EATON CORP
Form 424B2
June 14, 2011

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CALCULATION OF REGISTRATION FEE

Title of Securities Registered	Amount Registered	Aggregate Price Per Unit	Aggregate Offering Price	Registration Fee(1)
Floating Rate Notes due 2014	$300,000,000	100%	$300,000,000	$34,830

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

PROSPECTUS SUPPLEMENT
June 13, 2011
(To Prospectus Dated February 27, 2009)

$300,000,000
Eaton Corporation
Floating Rate Notes due 2014

The Floating Rate Notes due June 16, 2014 (the Notes) will bear interest from June 16, 2011 at a floating rate, reset quarterly, equal to the three-month LIBOR rate for U.S. dollars plus 0.33% (33 basis points). Interest on the Notes will be payable quarterly in arrears on the 16th of March, June, September and December of each year, beginning on September 16, 2011. The Notes will mature on June 16, 2014. If a Change of Control Triggering Event as described herein with respect to the Notes occurs, we will be required to offer to repurchase the Notes at the price described in this prospectus supplement.

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

Investing in our Notes involves risks. See the Risk Factors section in our Annual Report on Form 10-K for the year ended December 31, 2010.

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.

	Per Note	Total
Public Offering Price(1)	100.00%	$ 300,000,000
Underwriting Discount	0.40%	$ 1,200,000

Proceeds to Eaton Corporation (before expenses)	99.60%	$ 298,800,000

(1) Plus accrued interest, if any, from June 16, 2011, if settlement occurs after that date.

The underwriters expect to deliver the Notes to investors in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, Luxembourg (Clearstream Luxembourg) and/or Euroclear Bank S.A./N.V. (Euroclear), on or about June 16, 2011.

Joint Book-Running Managers

Barclays Capital **Morgan Stanley** **UBS Investment Bank**

Co-Managers

Citi **J.P. Morgan** **Deutsche Bank Securities** **BofA Merrill Lynch**

KeyBanc Capital Markets **Goldman, Sachs & Co.** **BNP PARIBAS**

BNY Mellon Capital Markets, LLC **Credit Suisse** **Handelsbanken Capital Markets**

June 13, 2011

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any permitted free writing prospectus prepared by us. We 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 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 their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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Prospectus Supplement

Prospectus

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports and other information with the Securities and Exchange Commission (SEC). You may read and copy any document we file at the SEC s Public Reference Room at 100 F Street, N.E., Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on its public reference rooms. Our SEC filings are also available to the public from the SEC s web site at http://www.sec.gov. Our common shares are listed on the New York Stock Exchange and the Chicago Stock Exchange, and information about us is also available there.

This prospectus supplement is part of a registration statement that we have filed with the SEC. The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to other documents that we identify as part of this prospectus supplement. Our subsequent filings of similar documents with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), until we sell all of these securities.

Annual Report on Form 10-K for the year ended December 31, 2010.

Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011.

Current Reports on Form 8-K filed on February 28, 2011 and May 2, 2011.

You may obtain a copy of these filings at no cost by writing to or telephoning us at the following address:

Eaton Corporation
Eaton Center
1111 Superior Avenue
Cleveland, Ohio 44114-2584
(216) 523-5000

You should rely only on the information incorporated by reference or provided in this prospectus supplement and the accompanying prospectus. We have not authorized anyone else to provide you with different information. This prospectus supplement is an offer to sell or buy only the securities described in this document, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement is current only as of the date of this prospectus supplement.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements included or incorporated by reference in the accompanying prospectus or this prospectus supplement constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as expects , intends , plans , projects , believes , estimates , anticipates and variations of t similar expressions are used to identify these forward-looking statements. These forward-looking statements refer to, among other things, our plans, strategies and prospects, both business and financial. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we can give no assurance that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the forward-looking statements we make in those documents are set forth in those

documents, and include those described under Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2010. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified by those cautionary statements. We will not update these forward-looking statements even though our situation will change in the future.

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SUMMARY

This summary may not contain all of the information that may be important to you. You should read the entire prospectus supplement and the accompanying prospectus, as well as the documents incorporated by reference into this prospectus supplement and the accompanying prospectus, before making an investment decision.

The Company

We are a diversified power management company with 2010 sales of $13.7 billion. We are a global technology leader in electrical components and systems for power quality, distribution and control; hydraulics components, systems and services for industrial and mobile equipment; aerospace fuel, hydraulics and pneumatic systems for commercial and military use; and truck and automotive drivetrain and powertrain systems for performance, fuel economy and safety. We have approximately 70,000 employees in over 50 countries and sell products to customers in more than 150 countries.

Our principal executive office is located at Eaton Center, 1111 Superior Avenue, Cleveland, Ohio 44114-2584, and our telephone number is (216) 523-5000.

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The Offering

Issuer	Eaton Corporation
Notes offered	$300,000,000 aggregate principal amount of Floating Rate Notes due 2014.
Maturity	The Notes will mature on June 16, 2014.
Interest Rate	The Notes will bear interest at a floating rate, reset quarterly, equal to three-month LIBOR plus 0.33% (33 basis points) per year.
Interest Payment Dates	The 16th of March, June, September and December of each year, commencing on September 16, 2011.
Redemption	The Notes will not be redeemable prior to maturity.
Ranking	The Notes will be our senior unsecured obligations and will rank equally with our other senior unsecured indebtedness from time to time outstanding. The Notes will be effectively subordinated to any existing or future debt or other liabilities of any of our subsidiaries.
Change of Control	If a Change of Control Triggering Event as described herein with respect to the Notes occurs, we will be required to offer to repurchase such Notes at the price described in this prospectus supplement.
Authorized Denominations	Minimum denominations of $2,000 and integral multiples of $1,000 in excess of $2,000.
Use of proceeds	We expect the net proceeds from the sale of the Notes offered hereby to be approximately $298,500,000, after deducting underwriting discounts and commission and offering expenses. We will use these proceeds to repay commercial paper having an average maturity of 10 days and bearing an average annual interest of 0.35% as of June 8, 2011, $223,500,000 of which was incurred after March 31, 2011.
Trustee, Registrar and Paying Agent	The Bank of New York Mellon Trust Company, N.A.
Governing Law	New York

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USE OF PROCEEDS

We expect the net proceeds from the sale of the Notes offered hereby to be approximately $298,500,000, after deducting underwriting discounts and commission and offering expenses. We will use these proceeds to repay commercial paper having an average maturity of 10 days and bearing an average interest rate of 0.35% as of June 8, 2011, $223,500,000 of which was incurred after March 31, 2011.

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CAPITALIZATION

The following table sets forth the capitalization of Eaton and its consolidated subsidiaries at March 31, 2011. The As Adjusted capitalization set forth below gives effect to the issuance of the Notes offered hereby.

	As of March 31, 2011 Unaudited	
	Historical	As Adjusted
	(In millions)	
Short-term debt	$ 93	$ 18
Current portion of long-term debt	4	4
Total short-term debt and current portion of long-term debt	$ 97	$ 22
Long-term debt		
7.58% notes due 2012	$ 12	$ 12
5.75% notes due 2012	300	300
4.90% notes due 2013	300	300
5.80% notes due 2013	7	7
5.95% notes due 2014	250	250
12.50% United Kingdom pound sterling debentures due 2014	9	9
4.65% notes due 2015	100	100
5.30% notes due 2017	250	250
6.875% to 7.09% notes due 2018	36	36
5.60% notes due 2018	450	450
4.215% Japanese Yen notes due 2018	121	121
6.95% notes due 2019	300	300
8.875% debentures due 2019	38	38
8.10% debentures due 2022	100	100
7.625% debentures due 2024	66	66
6.50% debentures due 2025	145	145
7.875% debentures due 2026	72	72
7.65% debentures due 2029	200	200
5.45% debentures due 2034	140	140
5.25% notes due 2035	27	27
5.80% notes due 2037	240	240
Floating Rate notes due 2014 offered hereby		300
Other	191	191
Total long-term debt	3,354	3,654
Shareholders equity		
Common shares	171	171
Capital in excess of par value	4,150	4,150
Retained earnings	4,586	4,586

Accumulated other comprehensive loss	(1,117)	(1,117)
Deferred compensation plans	(7)	(7)
Total Eaton shareholders equity	7,783	7,783
Noncontrolling interests	41	41
Total equity	7,824	7,824
Total capitalization (long-term debt and equity)	$ 11,178	$ 11,478

Eaton s authorized capital as of March 31, 2011 consisted of common shares, par value $0.50 per share (500 million shares authorized and 341.2 million shares outstanding).

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DESCRIPTION OF NOTES

General

The following description of the particular terms of the Notes offered hereby supplements the description of the general terms and provisions of debt securities under the heading Description of Debt Securities in the accompanying prospectus. Capitalized terms used in this section of this prospectus supplement that are otherwise not defined have the meanings given to them in the accompanying prospectus.

The Notes will be senior unsecured debt issued under the Indenture dated as of April 1, 1994, as supplemented from time to time (the Senior Indenture), between us and The Bank of New York Mellon Trust Company, N.A., as successor to JPMorgan Chase Bank, N.A. (formerly known as Chemical Bank), as Senior Trustee. The Notes will rank equally with all our other senior unsecured indebtedness from time to time outstanding.

We will issue the Notes in the aggregate principal amount of $300,000,000. The Notes will mature on June 16, 2014. We will issue the Notes only in book-entry form, in denominations of $2,000 and integral multiples of $1,000 in excess of $2,000. The Notes will not be subject to any sinking fund and will not be convertible into or exchangeable for any of our equity interests.

We may, without the consent of the holders of the Notes, issue additional debt securities having the same ranking and the same interest rate, maturity and other terms as the Notes of a particular series. Any such additional debt securities and the Notes of such series will constitute a single series under the Senior Indenture. None of these additional Notes may be issued if an Event of Default has occurred and is continuing with respect to the Notes of such series.

Principal and Interest

The Notes will mature on June 16, 2014. The Notes will bear interest from June 16, 2011. Interest will be payable quarterly in arrears, on the 16th of March, June, September and December (each such day a floating rate interest payment date), beginning on September 16, 2011, to each person in whose name the Notes are registered at the close of business on the 15th calendar day prior to the floating rate interest payment date. The Notes will bear interest for each interest period at a rate per annum calculated by the calculation agent, subject to the maximum interest rate permitted by New York or other applicable state law, as such law may be modified by United States law of general application. The per annum rate at which interest on the Notes will be payable during each interest period will be equal to the then-applicable three-month LIBOR rate for U.S. dollars, determined on the Interest Determination Date for that interest period, plus 0.33% (33 basis points).

If any floating rate interest payment date for the Notes would otherwise be a day that is not a Business Day, such floating rate interest payment date shall be the next succeeding Business Day, unless the next succeeding Business Day is in the next succeeding calendar month, in which case such floating rate interest payment date shall be the immediately preceding Business Day.

Interest Determination Date means the second London Business Day immediately preceding the applicable Interest Reset Date. The Interest Determination Date for the initial interest period will be the second London Business Day immediately preceding settlement for the Notes.

interest period means the period commencing on any floating rate interest payment date for the Notes (or, with respect to the initial interest period only, commencing on June 16, 2011) to, but excluding, the next succeeding

floating rate interest payment date for the Notes, and in the case of the last such period, from and including the floating rate interest payment date immediately preceding the maturity date to but not including such maturity date. If the maturity date is not a Business Day, then the principal amount of the Notes plus accrued and unpaid interest thereon shall be paid on the next succeeding Business Day and no interest shall accrue for the maturity date, or any day thereafter.

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London Business Day means a day on which commercial banks are open for business (transacting dealings in U.S. dollars) in London.

three-month LIBOR, for any Interest Determination Date, will be the offered rate for deposits in the London interbank market in U.S. dollars having an index maturity of three months, as such rate appears on the Reuters Page LIBOR 01 as of approximately 11:00 a.m., London time, on such Interest Determination Date, as more fully described in Description of Debt Securities Interest and Interest Rates Floating Rate Notes in the accompanying prospectus.

The amount of interest for each day that the Notes are outstanding (the daily interest amount) will be calculated by dividing the interest rate in effect for such day by 360 and multiplying the result by the principal amount of the Notes. The amount of interest to be paid on the Notes for any interest period will be calculated by adding the daily interest amounts for each day in such interest period.

The interest rate and amount of interest to be paid on the Notes for each interest period will be calculated by the calculation agent. All calculations made by the calculation agent shall in the absence of manifest error be conclusive for all purposes and binding on us and the holders of the Notes. So long as three-month LIBOR is required to be determined with respect to the Notes, there will at all times be a calculation agent. The initial calculation agent will be the Senior Trustee. In the event that any then acting calculation agent shall be unable or unwilling to act, or that such calculation agent shall fail duly to establish three-month LIBOR for any interest period, or that we propose to remove such calculation agent, we shall appoint ourselves or another person which is a bank, trust company, investment banking firm or other financial institution to act as the calculation agent.

Change of Control Offer

If a Change of Control Triggering Event occurs with respect to the Notes, we will be required to make an offer (a Change of Control Offer) to each holder of the Notes to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess of $2,000) of that holder s Notes on the terms set forth in such Notes. In a Change of Control Offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of the Notes repurchased, plus accrued and unpaid interest, if any, on the Notes repurchased to the date of repurchase (a Change of Control Payment). Within 30 days following any Change of Control Triggering Event or, at our option, prior to any Change of Control, but after public announcement of the transaction that constitutes or may constitute the 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 that notice is mailed (a Change of Control Payment Date). The notice will, if mailed prior to the date of consummation of the Change of Control, state that the Change of Control Offer is conditioned on the Change of Control Triggering Event with respect to the Notes occurring on or prior to the Change of Control Payment Date.

On each Change of Control Payment Date, we will, to the extent lawful:

- accept for payment all Notes or portions of such Notes properly tendered pursuant to the applicable Change of Control Offer;
- deposit with the paying agent an amount equal to the Change of Control Payment in respect of all such Notes or portions of such 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 and that all conditions precedent provided for in the Senior Indenture to the Change of Control Offer and to the repurchase by the

Company of the Notes pursuant to the Change of Control Offer have been met.

We will not be required to make a Change of Control Offer upon the occurrence of a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and the third party repurchases all Notes properly tendered and

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not withdrawn under its offer. In addition, we will not repurchase any Notes if there has occurred and is continuing on the Change of Control Payment Date an event of default under the Senior Indenture with respect to such Notes, other than a default in the payment of the Change of Control Payment upon a related Change of Control Triggering Event.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a related Change of Control Triggering Event. To the extent that the provisions of any such securities laws or regulations conflict with the Change of Control Offer provisions of the Notes, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Offer provisions of the Notes by virtue of any such conflict.

For purposes of the Change of Control Offer provisions of the Notes, the following terms will be applicable:

Change of Control means the occurrence of any of the following: (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or more series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to any person, other than our company or one of our subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of our outstanding Voting Stock or other Voting Stock into which our Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (3) we consolidate with, or merge with or into, any person, or any person consolidates with, or merges with or into, us, in any such event pursuant to a transaction in which any of our outstanding Voting Stock or the Voting Stock of such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of our Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving person or any direct or indirect parent company of the surviving person immediately after giving effect to such transaction; (4) the first day on which a majority of the members of our Board of Directors are not Continuing Directors; or (5) the adoption of a plan relating to our liquidation or dissolution. Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control under clause (2) above if (i) we become a direct or indirect wholly-owned subsidiary of a holding company and (ii)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of our Voting Stock immediately prior to that transaction or (B) immediately following that transaction no person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company. The term person, as used in this definition, has the meaning given thereto in Section 13(d)(3) of the Exchange Act.

Change of Control Triggering Event means the occurrence of both a Change of Control and a Rating Event.

Continuing Directors means, as of any date of determination, any member of our Board of Directors who (1) was a member of our Board of Directors on the date the Notes were issued or (2) was nominated for election, elected or appointed to our Board of Directors with the approval of a majority of the Continuing Directors who were members of our Board of Directors at the time of the nomination, election or appointment (either by a specific vote or by approval of our proxy statement in which that member was named as a nominee for election as a director, without objection to the nomination).

Fitch means Fitch Inc., and its successors.

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

replacement rating agency or rating agencies selected by us.

Moody s means Moody s Investors Service, Inc., and its successors.

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Rating Agencies means (1) each of Moody s, S&P and Fitch; and (2) if any of Moody s, S&P or Fitch ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons beyond our control, a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act selected by us (as certified by a resolution of our Board of Directors as a replacement agency for Moody s, S&P or Fitch, or all of them, as the case may be.

Rating Event means the rating on the Notes is lowered by at least two Rating Agencies on any day during the period (which period will be extended so long as the rating of such Notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies) commencing 60 days prior to the first public notice of the occurrence of a Change of Control or our intention to effect a Change of Control and ending 60 days following consummation of such Change of Control.

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

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 that person that is at the time entitled to vote generally in the election of the board of directors of that person.

Defeasance and Covenant Defeasance

In some circumstances, we may elect to discharge our obligations on the Notes through defeasance or covenant defeasance. See Description of Debt Securities Defeasance and Covenant Defeasance in the accompanying prospectus for more information about how we may do this.

Book-Entry System

We will issue the Notes in the form of one or more fully registered global securities, as described in Description of Debt Securities Book-Entry Debt Securities in the accompanying prospectus. We will deposit these global securities with, or on behalf of, The Depository Trust Company, New York, New York (DTC), and register these securities in the name of DTC s nominee.

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, as operator of the Euroclear System (the Euroclear System), in Europe if they are participants in those systems, or indirectly through organizations which are participants in those systems. Clearstream, Luxembourg and the Euroclear System will hold interests on behalf of their participants through customers securities accounts in Clearstream, Luxembourg s and the Euroclear System s names on the books of their respective depositaries, which in turn will hold those interests in customers securities accounts in the depositaries names on the books of DTC. Citibank, N.A. will act as depositary for Clearstream, Luxembourg and JP Morgan Chase Bank will act as depositary for the Euroclear System (in those capacities, the U.S. Depositaries).

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 Securities Exchange Act of 1934. DTC holds securities that its participants (the DTC Participants) deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations

and certain other organizations. DTC 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 DTC 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 DTC and its participants are on file with the SEC.

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Clearstream, Luxembourg advises that it is organized under the laws of Luxembourg as a professional depositary. 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 depositary, 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. Depositary for Clearstream, Luxembourg.

The Euroclear System advises that it was created in 1968 to hold securities for participants of the Euroclear System (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. The Euroclear System includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. The Euroclear System 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 System 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 the Euroclear System 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 the Euroclear System, withdrawals of securities and cash from the Euroclear System, and receipts of payments with respect to securities in the Euroclear System. All securities in the Euroclear System 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 the Euroclear System 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. Depositary for the Euroclear System.

We will issue the Notes of a particular series in definitive certificated form if DTC notifies us that it is unwilling or unable to continue as depositary for the Notes of such series or DTC ceases to be a clearing agency registered under the Exchange Act and we do not appoint a successor depositary within 90 days. In addition, beneficial interests in a global security certificate may be exchanged for definitive Note certificates of the related series upon request by or on behalf of DTC in accordance with customary procedures following the request of a beneficial owner seeking to exercise or enforce its rights under those Notes. If we determine at any time that the Notes of a particular series shall

no longer be represented by global security certificates, we will inform DTC of our determination, and DTC will, in turn, notify participants of their right to withdraw their beneficial interests from the related global security certificates. If those participants elect to withdraw

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their beneficial interests, we will issue certificates in definitive form in exchange for the beneficial interests in the global security certificates. Any global security certificate, or portion thereof, that is exchangeable pursuant to this paragraph will be exchangeable for Note certificates of the related series registered in the names directed by DTC. We expect that these instructions will be based upon directions received by DTC from its participants with respect to ownership of beneficial interests in the global security certificates.

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

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

will not be considered to be owners or holders of the global security certificates or any Notes represented by these certificates for any purpose under the Notes or the junior subordinated indenture governing the Notes.

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

Ownership of beneficial interests in the global security certificates will be limited to participants or persons that may hold beneficial interests through institutions that have accounts with DTC or its nominee. Ownership of beneficial interests in global security certificates will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by DTC 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, deliveries, exchanges and other matters relating to beneficial interests in global security certificates may be subject to various policies and procedures adopted by DTC from time to time. Neither we nor the trustee will have any responsibility or liability for any aspect of DTC s or any participant s records relating to, or for payments made on account of, beneficial interests in global security certificates, or for maintaining, supervising or reviewing any of DTC s records or any participant s records relating to these beneficial ownership interests.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the global security certificates among participants, DTC 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 DTC or its direct participants or indirect participants under the rules and procedures governing DTC.

The information in this section concerning DTC, its book-entry system, Clearstream, Luxembourg and the Euroclear System 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 among 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 the Euroclear System, 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, will be effected through DTC in accordance with DTC rules on behalf of the relevant European international clearing system

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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 that 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 the Euroclear System 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. The credits or any transactions in the Notes settled during the processing will be reported to the relevant Euroclear Participant or Clearstream Participant on that business day. Cash received in Clearstream, Luxembourg or the Euroclear System 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 the Euroclear System cash account only as of the business day following settlement in DTC.

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

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CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS