MERCK & CO INC
Form 424B5
June 24, 2009
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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-160134

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	**Maximum Aggregate Offering Price**	**Amount of Registration Fee(1)**
1.875% Notes due 2011	$ 1,250,000,000	$ 69,750
4.000% Notes due 2015	$ 1,000,000,000	$ 55,800
5.000% Notes due 2019	$ 1,250,000,000	$ 69,750
5.850% Notes due 2039	$ 750,000,000	$ 41,850
Total	$ 4,250,000,000	$ 237,150

(1) The filing fee of $237,150 is calculated in accordance with Rule 457(r) of the Securities Act of 1933. Pursuant to Rule 457(p) under the Securities Act of 1933, the $261,989 remaining of the filing fee previously paid with respect to unsold securities registered pursuant to a Registration Statement on Form S-3 (No. 333-118186), as amended, which was initially filed by Merck & Co., Inc. on August 13, 2004, is being carried forward, of which $237,150 is offset against the registration fee due for this offering and of which $24,839 in the aggregate remains available for future registration fees. No additional registration fee has been paid with respect to this offering.

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Prospectus supplement

(To prospectus dated June 22, 2009)

$4,250,000,000

Merck & Co., Inc.

$1,250,000,000 1.875% Notes due 2011

$1,000,000,000 4.000% Notes due 2015

$1,250,000,000 5.000% Notes due 2019

$750,000,000 5.850% Notes due 2039

We are offering $1,250,000,000 aggregate principal amount of our 1.875% Notes due 2011 (the 2011 notes), $1,000,000,000 aggregate principal amount of our 4.000% Notes due 2015 (the 2015 notes), $1,250,000,000 aggregate principal amount of our 5.000% Notes due 2019 (the 2019 notes) and $750,000,000 aggregate principal amount of our 5.850% Notes due 2039 (the 2039 notes). We refer to the 2011 notes, the 2015 notes, the 2019 notes and the 2039 notes collectively as the notes.

Interest on the notes is payable on June 30 and December 30 of each year, beginning on December 30, 2009. The 2011 notes will mature on June 30, 2011, the 2015 notes will mature on June 30, 2015, the 2019 notes will mature on June 30, 2019 and the 2039 notes will mature on June 30, 2039. We may redeem some or all of the notes at any time at the redemption prices set forth in the prospectus supplement under the caption Description of the notes Optional redemption.

Investing in the notes involves risks. See Risk factors beginning on page S-3 of this prospectus supplement and in those documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

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.

	Public offering price	Underwriting discount	Proceeds, before expenses, to us
Per 2011 note	99.976%	0.250%	99.726%
Total	$1,249,700,000	$3,125,000	$1,246,575,000
Per 2015 note	99.598%	0.350%	99.248%
Total	$995,980,000	$3,500,000	$992,480,000
Per 2019 note	99.369%	0.450%	98.919%
Total	$1,242,112,500	$5,625,000	$1,236,487,500
Per 2039 note	99.802%	0.875%	98.927%
Total	$748,515,000	$6,562,500	$741,952,500

Interest on the notes will accrue from June 25, 2009. The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

We expect that delivery of the notes will be made to investors in book-entry form only through the facilities of The Depository Trust Company and its participants, including Clearstream Banking, *société anonyme* and Euroclear Bank S.A./N.V., on or about June 25, 2009.

Joint Book-Running Managers

Global Coordinator

J.P. Morgan	**Banc of America Securities LLC**		**Citi**	**RBS**
BNP PARIBAS	**Credit Suisse**	**HSBC**	**Santander**	**UBS Investment Bank**

Co-Manager

The Williams Capital Group, L.P.

June 22, 2009

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You should rely only on the information contained or incorporated by reference in this prospectus supplement, any related free writing prospectus and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. If the information varies between this prospectus supplement and the accompanying prospectus, the information in this prospectus supplement supersedes the information in the accompanying prospectus. We are not making an offer of these securities in any jurisdiction where the offer or sale is not permitted. Neither the delivery of this prospectus supplement, any related free writing prospectus or the accompanying prospectus, nor any sale made hereunder and thereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, any related free writing prospectus or the accompanying prospectus, regardless of the time of delivery of such document or any sale of the securities offered hereby or thereby, or that the information contained or incorporated by reference herein or therein is correct as of any time subsequent to the date of such information. Generally, references to the prospectus in this prospectus supplement and the accompanying prospectus mean both this prospectus supplement and the accompanying prospectus combined.

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Prospectus supplement

Prospectus

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Merck

We are a global research-driven pharmaceutical company that discovers, develops, manufactures and markets a broad range of innovative products to improve human and animal health. Our operations are principally managed on a products basis and are comprised of two reportable segments: the pharmaceutical segment and the vaccines and infectious diseases segment. The pharmaceutical segment includes products consisting of therapeutic and preventive agents, sold by prescription, for the treatment of human disorders and sold by us primarily to drug wholesalers and retailers, hospitals, government agencies and managed health care providers such as health maintenance organizations, pharmacy benefit managers and other institutions. The vaccines and infectious diseases segment includes human health vaccine products consisting of preventative pediatric, adolescent and adult vaccines, primarily administered at physician offices, and infectious disease products consisting of therapeutic agents for the treatment of infection sold primarily to drug wholesalers and retailers, hospitals and government agencies.

We were incorporated in the State of New Jersey in 1927 and maintain our principal offices at Whitehouse Station, New Jersey. Our address is One Merck Drive, Whitehouse Station, New Jersey 08889-0100, and our telephone number is (908) 423-1000. Our web site is located at *www.merck.com*. Information on our web site is not incorporated into this prospectus supplement or the accompanying prospectus by reference and should not be considered a part of this prospectus supplement or the accompanying prospectus.

The merger with Schering-Plough

The merger agreement

In March 2009, we entered into a definitive merger agreement with Schering-Plough Corporation (Schering-Plough) under which we and Schering-Plough will combine in a stock and cash transaction (the Merger). The Merger will be structured as a reverse merger in which Schering-Plough will continue as the surviving public corporation. The merger agreement provides for two successive mergers and is expected to close in the fourth quarter of 2009. In the first merger, which we refer to as the Schering-Plough merger, a wholly owned subsidiary of Schering-Plough will merge into Schering-Plough. Schering-Plough will continue as the surviving company in this merger, but will change its name to Merck & Co., Inc. We refer to the surviving company in this merger as New Merck. In the Schering-Plough merger, each outstanding share of Schering-Plough common stock will be converted into the right to receive $10.50 in cash and 0.5767 of a share of common stock of New Merck. In the second merger, which we refer to as the Merck merger, a second wholly owned subsidiary of Schering-Plough will merge with Merck. Each outstanding share of Merck common stock will be converted into one share of common stock of New Merck. Merck, which will change its name, will continue as the surviving company in the Merck merger, but as a wholly owned subsidiary of New Merck.

We also expect that, immediately after the Merger, our former shareholders and the former shareholders of Schering-Plough will own approximately 68% and 32%, respectively, of New Merck s outstanding common stock. Upon completion of the Merger, the board of directors of New Merck will be comprised of the directors of Merck immediately prior to the Merger and three persons who were directors of Schering-Plough immediately prior to completion of the Merger, as well as those other individuals designated by us prior to the closing. Except as indicated by us prior to the closing, our officers immediately before the Merger will, after the Merger, be officers of New Merck holding the same offices at New Merck as they hold with us immediately before the Merger.

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Conditions to the completion of the transaction

The completion of the transaction depends on a number of conditions being satisfied or waived, including approvals of Schering-Plough shareholders and our shareholders, the absence of a government injunction or law enjoining or prohibiting the Merger, regulatory and other governmental approvals, the accuracy of representations and warranties made by the parties in the merger agreement (subject to certain materiality and other exceptions), the performance by the parties of their material obligations under the merger agreement in all material respects, and the non-occurrence of a material adverse effect on either Schering-Plough or us since March 8, 2009, among others.

This offering is not conditioned on the closing of the Merger and there can be no assurance that the Merger will be consummated. The notes offered hereby will remain outstanding whether or not the Merger is consummated.

Financing

We expect that the total cash consideration payable in respect of the Schering-Plough common stock and other equity securities of Schering-Plough in connection with the Merger will be approximately $18.4 billion. We expect to use available cash and the proceeds of this offering, together with proceeds from various credit facilities, commercial paper borrowings and/or alternative financing sources, to complete the Merger. For more information, see the unaudited pro forma condensed combined financial statements giving effect to the Merger, which are incorporated by reference herein from our Current Report on Form 8-K filed on June 22, 2009. See Incorporation of Certain Documents by Reference in the accompanying prospectus.

If the Merger is consummated, the notes offered hereby and any other outstanding public debt securities that we have previously issued and borrowings under various credit facilities will remain our indebtedness, but will be guaranteed by New Merck. See Description of the notes New Merck guarantee. Any public debt securities of Schering-Plough outstanding at the time the Merger is consummated will become indebtedness of New Merck, and we will guarantee those debt securities, as well as any borrowings under Schering-Plough s existing credit facility. The closing of this offering will terminate the commitments of lenders and our related obligations pursuant to the $3.0 billion bridge loan agreement entered into on May 6, 2009. It also will reduce the commitments of lenders under the asset sale facility by approximately $375 million, net of fees and expenses incurred in connection with this offering.

Schering-Plough

Schering-Plough is a global innovation-driven, science-based health care company with leading prescription pharmaceutical, animal health and consumer health care products. Schering-Plough has business operations in more than 140 countries. Through its own biopharmaceutical research and collaborations with partners, Schering-Plough creates therapies that help save and improve lives around the world. Schering-Plough applies its research and development platform to prescription pharmaceuticals, animal health and consumer health care products. The prescription pharmaceuticals segment discovers, develops, manufactures and markets human pharmaceutical products. Within the prescription pharmaceuticals segment, Schering-Plough has a broad range of research projects and marketed products in six therapeutic areas: cardiovascular, central nervous system, immunology and infectious disease, oncology, respiratory and women s health. The animal health segment discovers, develops, manufactures and markets animal health products, including vaccines. The consumer health care segment develops, manufactures and markets over-the-counter, footcare and sun care products.

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Risk factors

Before acquiring any of the notes, you should carefully consider the following risk factors and the risk factors and assumptions related to our business identified or described in our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q and any subsequent Quarterly Report on Form 10-Q or Current Report on Form 8-K incorporated by reference herein. In addition, you should carefully consider the risk factors in our Current Report on Form 8-K filed on June 22, 2009, which is incorporated by reference herein, and all other information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus before acquiring any of the notes. The occurrence of any one or more of the foregoing or following risks could materially adversely affect your investment in the notes or our business and operating results.

This offering is not conditioned upon the closing of the proposed Merger with Schering-Plough and there can be no assurance that the Merger will be consummated.

In March 2009, we announced the approval by our board of directors of a definitive merger agreement under which we and Schering-Plough will combine in a stock and cash transaction. We expect the Merger to close in the fourth quarter of 2009, subject to required approvals by our shareholders and the shareholders of Schering-Plough, regulatory approvals, and customary closing conditions. This offering is not conditioned on the closing of the Merger and there can be no assurance that the proposed Merger will be consummated. The notes offered hereby will remain outstanding whether or not the Merger is consummated.

The notes are our unsecured obligations and will be effectively junior to secured indebtedness that we may issue and indebtedness of our subsidiaries.

The notes will be unsecured. Holders of any secured debt that we may issue may foreclose on the assets securing such debt, reducing the cash flow from the foreclosed property available for payment of unsecured debt, including the notes. Holders of our secured debt also would have priority over unsecured creditors in the event of our bankruptcy, liquidation or similar proceeding. In the event of our bankruptcy, liquidation or similar proceeding, holders of our secured debt would be entitled to proceed against their collateral, and the assets securing that collateral may not be available for payment of unsecured debt, including the notes. As a result, the notes will be effectively junior to any secured debt that we may issue, to the extent of the value of the assets securing such debt. In addition, the notes are not guaranteed by any of our subsidiaries and therefore the notes will be effectively subordinated to all existing and future secured and unsecured indebtedness and other liabilities of our subsidiaries. The terms of the notes and the indenture do not preclude our subsidiaries from incurring debt.

Active trading markets for the notes may not develop, which could limit their market prices or your ability to sell them.

The notes are new issues of debt securities for which there currently are no trading markets. As a result, we cannot provide any assurances that any markets will develop for the notes or that you will be able to sell your notes. We have no plans to list the notes on any securities exchange or any automated quotation system. If any of the notes are traded after their initial issuance, they may trade at discounts from their initial offering prices depending on prevailing interest rates, the markets for similar securities, general economic conditions, our financial condition, performance and prospects and other factors. The underwriters have advised us that they intend to make a market in each series of notes, but they are not obligated to do so. The underwriters

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may discontinue any market-making in the notes at any time at their sole discretion. Accordingly, we cannot assure you that a liquid trading market will develop for the notes of any series, that you will be able to sell your notes at a particular time or that the prices you receive when you sell will be favorable. To the extent active trading markets do not develop, the liquidity and trading prices for the notes may be harmed. Accordingly, you may be required to bear the financial risk of an investment in the notes for an indefinite period of time.

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Forward-looking statements

This prospectus supplement and the accompanying prospectus and any documents we incorporate by reference herein or therein and oral statements made from time to time by the Company may contain so called forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act), all of which are based on management s current expectations and are subject to risks and uncertainties which may cause results to differ materially from those set forth in the statements. One can identify these forward-looking statements by their use of words such as expects, plans, will, estimates, forecasts, projects and other words of similar meaning. One can also id them by the fact that they do not relate strictly to historical or current facts. These statements are likely to address the Company s growth strategy, financial results, product development, product approvals, product potential and development programs, as well as the proposed Merger between Merck and Schering-Plough. One must carefully consider any such statement and should understand that many factors could cause actual results to differ materially from the Company s forward-looking statements. These factors include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward-looking statement can be guaranteed and actual future results may vary materially. The Company does not assume the obligation to update any forward-looking statement. The Company cautions you not to place undue reliance on these forward-looking statements. Although it is not possible to predict or identify all such factors, they may include the following:

Significant litigation related to *Vioxx*.

Competition from generic products as our products lose patent protection.

Increased brand competition in therapeutic areas important to our long-term business performance.

The difficulties and uncertainties inherent in new product development. The outcome of the lengthy and complex process of new product development is inherently uncertain. A drug candidate can fail at any stage of the process and one or more late-stage product candidates could fail to receive regulatory approval. New product candidates may appear promising in development but fail to reach the market because of efficacy or safety concerns, the inability to obtain necessary regulatory approvals, the difficulty or excessive cost to manufacture and/or the infringement of patents or intellectual property rights of others. Furthermore, the sales of new products may prove to be disappointing and fail to reach anticipated levels.

Pricing pressures, both in the United States and abroad, including rules and practices of managed care groups, judicial decisions and governmental laws and regulations related to Medicare, Medicaid and health care reform, pharmaceutical reimbursement and pricing in general.

Changes in government laws and regulations and the enforcement thereof affecting our business.

Efficacy or safety concerns with respect to marketed products, whether or not scientifically justified, leading to product recalls, withdrawals or declining sales.

Legal factors, including product liability claims, antitrust litigation and governmental investigations, including tax disputes, environmental concerns and patent disputes with

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branded and generic competitors, any of which could preclude commercialization of products or negatively affect the profitability of existing products.

Lost market opportunity resulting from delays and uncertainties in the approval process of the Food and Drug Administration and foreign regulatory authorities.

Increased focus on privacy issues in countries around the world, including the United States and the European Union. The legislative and regulatory landscape for privacy and data protection continues to evolve, and there has been an increasing amount of focus on privacy and data protection issues with the potential to affect directly our business, including recently enacted laws in a majority of U.S. states requiring security breach notification.

Changes in tax laws including changes related to the taxation of foreign earnings.

Changes in accounting pronouncements promulgated by standard-setting or regulatory bodies, including the Financial Accounting Standards Board and the SEC, that are adverse to us.

Economic factors over which we have no control, including changes in inflation, interest rates and foreign currency exchange rates.

Obtaining shareholder approvals required for the mergers in connection with our Merger with Schering-Plough and the issuance of shares of New Merck common stock in connection with the Merger.

Satisfying the conditions to the closing of the Merger.

Divestitures that will be necessary in order to obtain regulatory approvals for the Merger.

Successfully integrating the Merck and Schering-Plough businesses, avoiding problems which may result in the combined company not operating as effectively and efficiently as expected.

The possibility that the estimated synergies from the Merger are not realized, or will not be realized within the expected timeframe.

Unexpected costs or unexpected liabilities, or the effects of purchase accounting varying from our expectations in connection with the Merger.

The actual resulting credit ratings following the merger of the companies or their respective subsidiaries.

The effects on the businesses of us or Schering-Plough resulting from uncertainty surrounding the Merger transactions.

This list should not be considered an exhaustive statement of all potential risks and uncertainties. See Risk factors above as well as the risk factors described in the documents incorporated herein by reference.

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Use of proceeds

The net proceeds from the sale of the notes will be used for general corporate purposes and/or to fund a portion of the cash consideration payable in connection with the Merger. This offering is not conditioned on the closing of the Merger and there can be no assurance that the Merger will be consummated. The notes offered hereby will remain outstanding whether or not the Merger is consummated.

We expect that the total cash consideration payable in respect of the Schering-Plough common stock and other equity securities of Schering-Plough in connection with the Merger will be approximately $18.4 billion. In addition to the net proceeds from this offering, we expect to use available cash and the proceeds from various credit facilities, commercial paper borrowings and/or alternative financing sources, to complete the Merger.

In addition, we may use all or a portion of the net proceeds from the sale of the notes to fully fund the two funds established for qualifying claims pursuant to our settlement agreement for our *Vioxx* litigation. We would in turn cancel the letter of credit agreement we previously entered into in connection with the settlement agreement, which would result in the return of the collateral we have previously pledged under the letter of credit agreement. For further information regarding our *Vioxx* litigation, see Legal Proceedings in our most recent Annual Report on Form 10-K, and Management s Discussion and Analysis of Financial Condition and Results of Operations Legal Proceedings in our most recent Quarterly Report on Form 10-Q, incorporated by reference herein.

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Capitalization

The following table sets forth the consolidated capitalization of Merck and its subsidiaries at March 31, 2009 on a historical basis and as adjusted to give effect to this offering. It does not, however, give pro forma effect to the Merger. For more information, see the unaudited pro forma condensed combined financial statements giving effect to the Merger, which are incorporated by reference herein from our Current Report on Form 8-K filed on June 22, 2009. See Incorporation of Certain Documents by Reference in the accompanying prospectus.

(in millions)	March 31, 2009 Actual	As Adjusted
Short-Term Debt:		
Loans payable and current portion of long-term debt	$ 2,798.9 (1)	$ 2,798.9
Long-Term Debt:		
Long-term debt	3,939.1 (2)	8,175.4 (3)
Total debt	$ 6,738.0	$ 10,974.3
Equity:		
Total Merck & Co., Inc. stockholders equity	$ 19,563.0	$ 19,563.0
Noncontrolling Interest	2,438.5	2,438.5
Total equity	22,001.5	22,001.5
Total capitalization	$ 28,739.5	$ 32,975.8

(1) Loans payable at March 31, 2009 consisted primarily of $2.3 billion of commercial paper borrowings.

(2) Long-term debt at March 31, 2009 consisted of notes and debentures with maturities ranging from 2011 to 2036. In addition, $1.5 billion was available for borrowing under our revolving credit facility.

(3) Long-term debt, as adjusted at March 31, 2009, includes the gross proceeds from the $4.25 billion of notes offered hereby, which are reflected at their discounted amounts. The discount will be amortized over the life of the notes, as applicable.

Ratio of earnings to fixed charges

Our consolidated ratio of earnings to fixed charges for the three months ended March 31, 2009 and the year ended December 31, 2008 is 15 and 21, respectively. As adjusted to give effect to this offering (assuming the offering had been completed on January 1, 2008), our consolidated ratio of earnings to fixed charges would have been 11 for the three months ended March 31, 2009, and 15 for the year ended December 31, 2008.

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Description of the notes

The following description of the particular terms of the 2011 notes, the 2015 notes, the 2019 notes and the 2039 notes offered hereby supplements the general description of debt securities set forth in the accompanying prospectus under Description of Debt Securities We May Offer. References to the notes refer to the 2011 notes, the 2015 notes, the 2019 notes and the 2039 notes, collectively. We qualify the description of the notes by reference to the indenture as described below. The 2011 notes, the 2015 notes, the 2019 notes and the 2039 notes will each be issued as a separate series of debt securities under the indenture.

The 2011 notes will initially be limited to $1,250,000,000 aggregate principal amount and will mature on June 30, 2011. The 2015 notes will initially be limited to $1,000,000,000 aggregate principal amount and will mature on June 30, 2015. The 2019 notes will initially be limited to $1,250,000,000 aggregate principal amount and will mature on June 30, 2019. The 2039 notes will initially be limited to $750,000,000 aggregate principal amount and will mature on June 30, 2039. The notes will bear interest from June 25, 2009 at the applicable interest rate per annum shown on the cover page of this prospectus supplement.

Interest on the notes will be payable semi-annually in arrears on June 30 and December 30 of each year, commencing on December 30, 2009, to the person in whose name such notes were registered at the close of business on the preceding June 15 or December 15, as the case may be. Interest on the notes will be computed on the basis of a 360-day year composed of twelve 30-day months. If any payment date for the notes is not a business day, we will make the payment on the next business day, but we will not be liable for any additional interest as a result of the delay in payment. By business day, we mean any Monday, Tuesday, Wednesday, Thursday or Friday which is not a day when banking institutions in the place of payment are authorized or obligated by law or executive order to be closed. The notes are unsecured and will rank equally with all our other unsecured and unsubordinated indebtedness from time to time outstanding. The notes will be issued in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The full defeasance and covenant defeasance provisions of the indenture described under Description of Debt Securities We May Offer Defeasance in the accompanying prospectus will apply to the notes.

New Merck guarantee

If our proposed Merger with Schering-Plough closes, promptly after the closing of the Merger, New Merck will be required to (A) execute and deliver to the trustee a supplemental indenture pursuant to which New Merck will agree to fully and unconditionally guarantee all of our obligations under the notes on the terms set forth in the supplemental indenture and (B) deliver to the trustee an opinion of counsel as to the authorization, execution and enforceability of such supplemental indenture, subject to customary exceptions and qualifications. Any such guarantee of the notes shall be on a senior unsecured basis. Any guarantee of the notes provided in accordance with the terms described above shall be automatically and unconditionally released and discharged and the holders of the notes will be deemed to have consented to such release without any action on the part of the trustee or any holder of the notes if (1) New Merck has no indebtedness and does not guarantee any indebtedness of any of its subsidiaries (other than the notes), or (2) our obligations under the notes have been satisfied and discharged in accordance with the terms of the indenture.

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Further issues

We may, without the consent of holders of any series of notes offered by this prospectus supplement, issue additional notes having the same ranking and the same interest rate, maturity and other terms as the notes of that series. Any additional notes of any series, together with the outstanding notes of the applicable series, will constitute a single series of notes under the indenture. No additional notes may be issued if an event of default has occurred and is continuing with respect to applicable series of notes.

Optional redemption

The notes of each series will be redeemable in whole or in part at any time, at our option, on at least 30 days , but no more than 60 days , prior notice mailed to the registered address of each holder of that series of notes; provided that the principal amount of a note remaining outstanding after a redemption in part shall be $2,000 or an integral multiple of $1,000 in excess thereof. The redemption price will be equal to the greater of (i) 100% of the principal amount of the notes to be redeemed or (ii) the sum of the present values of the Remaining Scheduled Payments (as defined below) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at a rate equal to the Treasury Rate (as defined below) plus 10 basis points with respect to the 2011 notes, the Treasury Rate plus 20 basis points with respect to the 2015 notes, the Treasury Rate plus 20 basis points with respect to the 2019 notes and the Treasury Rate plus 20 basis points with respect to the 2039 notes, plus any interest accrued but not paid to the date of redemption.

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolation (on a day count basis) of the interpolated 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 or securities 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 such notes.

Independent Investment Banker means one of the Reference Treasury Dealers appointed by the trustee after consultation with us.

Comparable Treasury Price means, with respect to any redemption date for the notes, (i) the average of the Reference Treasury Dealer Quotations for such redemption date after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii) if the trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such quotations.

Reference Treasury Dealer means J.P. Morgan Securities Inc., Banc of America Securities LLC, Citigroup Global Markets Inc. and RBS Securities Inc., their respective successors and any additional primary U.S. governmental securities dealers selected by the trustee after consultation with us; provided, however, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a Primary Treasury Dealer), we will substitute another Primary Treasury Dealer for such dealer.

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Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 3:30 p.m. (New York City time) on the third business day preceding such redemption date.

Remaining Scheduled Payments means, with respect to each note to be redeemed, the remaining scheduled payments of principal of and interest on the note that would be due after the related redemption date but for the redemption. If that redemption date is not an interest payment date with respect to a note, the amount of the next succeeding scheduled interest payment on the note will be reduced by the amount of interest accrued on the note to the redemption date.

If fewer than all of the notes of any series are to be redeemed, the trustee will select the particular notes or portions thereof for redemption from the outstanding notes not previously called, pro rata or by lot, or in such other manner as we will direct.

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

Book-entry system

Upon issuance, the notes will be represented by one or more global notes. Each global note will be deposited with, or on behalf of, The Depository Trust Company, as depository, and registered in the name of a nominee of the depository.

Investors may elect to hold interests in the global notes held by the depository through Clearstream Banking, *société anonyme*, Clearstream, Luxembourg, or Euroclear Bank S.A./N.V., as operator of the Euroclear System, the Euroclear operator, if they are participants of such systems, or indirectly through organizations that are participants in such systems. Clearstream, Luxembourg and the Euroclear operator will hold interests on behalf of their participants through customers securities accounts in Clearstream, Luxembourg s and the Euroclear operator 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 the depository. Citibank, N.A. will act as depository for Clearstream, Luxembourg, and JPMorgan Chase Bank will act as depository for the Euroclear operator, in such capacities, the U.S. depositories. Because holders will acquire, hold and transfer security entitlements with respect to the notes through accounts with DTC and its participants, including Clearstream, Luxembourg, the Euroclear operator and their participants, a beneficial holder s rights with respect to the notes will be subject to the laws (including Article 8 of the Uniform Commercial Code) and contractual provisions governing a holder s relationship with its securities intermediary and the relationship between its securities intermediary and each other securities intermediary and between it and us, as the issuer. Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of the depository or to a successor of the depository or its nominee.

Ownership of beneficial interests in a global note will be limited to institutions that have accounts with the depository or its nominee or persons that may hold interests through participants. We have been advised by the depository that upon receipt of any payment of principal of, or interest on, a global note, the depository will credit, on its book-entry registration and transfer system, accounts of participants with payments in amounts proportionate to their

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respective beneficial interests in the principal amount of the global notes as shown on the records of the depository. Ownership of beneficial interests by participants in the global note will be evidenced only by, and the transfer of that ownership interest will be effected only through, records maintained by the depository or its nominee. Ownership of beneficial interests in the global note by persons that hold through participants will be evidenced only by, and the transfer of that ownership interest within such participant will be effected only through, records maintained by participants. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. These laws may impair the ability to transfer beneficial interests in the global note.

Payment of principal of, and interest on, any global note registered in the name of or held by the depository or its nominee will be made to the depository or its nominee, as the case may be, as the registered owner of the global note. Payments by participants to owners of beneficial interests in a global note held through the participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in street name, and will be the sole responsibility of the participants. None of us, the trustee, the underwriters, nor any agent of ours or the trustee will have any responsibility or liability for any aspects of the depository s records or any participant s records relating to, or payments made on account of, beneficial ownership interests in a global note or for maintaining, supervising or reviewing any of the depository s records or any participant s records relating to the beneficial ownership interests.

No global note may be transferred except as a whole by the depository to a nominee of the depository or by a nominee of the depository to the depository or another nominee of the depository.

No global note may be exchanged in whole or in part for notes registered, and no transfer of a global note in whole or in part may be registered, in the name of any person other than the depository or any nominee of the depository unless (i) the depository has notified us that it is unwilling or unable to continue as depository for such global note or has ceased to be qualified to act as such as required by the indenture, (ii) there has occurred and is continuing an event of default with respect to the notes or (iii) we determine in our sole discretion at any time that the global note shall be so exchangeable.

Any global note that is exchangeable pursuant to the preceding sentence shall be exchangeable in whole for separate notes in registered form of any authorized denomination and of like tenor and aggregate principal amount. These notes shall be registered in the name or names of such person or persons as the depository instructs the trustee. We expect that these instructions would be based upon directions received by the depository from its participants with respect to ownership of beneficial interests in such global note.

As long as the depository, or its nominee, is the registered holder of a note, the depository or such nominee, as the case may be, will be considered the sole owner and holder of such global note for all purposes under the notes and the indenture. Except in the limited circumstances referred to above, owners of beneficial interests in a global note will not be entitled to have such global note registered in their names, will not receive or be entitled to receive physical delivery of notes in exchange therefor and will not be considered to be the owners or holders of such global note for any purpose under the notes or the indenture. Accordingly, each person owning a beneficial interest in the global note must rely on the procedures of the participant through which such person owns its interest to exercise any rights of a holder under the indenture.

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The indenture provides that the depository, as a holder, may appoint agents and otherwise authorize participants to give or take any request, demand, authorization, direction, notice, consent, waiver, or other action which a holder is entitled to give or take under the indenture.

The depository has advised us as follows: the depository 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 was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions, such as transfers and pledges, among its participants in these securities through electronic computerized book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. The depository s participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations, some of whom (and/or their representatives) own the depository. Access to the depository s book-entry system is also available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Clearstream, Luxembourg advises that it is a limited liability company organized under Luxembourg law. Clearstream, Luxembourg holds securities for its participating organizations, Clearstream, Luxembourg participants, and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg participants through electronic book-entry transfers between their accounts, thereby eliminating the need for physical movement of securities. Clearstream, Luxembourg provides to Clearstream, Luxembourg 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 securities markets in several countries through established depository and custodial relationships. Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector *(Commission de Surveillance du Secteur Financier).* Clearstream, Luxembourg participants are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream, Luxembourg s U.S. customers are limited to securities brokers and dealers and banks. Indirect access to Clearstream, Luxembourg is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream, Luxembourg customer. Clearstream, Luxembourg has established an electronic bridge with the Euroclear operator 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, Luxembourg participants in accordance with its rules and procedures, to the extent received by the U.S. depository for Clearstream, Luxembourg.

The Euroclear operator advises that the Euroclear System was created in 1968 to hold securities for its participants, 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 is operated by Euroclear Bank S.A./N.V., the Euroclear operator, under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation. The Euroclear operator is regulated and examined by the

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Belgian Banking and Finance Commission and the National Bank of Belgium. All operations are conducted by the Euroclear operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear operator, not the cooperative. The cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include 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 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 record 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. depository for the Euroclear operator.

Title to book-entry interests in the notes will pass by book-entry registration of the transfer within the records of Clearstream, Luxembourg, the Euroclear operator or the depository, as the case may be, in accordance with their respective procedures. Book-entry interests in the notes may be transferred within Clearstream, Luxembourg and within the Euroclear System and between Clearstream, Luxembourg and the Euroclear System in accordance with procedures established for these purposes by Clearstream, Luxembourg and the Euroclear operator. Book-entry interests in the notes may be transferred within the depository in accordance with procedures established for this purpose by the depository. Transfers of book-entry interests in the notes among Clearstream, Luxembourg and the Euroclear operator and the depository may be effected in accordance with procedures established for this purpose by Clearstream, Luxembourg, the Euroclear operator and the depository.

Secondary market trading between Clearstream, Luxembourg 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 and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through the depository on the one hand, and directly or indirectly through Clearstream, Luxembourg participants or Euroclear participants, on the other, will be effected through the depository in accordance with the depository s rules on behalf of the relevant European international clearing system by its U.S. depository; however, these cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the clearing 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. depository to take action to effect final settlement on its behalf by delivering interests in the notes to or receiving interests in the notes from the

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depository, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to the depository. Clearstream, Luxembourg participants and Euroclear participants may not deliver instructions directly to their respective U.S. depositories.

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

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

Same-day settlement and payment

Settlement for the notes will be made in immediately available funds. So long as the notes are represented by one or more global notes, we will make all payments of principal and interest in immediately available funds.

So long as the notes are represented by one or more global notes registered in the name of the depository or its nominee and its procedures so permit, the notes will trade in the depository s Same-Day Funds Settlement System, and secondary market trading activity in the notes will therefore be required by the depository to settle in immediately available funds.

The paying agent and security registrar

U.S. Bank Trust National Association is the paying agent and security registrar with respect to the notes.

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United States federal tax considerations

The following summary describes the material United States federal income tax consequences and, in the case of a non-U.S. holder (as defined below), the material United States federal estate tax consequences, of purchasing, owning and disposing of the notes. This summary applies to you only if you are a beneficial owner of a note and you acquire the note in this offering for a price equal to the issue price of the notes. The issue price of the notes is the first price at which a substantial amount of the notes is sold other than to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers.

This summary deals only with notes held as capital assets (generally, investment property) and does not deal with special tax situations such as:

- dealers in securities or currencies;
- traders in securities;
- United States holders (as defined below) whose functional currency is not the United States dollar;
- persons holding notes as part of a conversion, constructive sale, wash sale or other integrated transaction or a hedge, straddle or synthetic security;
- persons subject to the alternative minimum tax;
- certain United States expatriates;
- financial institutions;
- insurance companies;
- controlled foreign corporations, passive foreign investment companies and regulated investment companies and shareholders of such corporations;
- entities that are tax-exempt for United States federal income tax purposes and retirement plans, individual retirement accounts and tax-deferred accounts;
- pass-through entities, including partnerships and entities and arrangements classified as partnerships for United States federal tax purposes, and beneficial owners of pass-through entities; and

persons that acquire the notes for a price other than their issue price.

If you are a partnership (or an entity or arrangement classified as a partnership for United States federal tax purposes) holding notes or a partner in such a partnership, the United States federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership, and you should consult your own tax advisor regarding the United States federal income and estate tax consequences of purchasing, owning and disposing of the notes.

This summary does not discuss all of the aspects of United States federal income and estate taxation that may be relevant to you in light of your particular investment or other circumstances. In addition, this summary does not discuss any United States state or local income or foreign income or other tax consequences. This summary is based on United States federal income and estate tax law, including the provisions of the Internal Revenue Code of 1986, as

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amended (the Internal Revenue Code), Treasury regulations, administrative rulings and judicial authority, all as in effect or in existence as of the date of this prospectus supplement. Subsequent developments in United States federal income and estate tax law, including changes in law or differing interpretations, which may be applied retroactively, could have a material effect on the United States federal income and estate tax consequences of purchasing, owning and disposing of notes as set forth in this summary. Before you purchase notes, you should consult your own tax advisor regarding the particular United States federal, state and local and foreign income and other tax consequences of acquiring, owning and disposing of the notes that may be applicable to you.

United States holders

The following summary applies to you only if you are a United States holder (as defined below).

Definition of a United States holder

A United States holder is a beneficial owner of a note or notes that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity classified as a corporation for these purposes) created or organized in or under the laws of the United States, any State thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of the source of that income; or
- a trust, if (1) a United States court is able to exercise primary supervision over the trust s administration and one or more United States persons (within the meaning of the Internal Revenue Code) has the authority to control all of the trust s substantial decisions, or (2) the trust has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

Interest

Interest on your notes will be taxed as ordinary interest income. In addition:

- if you use the cash method of accounting for United States federal income tax purposes, you will have to include the interest on your notes in your gross income at the time you receive the interest; and
- if you use the accrual method of accounting for United States federal income tax purposes, you will have to include the interest on your notes in your gross income at the time the interest accrues.

Sale or other disposition of notes

Your tax basis in your notes generally will be their cost. Upon the sale, redemption, exchange or other taxable disposition of the notes, you generally will recognize taxable gain or loss equal to the difference, if any, between:

- the amount realized on the disposition (less any amount attributable to accrued interest, which will be taxable as ordinary interest income to the extent not previously included in gross

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income, in the manner described under United States federal tax considerations United States holders Interest); and

your tax basis in the notes.