

BAXTER INTERNATIONAL INC  
Form S-4  
September 30, 2003  
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As filed with the Securities and Exchange Commission on September 30, 2003

Registration No. 333-

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

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# BAXTER INTERNATIONAL INC.

(Exact Name of Registrant as Specified in Its Charter)

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**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**3841**  
(Primary Standard Industrial  
Classification Code Number)

**36-0781620**  
(I.R.S. Employer  
Identification No.)

**One Baxter Parkway**

**Deerfield, IL 60015**

**(847) 948-2000**

(Address, Including Zip Code, and Telephone Number Including Area Code, of Registrant's Principal Executive Offices)

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**Jan Stern Reed**

**Associate General Counsel**

**and Corporate Secretary**

**Baxter International Inc.**

**One Baxter Parkway**

**Deerfield, IL 60015**

**(847) 948-2000**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

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**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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**CALCULATION OF REGISTRATION FEE**

<b>Title Of Each Class Of Securities To Be Registered</b>	<b>Amount To Be Registered</b>	<b>Proposed Maximum Offering Price Per Unit(1)</b>	<b>Proposed Maximum Aggregate Offering Price(1)</b>	<b>Amount Of Registration Fee</b>
New 4.625% Notes due 2015	\$ 600,000,000	100%	\$ 600,000,000	\$ 48,540

(1) Estimated solely for the purpose of calculating the amount of the registration fee.

**The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized any person to provide you with any other information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date. The delivery of this prospectus shall not under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this prospectus.**

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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.**

PROSPECTUS (SUBJECT TO COMPLETION)

**Baxter International Inc.**

**Offer to Exchange**

**\$600,000,000 4.625% Notes due 2015**

**for**

**\$600,000,000 New 4.625% Notes due 2015**

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We are offering to exchange up to \$600,000,000.00 of our new 4.625% Notes due 2015 for up to \$600,000,000.00 of our existing 4.625% Notes due 2015. The terms of the new notes are identical in all material respects to the terms of the old notes, except that the new notes have been registered under the Securities Act, and the transfer restrictions and registration rights relating to the old notes do not apply to the new notes.

To exchange your old notes for new notes:

You are required to make the representations described on page 8 to us.

You must complete and send the letter of transmittal that accompanies this prospectus to the exchange agent, Bank One Trust Company, N.A., by 5:00 p.m., New York time, on \_\_\_\_\_, 2003.

You should read the section called "The Exchange Offer" for further information on how to exchange your old notes for new notes.

**See Risk Factors beginning on page 10 for a discussion of risk factors that should be considered by you prior to tendering your old notes in the exchange offer.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the exchange offer or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offense.**

, 2003

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Baxter International Inc. is a Delaware corporation. Our principal executive offices are located at One Baxter Parkway, Deerfield, IL 60015, and our telephone number at that address is (847) 948-2000.

In this prospectus, Baxter, the Company, we, us and our refer to Baxter International Inc. and its subsidiaries, unless the context requires otherwise. However, for purposes of the section entitled Description of the New Notes, whenever we refer to Baxter or to us, or use the terms we or our, we are referring only to Baxter International Inc. and not to any of our subsidiaries.

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**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain further information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public over the Internet at the SEC's Web site at <http://www.sec.gov>. Our SEC filings are also available at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

This prospectus is a part of a registration statement filed by us with the SEC under the Securities Act. As allowed by SEC rules, this prospectus does not contain all of the information that you can find in the registration statement or the exhibits to the registration statement.

We incorporate by reference important business and financial information about us in this prospectus. This means that we can disclose important information to you that is not included in or delivered with the prospectus by referring you to those documents. We incorporate by reference in this prospectus the following documents filed by us with the SEC:

our Annual Report on Form 10-K for the year ended December 31, 2002;

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003 and June 30, 2003; and

our Current Report on Form 8-K dated July 2, 2003 and our Current Report on Form 8-K dated July 17, 2003 (reporting under Item 5).

Any statement made in a document incorporated by reference or deemed incorporated herein by reference is deemed to be modified or superseded for purposes of this prospectus if a statement contained in this prospectus or in any other subsequently filed document which also is incorporated or deemed incorporated by reference herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus. We also incorporate by reference all documents filed pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act after the date of this prospectus until the exchange offer has been terminated.

Statements made in this prospectus or in any document incorporated by reference in this prospectus as to the contents of any contract or other document referred to herein or therein are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the documents incorporated by reference, each such statement being qualified in all material respects by such reference.

You may request a copy of these filings at no cost by calling us at (847) 948-2000 or writing us at the following address: Corporate Secretary, Baxter International Inc., One Baxter Parkway, Deerfield, Illinois 60015. **To obtain timely delivery, you must request the information no later than \_\_\_\_\_, 2003, or five business days before the expiration date if the exchange offer is extended.**

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**FORWARD-LOOKING STATEMENTS**

Statements throughout this prospectus (including material incorporated herein by reference) that are not historical facts are forward-looking statements. These statements are based on our current expectations and involve numerous risks and uncertainties. Some of these risks and uncertainties are factors that affect all international businesses, while some are specific to us and the health care arenas in which we operate. Many factors could affect our actual results, causing our results to differ, and possibly differ materially, from those expressed in any such forward-looking statements. These factors include, but are not limited to:

interest rates;

technological advances in the medical field;

economic conditions;

demand and market acceptance risks for new and existing products, technologies and health-care services;

the impact of competitive products and pricing;

manufacturing capacity;

availability of acceptable raw materials and component supply;

new plant start-ups;

global regulatory, trade and tax policies;

regulatory, legal or other developments relating to our Series A, AF and AX dialyzers;

the ability to obtain adequate insurance coverage at reasonable costs;

continued price competition;

product development risks, including technological difficulties;

ability to enforce patents;

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patents of third parties preventing or restricting our manufacture, sale or use of affected products or technology;

actions of regulatory bodies and other government authorities;

reimbursement policies of government agencies and private payers;

commercialization factors;

results of product testing;

unexpected quality or safety concerns, whether or not justified, leading to product launch delays, recalls, withdrawals, or declining sales; and

other factors described in our other filings with the Securities and Exchange Commission.

Additionally, as discussed in the Legal Proceedings section of our most recently-filed Quarterly Report on Form 10-Q, upon the resolution of certain legal matters, we may incur charges in excess of our presently established reserves. Any such charge could have a material adverse effect on our results of operations or cash flows in the period in which it is recorded.

Currency fluctuations are also a significant variable for global companies, especially fluctuations in local currencies where hedging opportunities are unreasonably expensive or unavailable. If the U.S. Dollar strengthens against most foreign currencies, our growth rates in our sales and net earnings could be negatively impacted.

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In view of business conditions in the insurance industry, our liability insurance coverage, including product liability insurance, with respect to insured occurrences after April 30, 2003, is significantly less than the coverage available for insured occurrences prior to that date. These reductions in insurance coverage available to us reflect current trends in the liability insurance area generally, and are not unique to us. We will continue to pursue higher coverage levels and lower self-insured retentions in the future, when available. It is possible that our net income and cash flows could be adversely affected in the future as a result of any losses sustained in the future.

We believe that our expectations with respect to forward-looking statements are based upon reasonable assumptions within the bounds of our knowledge of our businesses and operations, but there can be no assurance that our actual results or performance will conform to any future results or performance expressed or implied by such forward-looking statements.

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**SUMMARY**

*This summary highlights the more detailed information in this prospectus and you should read the entire prospectus carefully.*

**The Exchange Offer**

<b>Securities Offered</b>	We are offering up to \$600,000,000.00 aggregate principal amount of new 4.625% Notes due 2015, which have been registered under the Securities Act.
<b>The Exchange Offer</b>	We are offering to issue the new notes in exchange for a like principal amount of your old notes. We are offering to issue the new notes to satisfy our obligations contained in the registration rights agreement entered into when the old notes were sold in transactions permitted by Rule 144A under the Securities Act and therefore not registered with the SEC. For procedures for tendering, see The Exchange Offer.
<b>Maturity dates</b>	Each new note will mature on March 15, 2015.
<b>Interest payment dates</b>	March 15 and September 15 of each year, the first payment was made on September 15, 2003.
<b>Ranking</b>	The notes will be our senior unsecured obligations and will rank on a parity with all our other senior unsecured, unsubordinated indebtedness, including all other unsubordinated debt securities issued under the indenture. The indenture provides for the issuance from time to time of senior unsecured indebtedness by us in an unlimited amount. See Description of the New Notes.
<b>Use of Proceeds</b>	We will not receive any proceeds from the exchange of new notes for old notes.
<b>Form of new notes</b>	One or more global notes held in the name of the Depository Trust Company or its nominee.
<b>Tenders, Expiration Date, Withdrawal</b>	The exchange offer will expire at 5:00 p.m. New York City time on _____, 2003 unless it is extended. If you decide to exchange your old notes for new notes, you must acknowledge that you are not engaging in, and do not intend to engage in, a distribution of the new notes. If you decide to tender your old notes in the exchange offer, you may withdraw them at any time prior to _____, 2003. If we decide for any reason not to accept any old notes for exchange, your old notes will be returned to you without expense to you promptly after the exchange offer expires.

**Table of Contents****United States Federal Income Tax Consequences**

Your exchange of old notes for new notes in the exchange offer will not be treated as a taxable exchange and therefore will not result in the recognition of gain or loss by you for U.S. federal income tax purposes. See Material United States Federal Income Tax Consequences of the Exchange Offer.

**Exchange Agent**

Bank One Trust Company, N.A. is the exchange agent for the exchange offer.

**Failure to Tender Your Old Notes**

If you fail to tender your old notes in the exchange offer, your old notes will continue to be subject to the existing restrictions on transfer thereof.

**Trading Market**

To the extent that old notes are tendered and accepted in the exchange offer, your ability to sell untendered, and tendered but unaccepted, old notes could be adversely affected. There may be no trading market for the old notes.

There can be no assurance that an active public market for the new notes will develop or as to the liquidity of any market that may develop for the new notes, the ability of holders to sell the new notes, or the price at which holders would be able to sell the new notes.

**RATIO OF EARNINGS TO FIXED CHARGES**

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

	Six Months Ended		Year Ended December 31,				
	June 30,						
	2003	2002	2002	2001	2000	1999	1998
Ratio of earnings to fixed charges	3.36	9.77	10.36	6.79	6.75	8.11	3.92

Note 1: The following special charges were included in income from continuing operations before income taxes, and impacted the calculation of the ratio of earnings to fixed charges.

2003: \$337 million restructuring charge.

2002: \$51 million charge for in-process research and development in the six months ended June 30, and \$189 million charge for in-process research and development and other special charges in the year ended December 31.

2001: \$280 million charge for in-process research and development and other special charges, and \$189 million charge relating to discontinuing the A, AF and AX series dialyzers.

2000: \$286 million charge for in-process research and development and other special charges.

1998: \$116 million in-process research and development charge, \$178 million net litigation charge, and \$122 million exit and reorganization costs charge.

Note 2: The ratio of earnings to fixed charges is calculated in accordance with the rules of the Securities and Exchange Commission, which are not the same as the interest rate coverage covenants included in the company's principal credit facilities. For purposes of computing the ratio of earnings to fixed charges, earnings consist of



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income from continuing operations before income taxes, cumulative effect of accounting change and fixed charges, excluding capitalized interest. Fixed charges consist of interest expense, capitalized interest, amortization of debt expense and an imputed interest component for rental expense.

**You will be able to resell the new notes without registering them with the SEC if you meet the requirements described below.**

Based on interpretations by the SEC's staff in no-action letters issued to third parties, we believe that new notes issued in exchange for old notes in the exchange offer may be offered for resale, resold or otherwise transferred by you without registering the new notes under the Securities Act or delivering a prospectus, unless you are a broker-dealer receiving securities for your own account, so long as:

you are not one of our affiliates, which is defined in Rule 405 of the Securities Act;

you acquire the new notes in the ordinary course of your business;

you do not have any arrangement or understanding with any person to participate in the distribution of the new notes; and

you are not engaged in, and do not intend to engage in, a distribution of the new notes.

If you are an affiliate of Baxter, or you are engaged in, intend to engage in or have any arrangement or understanding with respect to, the distribution of new notes acquired in the exchange offer, you (1) should not rely on our interpretations of the position of the SEC's staff and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

If you are a broker-dealer and receive new notes for your own account in the exchange offer:

you must represent that you do not have any arrangement with us or any of our affiliates to distribute the new notes;

you must acknowledge that you will deliver a prospectus in connection with any resale of the new notes you receive from us in the exchange offer; the letter of transmittal states that by so acknowledging and by delivering a prospectus, you will not be deemed to admit that you are an underwriter within the meaning of the Securities Act; and

you may use this prospectus, as it may be amended or supplemented from time to time, in connection with the resale of new notes received in exchange for old notes acquired by you as a result of market-making or other trading activities.

For a period of 180 days after the expiration of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any resale described above. See Plan of Distribution.



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**Our Company**

We engage in the worldwide development, manufacture and distribution of a diversified line of products, systems and services used primarily in the health care field. We manufacture products in 29 countries and sell them in over 100 countries. Health care is concerned with the preservation of health and with the diagnosis, cure, mitigation and treatment of disease and body defects and deficiencies. Our products are used by hospitals, clinical and medical research laboratories, blood and blood dialysis centers, rehabilitation centers, nursing homes, doctors' offices and by patients, at home, under physician supervision. We were incorporated under Delaware law in 1931.

We operate as a global medical products and services company with expertise in medical devices, pharmaceuticals and biotechnology to assist health-care professionals and their patients with the treatment of complex medical conditions, including hemophilia, immune disorders, infectious diseases, cancer, kidney disease, trauma and other conditions. Continuing operations are comprised of three segments: Medication Delivery, which provides a range of intravenous solutions and specialty products that are used in combination for fluid replenishment, nutrition therapy, pain management, antibiotic therapy and chemotherapy; BioScience, which develops biopharmaceuticals, biosurgery products, vaccines and blood collection, processing and storage products and technologies for transfusion therapies; and Renal, which develops products and provides services to treat end-stage kidney disease.

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**RISK FACTORS**

You should carefully consider the following risk factors, as well as the other information contained in this prospectus and the information incorporated by reference.

**There may not be an active market for the old notes or the new notes.**

The old notes and the new notes constitute issues of securities with no established public trading market. We do not intend to apply for listing of the new notes on any securities exchange or for inclusion of the new notes in any automated quotation system. There can be no assurance that an active public market for the new notes will develop or as to the liquidity of any market that may develop for the new notes, the ability of holders to sell the new notes, or the price at which holders would be able to sell the new notes. Future trading prices of the new notes will depend on many factors, including among other things, prevailing interest rates, our operating results and the market for similar securities.

Any old notes not tendered or accepted in the exchange offer will remain outstanding. To the extent that old notes are tendered and accepted in the exchange offer, your ability to sell untendered, and tendered but unaccepted, old notes could be adversely affected. Following consummation of the exchange offer, the holders of old notes will continue to be subject to the existing restrictions on transfer thereof and we will have no further obligation to those holders, under the registration rights agreement, to provide for the registration under the Securities Act of the old notes. There may be no trading market for the old notes.

**We are a holding company with no significant business operations of our own, and our ability to meet our obligations is dependent upon payments from our subsidiaries.**

We are a holding company and conduct all of our business operations through our subsidiaries. Our ability to meet our obligation to pay you interest on the notes will be dependent on the earnings of our respective subsidiaries and the payment of those earnings to us, in the form of dividends, loans or advances and through repayment of loans or advances from us. In addition, any payment of dividends, loans or advances by those subsidiaries could be subject to statutory or contractual restrictions. Our subsidiaries have no obligation to pay any amounts on the notes.

**You assume the risk that our actual results may not conform to our projections.**

You assume the risk that our actual results may vary from our projections, affecting the market value of the notes. For more information on this topic, see the section captioned Forward-Looking Statements.

**USE OF PROCEEDS**

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We will not receive any cash proceeds from the issuance of the new notes. The new notes will be exchanged for old notes as described in this prospectus upon our receipt of old notes. We will cancel all of the old notes surrendered in exchange for the new notes.

Our net proceeds from the sale of the old notes were approximately \$591 million, after deduction of the initial purchasers' discounts and commissions and other expenses of the offering. We used those net proceeds for repayment of maturing debt and general corporate purposes.

**Table of Contents****SELECTED FINANCIAL INFORMATION**

The selected financial data for each of the years during the five year period ended December 31, 2002 were derived from our audited consolidated financial statements which have been examined and reported upon by PricewaterhouseCoopers LLP, independent public accountants. The selected financial data at and for the six months ended June 30, 2003 and 2002 were derived from our unaudited consolidated financial statements which have been reviewed by PricewaterhouseCoopers LLP, independent public accountants, and include all adjustments, consisting of normal recurring accruals, which we consider necessary for a fair presentation of our financial position and results of operations as of that date and for that period.

The table below reflects our consolidated financial position and results of operations. All material intercompany transactions and balances have been eliminated. You should read the following amounts in conjunction with our consolidated financial statements and the related notes that are incorporated in this prospectus supplement by reference.

	Six Months						
	Ended June 30,		Year Ended December 31,				
	2003(1)	2002(2)	2002(3)	2001(4)	2000(5),(6)	1999	1998(7)
<b>Operating Results</b> (in millions)							
Net sales	\$ 4,160	3,820	8,110	7,356	6,697	6,224	5,607
Income from continuing operations before cumulative effect of accounting change	\$ 266	457	1,033	675	754	805	298
Depreciation and amortization	\$ 258	208	439	427	394	364	337
Research and development expenses(8)	\$ 275	238	501	426	378	331	323
<b>Balance Sheet and Cash Flow Information</b> (in millions)							
Capital expenditures	\$ 357	328	848	759	625	614	538
Total assets	\$ 13,215	11,188	12,478	10,343	8,733	9,644	9,873
Long-term debt and lease obligations	\$ 4,806	3,290	4,398	2,486	1,726	2,601	3,096
<b>Common Stock Information</b> (9)							
Average number of common shares outstanding (in millions)(10)	598	601	600	590	585	579	567
Income from continuing operations per common share							
Basic	\$ .45	.76	1.72	1.15	1.29	1.39	0.53
Diluted	\$ .44	.73	1.67	1.11	1.26	1.36	0.52
Cash dividends declared per common share			0.582	0.582	0.582	0.582	0.582
<b>Other Information</b>							
Net-debt-to-capital ratio(11)	46.7%	42.7%	40.3%	35.9%	40.1%	40.2%	48.4%

- (1) Income from continuing operations includes a charge for restructuring of \$337 million.
- (2) Income from continuing operations includes a charge for in-process research and development (IPR&D) of \$51 million.
- (3) Income from continuing operations includes IPR&D and other special charges of \$189 million.
- (4) Income from continuing operations includes IPR&D and other special charges and a charge relating to A, AF and AX series dialyzers of \$280 million and \$189 million, respectively.

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- (5) Income from continuing operations includes IPR&D and other special charges of \$286 million.
- (6) Certain balance sheet data are affected by the spin-off of Edwards Lifesciences Corporation in 2000.
- (7) Income from continuing operations includes charges for IPR&D, net litigation, and exit and other reorganization costs of \$116 million, \$178 million and \$122 million, respectively.
- (8) Excludes charges for IPR&D and a special charge to prioritize certain of the company's research and development programs, as applicable in each year.
- (9) All share and per share data have been restated for the company's two-for-one stock split in May 2001.
- (10) Excludes common stock equivalents.
- (11) The net-debt-to-capital ratio represents net debt (short-term and long-term debt and lease obligations, net of cash and equivalents) divided by capital (the total of net debt and stockholders' equity). Management uses this ratio to assess and optimize the company's capital structure. The net-debt-to-capital ratio is not a measurement under generally accepted accounting principles. The ratio was calculated in 2003 and 2002 in accordance with the company's primary credit agreements, which give 70% equity credit to the company's equity units.

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**DESCRIPTION OF THE NEW NOTES**

**General**

The following is a summary of the terms of the new notes. The new notes will be issued under an indenture dated as of April 26, 2002 between us and Bank One Trust Company, N.A., as trustee, as amended and supplemented by supplemental indenture no. 2, dated March 10, 2003 between us and the trustee (as so amended and supplemented, the indenture ). This description is not complete and investors should refer to the indenture, a copy of which has been filed as an exhibit to the registration statement of which this prospectus is a part.

**Maturity, Interest, Form and Denomination**

The new notes will initially be limited to \$600,000,000 in aggregate principal amount. The new notes will mature on March 15, 2015 and will bear interest at the rate of 4.625% per annum.

Interest will be payable semiannually on March 15 and September 15 of each year commencing on September 15, 2003 to holders of record on the preceding March 1 and September 1, respectively. If an interest payment date falls on a day that is not a business day, interest will be payable on the next succeeding business day with the same force and effect as if made on such interest payment date. Interest on the new notes will be calculated on the basis of a 360-day year of twelve 30-day months.

The new notes will be issued in fully registered form in denominations of \$1,000 and in integral multiples of \$1,000.

**Further Issues of the Same Series**

We may, from time to time, without the consent of the existing holders of the new notes, issue additional notes under the indenture having the same terms as the new notes in all respects, except for the issue date, the issue price and the initial interest payment date. Any such additional notes will be consolidated with and form a single series with the new notes being offered by this prospectus.

In addition to the new notes, we may issue other series of debt securities under the indenture. There is no limit on the total aggregate principal amount of debt securities that we can issue under the