make-whole" redemption price as described in the section of this prospectus supplement entitled "Description of the Notes - Optional Redemption."
Change of Control Triggering Event	Upon the occurrence of a Change of Control Triggering Event, as defined under "Description of the Notes - Offer to Purchase Upon Change of Control Triggering Event," we will be required to make an offer to repurchase the notes at a price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest to, but not including, the date of repurchase.
Certain Covenants	The indenture governing the notes contains certain covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to create liens on our assets. These covenants are subject to a number of important limitations and exceptions. See the section in the accompanying prospectus entitled "Description of Debt Securities - Certain Covenants."
Further Issuances	We reserve the right, from time to time, without the consent of the holders of the notes, to issue additional notes of the same series on terms and conditions substantially identical to those of the notes, which additional notes shall increase the aggregate principal amount of, and shall be consolidated and form a single series with, the notes.
Use of Proceeds	We will use the net proceeds from the sale of the notes for general corporate purposes, which may include the repayment of outstanding indebtedness and certain net investment hedges.
Trustee, Registrar and Paying Agent	The Bank of New York Trust Company, N.A. (as successor in interest to J.P. Morgan Trust Company, National Association).
Governing Law	The indenture and the notes will be governed by the laws of the State of New York.

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RISK FACTORS

Before you decide to invest in the notes, you should carefully consider the following risk factors as well as the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2007, which is incorporated by reference in this prospectus supplement and the accompanying prospectus. See the section entitled "Where You Can Find More Information" in the accompanying prospectus.

The notes are our obligations and not obligations of our subsidiaries and will be effectively subordinated to the claims of our subsidiaries' creditors.

The notes are exclusively our obligations and not obligations of our subsidiaries. We are a holding company and, accordingly, we conduct substantially all of our operations through our subsidiaries. As a result, our cash flow and our ability to service our debt, including the notes, depends upon the earnings and operating capital requirements of our subsidiaries. We depend on the distribution of earnings, loans or other payments by our subsidiaries to us. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the notes or to make any funds available to us for such payment, whether by dividends, distributions, loans or other payments. The ability of our subsidiaries to make any payments to us will depend on our subsidiaries' earnings, business and tax considerations and any legal restrictions.

As a result of our structure, the notes will effectively rank junior to all existing and future indebtedness, trade payables and other liabilities of our subsidiaries. Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and therefore the right of holders of the notes to participate in those assets, will be subject to the prior claims of our subsidiaries' creditors, including trade creditors. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

An active trading market for the notes may not develop.

Currently there is no public market for the notes and we do not plan to list the notes on any national securities exchange or automated dealer quotation system. As a result, an active trading market for the notes may not develop or, if one does develop, it may not be sustained. If an active trading market for the notes fails to develop or cannot be sustained, the trading price and liquidity of the notes could be adversely affected.

The liquidity of any trading market in the notes, and the market price quoted for the notes, also may be adversely affected by changes in the overall market for these securities and by changes in our financial performance or prospects. In addition, we may determine from time to time in the future to purchase the notes through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, which would create a more limited market for the notes.

We could enter into various transactions that could increase the amount of our outstanding indebtedness, adversely affect our capital structure or credit ratings, or otherwise adversely affect holders of the notes.

The indenture governing the notes does not generally prevent us from entering into a variety of acquisition, change of control, refinancing, recapitalization or other highly leveraged transactions. As a result, we could enter into any such transaction even though the transaction could increase the total amount of our outstanding indebtedness, adversely affect our capital structure or credit ratings, or otherwise adversely affect the holders of the notes.

We may not be able to repurchase all of the notes upon a change of control triggering event, which would result in a default under the notes.

We will be required to offer to repurchase the notes upon the occurrence of a change of control triggering event as provided in the indenture governing the notes. However, we may not have sufficient funds to repurchase the notes in cash at such time. In addition, our ability to repurchase the notes for cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. The failure to make such repurchase would result in a default under the notes.

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus and the documents incorporated by reference herein and therein include forward-looking statements within the meaning of the federal securities laws. These forward-looking statements are identified by their use of terms and phrases such as believe, anticipate, could, estimate, intend, may, plan, expect, and similar expressions. The statements are based on assumptions about many important factors, including assumptions concerning:

demand for and market acceptance risks for new and existing products, such as ADVATE and IGIV, and other therapies;

our ability to identify business development and growth opportunities for existing products and to exit low margin businesses or products;

product quality or patient safety issues, leading to product recalls, withdrawals, launch delays, sanctions, seizures, litigation or declining sales, including with respect to our heparin products;

future actions of regulatory bodies and other government authorities that could delay, limit or suspend product development, manufacturing or sale or result in seizures, injunctions, monetary sanctions or criminal or civil liabilities, including any sanctions available under the Consent Decree entered with the United States Food and Drug Administration concerning our COLLEAGUE and SYNDEO pumps;

fluctuations in the balance between supply and demand with respect to the market for plasma protein products;

reimbursement policies of government agencies and private payers;

product development risks, including satisfactory clinical performance, the ability to manufacture at appropriate scale, and the general unpredictability associated with the product development cycle;

the ability to enforce the company's patent rights or patents of third parties preventing or restricting the company's manufacture, sale or use of affected products or technology;

the impact of geographic and product mix on the company's sales;

the impact of competitive products and pricing, including generic competition, drug reimportation and disruptive technologies;

inventory reductions or fluctuations in buying patterns by wholesalers or distributors;

the availability of acceptable raw materials and component supply;

global regulatory, trade and tax policies;

actions by tax authorities in connection with ongoing tax audits;

our ability to realize the anticipated benefits of restructuring initiatives;

foreign currency fluctuations;

changes in credit agency ratings; and

those factors described in the section of this prospectus supplement entitled "Risk Factors" as well as other factors identified in our other filings with the Securities and Exchange Commission, including those described under the caption "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2007, which is incorporated by reference in this prospectus supplement and the accompanying prospectus and available on our website.

Actual results may differ materially from those projected in the forward-looking statements. We do not undertake to update our forward-looking statements.

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We estimate the net proceeds to us from the sale of the notes will be approximately \$495.2 million, after deducting underwriting discounts and estimated offering expenses payable by us. We intend to use the net proceeds from the sale of the notes for general corporate purposes, which may include the repayment of outstanding indebtedness and certain net investment hedges.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratios of earnings to fixed charges for the years and period indicated:

	Three Months Ended March 31, 2008	2007	Years Ended December 31,			
			2006	2005	2004	2003
Ratio of earnings to fixed charges(1)	10.81	12.18	11.48	7.17	3.10	6.27

- (1) For purposes of computing the ratios, (i) earnings consist of income from continuing operations before income taxes and cumulative effect of accounting changes, plus fixed charges less capitalized interest costs, and less net gains of less than majority-owned affiliates, net of dividends and (ii) fixed charges consist of interest costs and estimated interest in rentals and exclude interest on uncertain tax positions under Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement 109.

Income from continuing operations before income taxes and cumulative effect of accounting changes includes certain significant items as follows:

2008: \$53 million charge relating to infusion pumps and \$19 million charge relating to our recall of heparin sodium injection products in the United States.

2007: \$70 million charge for restructuring, \$56 million pre-tax charge relating to average wholesale pricing litigation and \$61 million of charges relating to acquired in-process research and development.

2006: \$76 million charge relating to infusion pumps.

2005: \$109 million benefit relating to restructuring charge adjustments, \$126 million of charges relating to infusion pumps and a charge of \$50 million relating to the exit of hemodialysis instrument manufacturing.

2004: \$543 million charge for restructuring, \$289 million charge for impairments and \$115 million for other special charges.

2003: \$337 million charge for restructuring.

Excluding these significant items, the ratio of earnings to fixed charges was 12.15, 13.18, 11.94, 7.47, 7.98, and 7.93 in the first quarter of 2008 and in 2007, 2006, 2005, 2004 and 2003, respectively.

Please refer to the financial statements and financial information incorporated by reference in the accompanying prospectus for more information relating to the foregoing. See the section of the accompanying prospectus entitled Where You Can Find More Information.

DESCRIPTION OF THE NOTES

The following description is a summary of the terms of the notes being offered by this prospectus supplement and supplements the description of the general terms and provisions of the debt securities contained in the accompanying prospectus and, to the extent it is inconsistent, replaces the description in the accompanying prospectus. The descriptions in this prospectus supplement and the accompanying prospectus contain a description of certain terms of the notes and the indenture under which the notes will be issued, but

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do not purport to be complete. The descriptions are qualified in their entirety by reference to the indenture, dated as of August 8, 2006, between us and The Bank of New York Trust Company, N.A. (as successor in interest to J.P. Morgan Trust Company, National Association), as trustee and supplemental indenture No. 3 to be entered into between us and The Bank of New York Trust Company, N.A., as trustee.

General

We will issue the notes under the indenture, dated as of August 8, 2006, between us and The Bank of New York Trust Company, N.A. (as successor in interest to J.P. Morgan Trust Company, National Association), as trustee, and to be amended and supplemented by supplemental indenture No. 3 to be entered into between us and the trustee (as so amended and supplemented, the indenture). The indenture has been qualified as an indenture under the Trust Indenture Act of 1939. The terms of the indenture are those provided in the indenture and those made a part of the indenture by the Trust Indenture Act. The notes will constitute debt securities under the indenture as described in the accompanying prospectus. In addition to the notes, we may issue, from time to time, other series of debt securities under the indenture. Such other series will be separate from and independent of the notes.

The notes will initially be issued in an aggregate principal amount of \$500,000,000. We may, from time to time, without the consent of the existing holders of the notes, issue additional notes under the indenture having the same terms as the notes in all respects, except for the issue date and, in some cases, the initial interest payment date. Any such additional notes will be consolidated with and form a single series with the notes being offered by this prospectus supplement.

Each note will bear interest at the rate of 5.375% per annum. Interest will be payable semi-annually on June 1 and December 1 of each year commencing on December 1, 2008. We will make each interest payment to the holders of record of the notes as of the close of business on the immediately preceding May 15 and November 15 (whether or not a business day). Interest on the notes will be calculated on the basis of a 360-day year of twelve 30-day months. The notes will mature on June 1, 2018.

If any interest payment date falls on a day that is not a business day, payment will be made on the next succeeding business day, and no interest will accrue for the period from and after the interest payment date to the next succeeding business day. As used in this prospectus supplement, the term business day means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in The City of New York are authorized or obligated by or pursuant to law, regulation or executive order to close.

The notes will be issued in the form of one or more global securities registered in the name of the nominee of The Depository Trust Company (which we may refer to along with its successors in such capacity as the depository). The notes will only be issued in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. Payments on notes issued as a global security will be made to the depository, the nominee of the depository or in the event that no depository is used, to a paying agent for the notes. See the section entitled Description of Debt Securities Book-Entry Securities in the accompanying prospectus.

With certain exceptions and pursuant to certain requirements set forth in the indenture, we may discharge our obligations under the indenture with respect to the notes as described in the sections entitled Description of Debt Securities Satisfaction and Discharge and Defeasance and Covenant Defeasance in the accompanying prospectus.

The notes will not be subject to a sinking fund provision.

Ranking

The notes are our direct, unsecured and unsubordinated obligations and will rank equal in priority of payment with all of our other existing and future unsecured and unsubordinated indebtedness, and senior in right of payment to any future subordinated indebtedness. At March 31, 2008, we had approximately \$2.86 billion of senior unsecured indebtedness outstanding. In addition to the notes, we may issue other series of debt securities under the indenture. There is no limit on the total aggregate principal amount of debt securities that we can issue under the indenture.

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The notes will be structurally subordinated to all indebtedness and other liabilities, including trade payables, of our subsidiaries. See **Risk Factors** above and the section entitled **Description of Debt Securities Ranking** in the accompanying prospectus.

Optional Redemption

The notes will be redeemable in whole at any time or in part, from time to time, at our option, at a make whole redemption price equal to the greater of (1) 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest to the redemption date, and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed (not including any portion of the payment of interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, as defined below, plus 25 basis points, plus accrued and unpaid interest to the date of redemption.

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to 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 an actual or interpolated 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.

Comparable Treasury Price means, with respect to any redemption date, (1) the average of four Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if we obtain fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

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

Reference Treasury Dealers means (1) Goldman, Sachs & Co. and J.P. Morgan Securities Inc. and their respective successors; provided, however, that if either Goldman, Sachs & Co. or J.P. Morgan Securities Inc. shall cease to be a primary U.S. government securities dealer (**Primary Treasury Dealer**), we shall substitute another nationally recognized investment banking firm that is a Primary Treasury Dealer, and (2) at our option, additional Primary Treasury Dealers selected by us.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, 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 us by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

To exercise our option to redeem the notes, we will give each holder of notes to be redeemed a notice in writing at least 30 days but not more than 60 days before the redemption date. If we elect to redeem fewer than all the notes, the trustee will select the particular notes to be redeemed by such method as the trustee deems fair and appropriate and in accordance with the indenture.

Unless a default occurs in payment of the redemption price, from and after the redemption date interest will cease to accrue on the notes or portions thereof called for redemption.

Offer to Purchase Upon Change of Control Triggering Event

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 (the 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 the Change of Control Offer, we will be required to

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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 the date of repurchase (the 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 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 the notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the Change of Control Payment Date). The notice will, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date.

On the 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 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; 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 comply with the obligations relating to repurchasing the notes if a third party instead satisfies them. 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 (the Exchange Act), and any other securities laws and regulations applicable to the repurchase of the notes. 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.

If a Change of Control Offer is made, there can be no assurance that we will have available funds sufficient to make the Change of Control Payment for all of the notes that may be tendered for repurchase.

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: (1) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one of our subsidiaries, 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 Voting Stock or other Voting Stock into which our Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares, (2) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to one or more persons (as that term is defined in the indenture), other than us or one of our subsidiaries, (3) the adoption of a plan relating to our liquidation or dissolution, or (4) the replacement of a majority of our board of directors over a two-year period from the directors who constituted our board of directors at the beginning of such period, and such replacement directors shall not have been approved by at least a majority of our board of directors then still in office (either by a specific vote or by approval of a proxy statement in which such member was named as a nominee for election as a director)

who either were members of such board of directors at the beginning of such period or whose election as a member of such board of directors was previously so approved. Notwithstanding the foregoing, a transaction will not be deemed to be a Change of Control if (1) we become a direct or indirect wholly-owned

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subsidiary of a holding company and (2)(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 (as that term is used in Section 13(d)(3) of the Exchange Act) (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.

Investment Grade Rating means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, and the equivalent investment grade credit rating from any replacement Rating Agency or Rating Agencies.

Moody's means Moody's Investors Service, Inc.

Rating Agencies means (1) each of Moody's and S&P, and (2) if either Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by us (as certified by a resolution of our board of directors) as a replacement agency for Moody's or S&P, or both of them, as the case may be.

Rating Event means the rating on the notes is lowered by each of the Rating Agencies and the notes are rated below an Investment Grade Rating by each of the Rating Agencies on any day within the 60-day period (which 60-day period will be extended so long as the rating of the notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies but no longer than 180 days) after the earlier of (1) the occurrence of a Change of Control and (2) public notice of our intention to effect a Change of Control; provided, however, that a Rating Event otherwise arising by virtue of a particular reduction in rating will not be deemed to have occurred in respect of a particular Change of Control (and thus will not be deemed a Rating Event for purposes of the definition of Change of Control Triggering Event) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing at our or its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control has occurred at the time of the Rating Event).

S&P means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc.

Voting Stock means, with respect to any specified person (as that term is used in Section 13(d)(3) of the Exchange Act), as of any date, the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of such phrase under applicable law. Accordingly, the ability of a holder of the notes to require us to repurchase that holder's notes as a result of the sale, transfer, conveyance or other disposition of less than all of our assets and the assets of our subsidiaries, taken as a whole, to one or more persons may be uncertain.

Our obligation to purchase the notes following a Change of Control Triggering Event is subject to the provisions described in the accompanying prospectus described in the section entitled Description of Debt Securities Defeasance

and Covenant Defeasance.

Book-Entry and Settlement

The notes will be represented by one or more fully registered global notes that will be deposited with, or on behalf of, The Depository Trust Company (DTC), the depository for the notes, and registered in the name

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of Cede & Co., the nominee of DTC. All interests in the global notes will be subject to the operations and procedures of DTC, Euroclear Bank S.A./N.V. (Euroclear) and Clearstream Banking, société anonyme (Clearstream, Luxembourg). A description of the DTC's procedures is set forth in the accompanying prospectus under the heading Description of Debt Securities Book-Entry Securities.

Clearstream, Luxembourg and Euroclear hold interests on behalf of their participating organizations through customers' securities accounts in Clearstream, Luxembourg's and Euroclear's names on the books of their respective depositaries, which hold those interests in customers' securities accounts in the depositaries' names on the books of DTC. At the present time, Citibank, N.A. acts as U.S. depositary for Clearstream, Luxembourg and JPMorgan Chase Bank, N.A. acts as U.S. depositary for Euroclear (the U.S. Depositaries).

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.

Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier and the Banque Centrale du Luxembourg, which supervise and oversee the activities of Luxembourg banks. Clearstream, Luxembourg participants are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations, and may include the underwriters or their affiliates. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with a Clearstream, Luxembourg participant. Clearstream, Luxembourg has established an electronic bridge with Euroclear as the operator of the Euroclear system (the Euroclear Operator) in Brussels to facilitate settlement of trades between Clearstream, Luxembourg and the Euroclear Operator.

Distributions with respect to 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. Depositary for Clearstream, Luxembourg.

Euroclear holds securities and book-entry interests in securities for participating organizations (Euroclear Participants) and facilitates the clearance and settlement of securities transactions between Euroclear Participants and between Euroclear Participants and participants of certain other securities intermediaries through electronic book-entry changes in accounts of such participants or other securities intermediaries. Euroclear provides Euroclear Participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services. Euroclear Participants are investment banks, securities brokers and dealers, banks, central banks, supranationals, custodians, investment managers, corporations, trust companies and certain other organizations, and may include the underwriters or their affiliates. Non-participants in Euroclear may hold and transfer beneficial interests in a global note through accounts with a participant in the Euroclear system or any other securities intermediary that holds a book-entry interest in a global note through one or more securities intermediaries standing between such other securities intermediary and Euroclear.

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 record of or relationship with persons holding through Euroclear Participants.

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Distributions with respect to 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.

Transfers between Euroclear Participants and Clearstream, Luxembourg Participants will be effected in the ordinary way in accordance with their respective rules and operating procedures. Subject to compliance with the transfer restrictions applicable to the global notes described herein or in the accompanying prospectus, cross-market transfers between direct participants in DTC, on the one hand, and Euroclear Participants or Clearstream Participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by its U.S. Depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (European time) of such system. Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its U.S. Depository to take action to effect final settlement on its behalf by delivering or receiving interests in the global note in DTC, and making or receiving payment in accordance with normal procedures for same-day fund settlement applicable to DTC. Euroclear Participants and Clearstream Participants may not deliver instructions directly to their respective U.S. Depositories.

Due to time zone differences, the securities accounts of a Euroclear or Clearstream Participant purchasing an interest in a global note from a direct participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear Participant or Clearstream Participant, during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, Luxembourg) immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interests in a global note by or through a Euroclear or Clearstream Participant to a direct participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day for Euroclear or Clearstream, Luxembourg following DTC's settlement date.

The information in this section concerning Euroclear and Clearstream, Luxembourg and their book-entry systems has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy of that information.

Although Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures to facilitate transfers of interests in the global notes among Euroclear Participants and Clearstream, Luxembourg Participants, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the underwriters take any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations.

The Trustee, Registrar and Paying Agent

The Bank of New York Trust Company, N.A. (as successor in interest to J.P. Morgan Trust Company, National Association) will be the trustee, registrar and paying agent with respect to the notes.

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We and the underwriters named below, for whom Goldman, Sachs & Co. and J.P. Morgan Securities Inc. are acting as representatives, have entered into an underwriting agreement relating to the offering and sale of the notes. In the underwriting agreement, we have agreed to sell to each underwriter, and each underwriter has agreed to purchase from us, the principal amount of the notes set forth opposite the name of that underwriter below:

Underwriter	Principal Amount of Notes
Goldman, Sachs & Co.	\$ 187,501,000
J.P. Morgan Securities Inc.	187,501,000
Banc of America Securities LLC	20,833,000
Barclays Capital Inc.	20,833,000
Credit Suisse Securities (USA) LLC	20,833,000
Deutsche Bank Securities Inc.	20,833,000
Mitsubishi UFJ Securities International plc	20,833,000
UBS Securities LLC	20,833,000
 Total	 \$