NUCOR CORP
Form 424B2
April 24, 2018
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Filed Pursuant to Rule 424(b)(2)

Registration No. 333-220010

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Amount of Registration Fee (1)
3.950% Notes due 2028	$500,000,000	99.852%	$499,260,000	$62,157.87
4.400% Notes due 2048	$500,000,000	99.290%	$496,450,000	$61,808.03

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended. The total registration fee due for this offering is $123,965.90.

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PROSPECTUS SUPPLEMENT

(To Prospectus dated August 17, 2017)

$1,000,000,000

$500,000,000 3.950% Notes due 2028

$500,000,000 4.400% Notes due 2048

The 3.950% notes will mature on May 1, 2028 (the 2028 Notes) and the 4.400% notes will mature on May 1, 2048 (the 2048 Notes and, together with the 2028 Notes, the Notes). We will pay interest on the Notes semi-annually in arrears on May 1 and November 1 of each year, commencing November 1, 2018.

We may, at our option, redeem either series of the Notes, in whole or in part, at any time or from time to time, at the applicable redemption prices set forth under Description of Notes Optional Redemption.

The Notes will be our senior unsecured obligations and will rank equally with our existing and future unsecured senior indebtedness. Each series of the Notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. Each series of the Notes is a new issue of securities with no established trading market. We do not intend to apply for the listing of either series of the Notes on any securities exchange or for quotation of such Notes on any automated dealer quotation system.

Investing in the Notes involves risks. See Risk Factors on page S-4 of this prospectus supplement and page 1 of the accompanying prospectus.

	Public Offering Price [1]	Underwriting Discount	Proceeds to Nucor (before expenses)

Per 2028 Note	99.852%	0.650%	99.202%
Total	$ 499,260,000	$ 3,250,000	$ 496,010,000
Per 2048 Note	99.290%	0.875%	98.415%
Total	$ 496,450,000	$ 4,375,000	$ 492,075,000

(1) Plus accrued interest, if any, from April 26, 2018, if settlement occurs after that date.

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.

The underwriters expect to deliver the Notes in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, S.A., on or about April 26, 2018, against payment therefor in immediately available funds.

Joint Book-Running Managers

BofA Merrill Lynch **J.P. Morgan** **Wells Fargo Securities**

Deutsche Bank Securities **RBC Capital Markets** **US Bancorp**

Co-Managers

PNC Capital Markets LLC **SunTrust Robinson Humphrey** **Fifth Third Securities**

The Williams Capital Group, L.P. **BB&T Capital Markets** **MUFG**

The date of this prospectus supplement is April 23, 2018.

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Prospectus Supplement

Prospectus

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering, the Notes and matters relating to us and our financial performance and condition. The second part, the accompanying prospectus, dated August 17, 2017, gives more general information, some of which does not apply to

this offering.

Except as otherwise indicated or unless the context requires otherwise, all references in this prospectus supplement to Nucor, the Company, we, us, our and similar terms refer to Nucor Corporation and its consolidated subsidiaries.

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If the description of this offering and the Notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. In various places in this prospectus supplement and the accompanying prospectus, we refer you to sections of other documents for additional information by indicating the caption headings of the other sections. All cross-references in this prospectus supplement are to captions contained in this prospectus supplement and not in the accompanying prospectus, unless otherwise indicated.

We have not, and the underwriters and their respective affiliates and agents have not, authorized any person to provide any information or to represent anything about us other than what is contained in or incorporated by reference into this prospectus supplement or the accompanying prospectus or any related free writing prospectus prepared by or on behalf of us or to which we have referred you. We do not, and the underwriters and their respective affiliates and agents do not, take any responsibility for, and can provide no assurance as to the reliability of, information that others may provide you.

We and the underwriters are offering to sell the Notes only in places where offers and sales are permitted.

You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of this prospectus supplement or the accompanying prospectus or that any information incorporated by reference is accurate as of any date other than the date of the document incorporated by reference.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus, any related free writing prospectus and the documents incorporated by reference herein and therein may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Statements containing words such as expects, plans, strategy projects, believes, opportunity, should, anticipates, desires and similar expressions are intended to highlight c forward-looking statements. These forward-looking statements reflect our best judgment based on current information and, although we base these statements on circumstances that we believe to be reasonable when made, there can be no assurance that future events will not affect the accuracy of such forward-looking information. As such, the forward-looking statements are not guarantees of future performance, and actual results may vary materially from the projected results and expectations discussed. Factors that might cause our actual results to differ materially from those anticipated in forward-looking statements include, but are not limited to: (i) competitive pressure on sales and pricing, including pressure from imports and substitute materials; (ii) U.S. and foreign trade policies affecting steel imports or exports; (iii) the sensitivity of the results of our operations to prevailing steel prices and changes in the supply and cost of raw materials, including pig iron, iron ore and scrap steel; (iv) availability and cost of electricity and natural gas which could negatively affect our cost of steel production or could result in a delay or cancelation of existing or future drilling within our natural gas drilling programs; (v) critical equipment failures and business interruptions; (vi) market demand for steel products, which, in the case of many of our products, is driven by the level of nonresidential construction activity in the United States; (vii) impairment in the recorded value of inventory, equity investments, fixed assets, goodwill or other long-lived assets; (viii) uncertainties surrounding the global economy, including excess world capacity for steel production; (ix) fluctuations in currency conversion rates; (x) significant changes in laws or government regulations affecting environmental compliance, including legislation and regulations that result in greater regulation of greenhouse gas emissions that could increase our energy costs and our capital expenditures and operating costs or cause one or more of our permits to be revoked or make it more difficult to obtain permit modifications; (xi) the cyclical nature of the steel industry; (xii) capital investments and their impact on our performance; and (xiii) our safety performance. Additional information regarding the risks and uncertainties which may affect our business operations and financial performance can be found in our filings with the Securities and Exchange Commission (the SEC).

The forward-looking statements contained in this prospectus supplement, the accompanying prospectus, any related free writing prospectus and the documents incorporated by reference herein and therein are expressly qualified in their entirety by the foregoing cautionary statements. The foregoing list of important factors that may affect future results is not exhaustive. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. All such forward-looking statements are based upon data available as of the date of this prospectus supplement or other specified date and speak only as of such date. Except as may be required by applicable law, we expressly disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, change in circumstances, future events or otherwise.

You should carefully read this prospectus supplement, the accompanying prospectus, any related free writing prospectus and the documents incorporated by reference herein and therein in their entirety. They contain information that you should consider when making your investment decision.

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SUMMARY

The brief description of our business included below and the brief summary of some of the terms of this offering that is included on the following pages of this prospectus supplement highlight information incorporated by reference or contained elsewhere in this prospectus supplement and the accompanying prospectus. These summaries are not intended to be complete and do not contain all of the information that may be important to you and that you should consider about our business and the terms of this offering before investing in the Notes. For a more complete understanding of the Company and this offering of the Notes, you should carefully read this entire prospectus supplement, the accompanying prospectus, any related free writing prospectus and the documents incorporated by reference herein and therein (including our consolidated financial statements and the notes thereto) before making an investment decision.

Nucor Corporation

Our Business

Nucor and its affiliates manufacture steel and steel products. The Company also produces direct reduced iron (DRI) for use in its steel mills. Through The David J. Joseph Company and its affiliates, the Company also processes ferrous and nonferrous metals and brokers ferrous and nonferrous metals, pig iron, hot briquetted iron and DRI. Most of the Company s operating facilities and customers are located in North America. The Company s operations include international trading and sales companies that buy and sell steel and steel products manufactured by the Company and others. Nucor is North America s largest recycler, using scrap steel as the primary raw material in producing steel and steel products.

Our shares of common stock are listed on the New York Stock Exchange under the symbol NUE.

Recent Developments

Nucor s consolidated net earnings for the first quarter of 2018 were $354.2 million, or $1.10 per diluted share. By comparison, Nucor reported net earnings of $383.9 million, or $1.20 per diluted share, for the fourth quarter of 2017 and net earnings of $356.9 million, or $1.11 per diluted share, for the first quarter of 2017.

Nucor s consolidated net sales increased 9% to $5.57 billion in the first quarter of 2018 compared with $5.09 billion in the fourth quarter of 2017 and increased 16% compared with $4.82 billion in the first quarter of 2017.

Nucor s cash and cash equivalents as of March 31, 2018 was $760.3 million.

The financial information above is not a comprehensive statement of our financial results for the quarter ended March 31, 2018 and should not be viewed as a substitute for full quarterly financial statements prepared in accordance with generally accepted accounting principles in the United States of America and the additional information regarding our financial results for such quarter that will be included in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (the First Quarter 10-Q). When we file the First Quarter 10-Q, such information may differ from this summary information as a result of the completion of our financial closing procedures, final adjustments or other developments that may arise between now and the time we file the First Quarter 10-Q. The financial information above has been prepared by, and is the responsibility of, Nucor s management. Our independent registered public accounting firm, PricewaterhouseCoopers LLP, has not audited, reviewed, compiled or applied agreed-upon procedures with respect to the financial information above. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

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The Offering

Issuer	Nucor Corporation
Securities Offered	$500 million aggregate principal amount of 3.950% notes due May 1, 2028 (the 2028 Notes) $500 million aggregate principal amount of 4.400% notes due May 1, 2048 (the 2048 Notes)
Maturity Dates	The 2028 Notes will mature on May 1, 2028. The 2048 Notes will mature on May 1, 2048.
Interest Rates	The 2028 Notes will bear interest at a rate of 3.950% per annum. The 2048 Notes will bear interest at a rate of 4.400% per annum.
Interest Payment Dates	The Notes will bear interest from, and including, April 26, 2018, payable semi-annually in arrears on May 1 and November 1 of each year, commencing November 1, 2018.
Ranking	The Notes will be our senior unsecured obligations and will rank equally with our existing and future unsecured senior indebtedness. The Notes will be effectively subordinated to our existing and future secured indebtedness to the extent of the assets securing such indebtedness and structurally subordinated to all existing and future indebtedness and liabilities of our subsidiaries. See Description of Notes Ranking in this prospectus supplement and Description of Our Debt Securities General in the accompanying prospectus.
Optional Redemption	At any time prior to February 1, 2028 with respect to the 2028 Notes (three months prior to the maturity date of the 2028 Notes) and November 1, 2047 with respect to the 2048 Notes (six months prior to the maturity date of the 2048 Notes), the Notes will be redeemable, in whole or in part, at any time or from time to time, at our option, at a redemption price 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 in Description of Notes Optional Redemption) on such Notes being redeemed that would be due if the Notes to be redeemed matured on the applicable Par Call Date (as defined in Description of Notes Optional Redemption), discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate (as defined in Description of Notes Optional Redemption), plus, in each case, accrued and unpaid interest thereon, to, but excluding, the redemption date.

On or after February 1, 2028 with respect to the 2028 Notes (three months prior to the maturity date of the 2028 Notes) and November 1, 2047 with respect to the 2048 Notes (six months prior to the maturity date of the 2048 Notes), the Notes will be redeemable, in whole or in part, at any time or from time to time, at our option, at 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon, to, but excluding, the redemption date. See Description of Notes Optional Redemption.

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Repurchase at the Option of Holders Upon a Change of Control Triggering Event	If a Change of Control Triggering Event (as defined in Description of Notes Change of Control Offer to Purchase) occurs, you will have the right to require us to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of your Notes at a purchase price of 101% of the principal amount, plus accrued and unpaid interest, if any, on such Notes, to, but excluding, the purchase date (unless a notice of redemption has been delivered within 30 days after such Change of Control Triggering Event stating that all of the Notes will be redeemed as described under Description of Notes Optional Redemption). See Description of Notes Change of Control Offer to Purchase.
Covenants	The indenture pursuant to which the Notes will be issued will contain covenants that, among other things, limit our ability and the ability of our Restricted Subsidiaries (as defined in Description of Notes Covenants Applicable to the Notes) to secure indebtedness with a security interest on certain property or stock or to engage in certain sale and leaseback transactions with respect to certain properties. See Description of Notes Covenants Applicable to the Notes.
Use of Proceeds	We estimate that the net proceeds from this offering will be approximately $986.1 million, after deducting our estimated offering expenses and the underwriting discount. We plan to use the net proceeds from the sale of the Notes for (i) the repayment of $500 million aggregate principal amount at maturity of our unsecured 5.850% notes due June 1, 2018 and (ii) other general corporate purposes, which may include, but are not limited to, working capital, capital expenditures, advances for or investments in our subsidiaries, acquisitions, redemption and repayment of outstanding indebtedness, and purchases of our common stock. See Use of Proceeds.
Form and Denomination	We will issue each series of the Notes in fully registered book-entry form and in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
No Listing	We do not intend to apply for the listing of either series of the Notes on any securities exchange or for quotation of such Notes on any automated dealer quotation system.
Trustee	U.S. Bank National Association

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RISK FACTORS

An investment in the Notes is subject to certain risks. This prospectus supplement does not describe all of the risks of an investment in the Notes. Before purchasing any Notes, you should carefully read this prospectus supplement, the accompanying prospectus, any related free writing prospectus and the documents incorporated by reference herein and therein, including Risk Factors in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2017, as well as those risk factors included below that are related to this offering. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also adversely affect our business and operations. If any of the matters described in the risk factors were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, you could lose all or a portion of your investment.

The Notes will be structurally subordinated to all obligations of our subsidiaries.

The Notes will not be guaranteed by our subsidiaries, and therefore they will be structurally subordinated to all existing and future indebtedness and liabilities of our subsidiaries. As of December 31, 2017, our subsidiaries had $52.8 million aggregate principal amount of indebtedness, consisting of trade credit financing arrangements. Except as described under Description of Notes Covenants Applicable to the Notes, the indenture pursuant to which the Notes will be issued does not limit any of our subsidiaries from incurring more indebtedness or issuing more securities and does not contain financial or similar restrictions on any of our subsidiaries. Our rights and the rights of our creditors, including holders of the Notes, to participate in any distribution of assets of any of our subsidiaries, upon the subsidiary s liquidation or reorganization or otherwise, will be structurally subordinated to the claims of the subsidiary s creditors, except to the extent that we or any of our creditors may be a creditor of that subsidiary. In the event of a bankruptcy, liquidation or dissolution of a subsidiary, following payment by the subsidiary of its liabilities, the subsidiary may not have sufficient assets to make payments to us.

Active trading markets for the Notes may not develop or be sustained.

Each series of the Notes is a new issue of securities with no established trading market. We do not intend to apply for the listing of either series of the Notes on any securities exchange or for quotation of such Notes on any automated dealer quotation system. Although the underwriters have advised us that they presently intend to make a market in the Notes of each series after completion of the offering, they have no obligation to do so, and such market-making activities may be discontinued at any time without notice. We cannot assure the liquidity of the trading markets for the Notes or that active public trading markets for the Notes will develop or be sustained. If active public trading markets for the Notes are not developed or sustained, the market prices and liquidity of the Notes may be adversely affected.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately $986.1 million, after deducting our estimated offering expenses and the underwriting discount. We plan to use the net proceeds from the sale of the Notes for (i) the repayment of $500 million aggregate principal amount at maturity of our unsecured 5.850% notes due June 1, 2018 and (ii) other general corporate purposes, which may include, but are not limited to, working capital, capital expenditures, advances for or investments in our subsidiaries, acquisitions, redemption and repayment of outstanding indebtedness, and purchases of our common stock.

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CAPITALIZATION

The following table sets forth our capitalization at December 31, 2017. The As Adjusted column gives effect to this offering and the application of the net proceeds from the sale of the Notes for the repayment of $500 million aggregate principal amount at maturity of our unsecured 5.850% notes due June 1, 2018. See Use of Proceeds.

	December 31, 2017	
	Actual	As Adjusted
	(In thousands)	
Cash and cash equivalents	$ 949,104	$ 1,435,178
Short-term investments	50,000	50,000
Short-term debt	52,833	52,833
Long-term debt due within one year [1]	500,000	
Long-term debt due after one year:		
Revolving credit facility [2]		
Industrial revenue bonds, 1.65% to 1.92%, variable, due from 2020 to 2040	1,010,600	1,010,600
Notes, 4.125%, due 2022	600,000	600,000
Notes, 4.000%, due 2023	500,000	500,000
Notes, 6.400%, due 2037	650,000	650,000
Notes, 5.200%, due 2043	500,000	500,000
Notes offered hereby, 3.950%, due 2028		500,000
Notes offered hereby, 4.400%, due 2048		500,000
Total long-term debt due after one year, gross	3,260,600	4,260,600
Less debt issuance costs	(18,358)	(30,273)
Total long-term debt due after one year	3,242,242	4,230,327
Total debt	3,795,075	4,283,160
Nucor stockholders equity:		
Preferred stock, $4.00 par value, 250,000 shares authorized, none issued		
Common stock, $0.40 par value, 800,000,000 shares authorized, 379,900,000 shares issued	151,960	151,960
Additional paid-in capital	2,021,339	2,021,339
Retained earnings	8,463,709	8,461,698
Accumulated other comprehensive loss, net of income taxes	(254,681)	(254,681)
Treasury stock	(1,643,291)	(1,643,291)
Total Nucor stockholders equity	8,739,036	8,737,025
Noncontrolling interests [3]	345,752	345,752

Total equity	9,084,788	9,082,777
Total capitalization	$ 12,879,863	$ 13,365,937

(1) Represents our unsecured 5.850% notes due June 1, 2018.

(2) We have a five-year unsecured revolving credit facility maturing in April 2023 that provides for up to $1.5 billion in unsecured revolving loans and up to $500.0 million in additional commitments at Nucor s election in accordance with the terms set forth in the revolving credit facility. No borrowings were outstanding under this revolving credit facility as of the date of this prospectus supplement.

(3) The inclusion of noncontrolling interests in total capitalization has the effect of increasing our total capitalization. Noncontrolling interests primarily represents the 49% interest in Nucor-Yamato Steel Company (Limited Partnership) that we do not own.

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SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table presents results of operations and balance sheet data for and as of the end of our last five years. The selected consolidated financial data for each of the three years ended December 31, 2017 and as of December 31, 2017 and 2016 have been derived from our audited consolidated financial statements incorporated by reference into this prospectus supplement. The selected consolidated financial data for the year ended December 31, 2014 and as of December 31, 2015 have been derived from our audited consolidated financial statements not incorporated by reference into this prospectus supplement. The selected consolidated financial data for the year ended December 31, 2013 and as of December 31, 2014 and 2013 have been derived from our unaudited consolidated financial statements not incorporated by reference into this prospectus supplement. In 2016, we (i) changed our accounting method for valuing our inventories held by Nucor Corporation and Nucor-Yamato Steel Company (Limited Partnership) to the first-in, first out (FIFO) method from the last in, first out (LIFO) method and (ii) adopted new accounting guidance that requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts, and retrospectively adjusted prior periods to apply these changes; however, our consolidated financial statements for the years ended December 31, 2014 and 2013 were not reaudited following such adjustments. The unaudited financial information, in the opinion of management, has been prepared on a basis consistent with the audited consolidated financial statements and contains all adjustments necessary for a fair presentation of the information for the periods presented. You should read the information set forth below in conjunction with our consolidated financial statements and related notes and other financial information incorporated by reference into this prospectus supplement and the accompanying prospectus. See Information Incorporated by Reference.

	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(In thousands, except per share and per ton data and ratios)				
Selected statement of earnings data:					
Net sales	$ 20,252,393	$ 16,208,122	$ 16,439,276	$ 21,105,141	$ 19,052,046
Costs, expenses and other:					
Cost of products sold	17,682,986	14,182,215	15,325,386	19,255,904	17,623,976
Marketing, administrative and other expenses	687,531	596,761	458,989	520,805	467,904
Equity in earnings of unconsolidated affiliates	(41,661)	(38,757)	(5,329)	(13,505)	(9,297)
Impairments and losses on assets			244,833	25,393	14,000
Interest expense, net	173,580	169,244	173,531	169,256	146,895
	18,502,436	14,909,463	16,197,410	19,957,853	18,243,478
Earnings before income taxes and noncontrolling interests	1,749,957	1,298,659	241,866	1,147,288	808,568
Provision for income taxes	369,386	398,243	48,836	368,724	214,853
Net earnings	1,380,571	900,416	193,030	778,564	593,715

Earnings attributable to noncontrolling interests	61,883	104,145	112,306	99,227	94,330
Net earnings attributable to Nucor stockholders	$ 1,318,688	$ 796,271	$ 80,724	$ 679,337	$ 499,385
Net earnings per share:					
Basic	$ 4.11	$ 2.48	$ 0.25	$ 2.12	$ 1.56
Diluted	$ 4.10	$ 2.48	$ 0.25	$ 2.11	$ 1.56
Selected operating data:					
Tons sold to outside customers	26,492	24,309	22,680	25,413	23,730
Composite sales price per ton [(1)]	$ 764	$ 667	$ 725	$ 830	$ 803

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	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(In thousands, except per share and per ton data and ratios)				
Selected balance sheet data (at period end):					
Cash and cash equivalents	$ 949,104	$ 2,045,961	$ 1,939,469	$ 1,024,144	$ 1,483,252
Total assets	$ 15,841,258	$ 15,223,518	$ 14,326,969	$ 15,956,467	$ 15,578,128
Long-term debt, excluding current maturities	$ 3,242,242	$ 3,739,141	$ 4,337,145	$ 4,334,223	$ 4,347,602
Total Nucor stockholders equity	$ 8,739,036	$ 7,879,865	$ 7,477,816	$ 8,110,342	$ 8,018,250
Other data:					
Dividends declared per share	$ 1.5125	$ 1.5025	$ 1.4925	$ 1.4825	$ 1.4725
Return on average stockholders equity	15.9%	10.4%	1.0%	8.4%	6.2%
Capital expenditures	$ 507,074	$ 617,677	$ 364,768	$ 568,867	$ 1,230,418
Depreciation	$ 635,833	$ 613,192	$ 625,757	$ 652,000	$ 535,852
Ratio of earnings to fixed charges [2]	9.90	7.42	1.80	7.11	5.30

[1] Composite sales price per ton is net sales divided by tons sold to outside customers.

[2] The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. For this purpose, earnings consists of pre-tax earnings before adjustment for noncontrolling interests, plus (less) losses (earnings) from equity investments, plus fixed charges, amortization of capitalized interest and distributed income of equity investees and less capitalized interest and pre-tax earnings in noncontrolling interests in subsidiaries that have not incurred fixed charges. Fixed charges consists of interest expense, including capitalized interest and the estimated interest component of rent expense, and amortization of bond issuance costs and settled swaps.

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DESCRIPTION OF NOTES

The following description of the particular terms of the Notes (referred to in the accompanying prospectus as debt securities) supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus, to which description reference is hereby made. The following description is only a summary of the material provisions of the Notes and the Indenture (as defined below). Each series of Notes is a separate series of debt securities. The following description does not purport to be complete, and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Notes and the Indenture. We urge you to read the Indenture and the forms of the Notes, which you may obtain from us upon request.

In this description, all references to the Company, we, us and our refer only to Nucor Corporation and not to any of subsidiaries.

General

The Notes will be issued under an indenture, dated as of August 19, 2014, between us and U.S. Bank National Association, as trustee, as supplemented by a supplemental indenture, to be dated as of April 26, 2018, between us and the trustee (together, the Indenture).

The Indenture does not limit the aggregate principal amount of debt securities (referred to as the debt securities) which may be issued thereunder.

The 2028 Notes will mature on May 1, 2028 and the 2048 Notes will mature on May 1, 2048, unless earlier redeemed at the applicable redemption prices.

The original principal amount of the 2028 Notes will be $500 million and the original principal amount of the 2048 Notes will be $500 million.

Each series of the Notes will be issued in fully registered book-entry form and in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

After issuance of the Notes, we may reopen and issue additional notes from the same series of Notes by board resolution without your consent and without notifying you. Any such additional notes will have the same ranking, interest rate, maturity date, redemption rights and other terms as the series of Notes (except the public offering price, date of issuance and, if applicable, the initial interest payment date) offered pursuant to this prospectus supplement. Any such additional notes, together with the same series of Notes offered by this prospectus supplement, will be consolidated with and constitute a single series of debt securities under the Indenture.

The Notes will not have the benefit of a sinking fund.

The covenants in the Indenture may not protect you from a decline in our credit quality due to highly leveraged or other transactions in which we may engage.

Interest

The 2028 Notes will bear interest at the rate of 3.950% per year from, and including, April 26, 2018, payable semi-annually in arrears on May 1and November 1 of each year, commencing November 1, 2018, to the persons in

whose names the Notes were registered at the close of business on the immediately preceding April 15 and October 15, respectively (whether or not a business day). Interest on the 2028 Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

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The 2048 Notes will bear interest at the rate of 4.400% per year from, and including, April 26, 2018, payable semi-annually in arrears on May 1 and November 1 of each year, commencing November 1, 2018, to the persons in whose names the Notes were registered at the close of business on the immediately preceding April 15 and October 15, respectively (whether or not a business day). Interest on the 2048 Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any interest payment date, stated maturity date or earlier redemption date falls on a Saturday, a Sunday or a day on which banking institutions are authorized by law to close, then the required payment of principal of and premium, if any, and interest may be made on the next succeeding day not a Saturday, a Sunday or a day on which banking institutions are authorized by law to close, as if it were made on the date payment was due, and no interest will accrue on the amount so payable for the period from and after that interest payment date, stated maturity date or earlier redemption date, as the case may be.

Ranking

The Notes will be our senior unsecured obligations and will rank equally with our existing and future unsecured senior indebtedness. The Notes will be effectively subordinated to our existing and future secured indebtedness to the extent of the assets securing such indebtedness and structurally subordinated to all existing and future indebtedness and liabilities of our subsidiaries. After giving effect to the offering, as of December 31, 2017, we would have had approximately $4,283 million of total consolidated indebtedness and a percentage of indebtedness to total capital (which includes our long-term indebtedness, Nucor stockholders equity and noncontrolling interests) of approximately 32%. That amount includes approximately $500 million aggregate principal amount of our unsecured 5.850% notes due 2018 (which mature on June 1, 2018), $600 million aggregate principal amount of our unsecured 4.125% notes due 2022, $500 million aggregate principal amount of our unsecured 4.000% notes due 2023, $650 million aggregate principal amount of our unsecured 6.400% notes due 2037, $500 million aggregate principal amount of our unsecured 5.200% notes due 2043 and $1,010.6 million aggregate principal amount of secured indebtedness under our industrial revenue bonds.

Except as described under Covenants Applicable to the Notes, the Indenture does not limit us or any of our Subsidiaries (as defined below) from incurring more indebtedness or issuing more securities and does not contain financial or similar restrictions on us or any of our Subsidiaries. Our rights and the rights of our creditors, including holders of the Notes, to participate in any distribution of assets of any of our Subsidiaries, upon the Subsidiary s liquidation or reorganization or otherwise, will be structurally subordinated to the claims of the Subsidiary s creditors, except to the extent that we or any of our creditors may be a creditor of that Subsidiary. As of December 31, 2017, our Subsidiaries had $52.8 million aggregate principal amount of indebtedness, consisting of trade credit financing arrangements.

Subsidiary means an entity more than 50% of the outstanding voting interest of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries. For the purposes of this definition, voting interest in an entity means any equity interest which ordinarily has voting power for the election of directors or their equivalent.

Optional Redemption

At any time prior to February 1, 2028 with respect to the 2028 Notes (three months prior to the maturity date of the 2028 Notes) and November 1, 2047 with respect to the 2048 Notes (six months prior to the maturity date of the 2048 Notes), the Notes will be redeemable, in whole or in part, at any time or from time to time, at our option, at a redemption price equal to the greater of:

100% of the principal amount of the Notes to be redeemed; or

the sum of the present values of the Remaining Scheduled Payments (as defined below) on such Notes being redeemed that would be due if the Notes to be redeemed matured on the applicable Par Call Date

(as defined below), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined below) (determined on the third business day preceding the redemption date),

plus, in each case, accrued and unpaid interest thereon, to, but excluding, the redemption date.

On or after February 1, 2028 with respect to the 2028 Notes (three months prior to the maturity date of the 2028 Notes) and November 1, 2047 with respect to the 2048 Notes (six months prior to the maturity date of the 2048 Notes), the Notes will be redeemable, in whole or in part, at any time or from time to time, at our option, at 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon, to, but excluding, the redemption date.

Notwithstanding the foregoing, installments of interest on the Notes that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date.

Adjusted Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (as defined below), assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (as defined below) for that redemption date, plus 0.15% (with respect to the 2028 Notes) or 0.20% (with respect to the 2048 Notes).

Comparable Treasury Issue means the U.S. Treasury security selected by our choice of J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated or Wells Fargo Securities, LLC, and its successors, or, if such firm is unwilling or unable to select the applicable Comparable Treasury Issue, another Reference Treasury Dealer (as defined below), as having a maturity comparable to the remaining term of the Notes of that series to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes of that series (assuming for this purpose that such series of Notes matured on the applicable Par Call Date).

Comparable Treasury Price means, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date.

Par Call Date means February 1, 2028 with respect to the 2028 Notes (the date that is three months prior to the maturity date of the 2028 Notes) and November 1, 2047 with respect to the 2048 Notes (the date that is six months prior to the maturity date of the 2048 Notes).

Reference Treasury Dealer means each of J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC, and their respective successors (each, a Primary Treasury Dealer); provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer or is no longer quoting prices for U.S. Treasury securities, we will substitute therefor another Primary Treasury Dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Company, 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 Company by such Reference Treasury Dealer at 5:00 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 the principal thereof and interest thereon that would be due after the related redemption date but for such

redemption; provided, however, that, if such redemption date is not an interest payment date with respect to such Note, the amount of the next succeeding scheduled interest payment thereon will be deemed to be reduced by the amount of interest accrued thereon to such redemption date.

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Notice of any redemption will be delivered at least 15 days but no more than 60 days before the redemption date to each registered holder of the Notes to be redeemed. The notice of redemption for the Notes will state, among other things, the amount of Notes to be redeemed, the redemption date, the redemption price and the place or places that payment will be made upon presentation and surrender of Notes to be redeemed. If less than all of the Notes of a series are to be redeemed, the Notes of that series to be redeemed shall be selected in accordance with the procedures of The Depository Trust Company (DTC). 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.

Change of Control Offer to Purchase

If a Change of Control Triggering Event (as defined below) occurs, holders of the Notes may require us to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of their Notes at a purchase price of 101% of the principal amount, plus accrued and unpaid interest, if any, on such Notes, to, but excluding, the purchase date (unless a notice of redemption has been delivered within 30 days after such Change of Control Triggering Event stating that all of the Notes will be redeemed as described under Optional Redemption). We will be required to deliver to holders of the Notes a notice describing the transaction or transactions constituting the Change of Control Triggering Event and offering to repurchase the Notes. The notice must be delivered within 30 days after any Change of Control Triggering Event, and the repurchase must occur no earlier than 30 days and no later than 60 days after the date the notice is delivered.

On the date specified for repurchase of the Notes, we will, to the extent lawful:

- accept for purchase all properly tendered Notes or portions of Notes;
- deposit with the paying agent the required payment for all properly tendered Notes or portions of Notes; and
- deliver to the trustee the repurchased Notes, accompanied by an officer s certificate stating, among other things, the aggregate principal amount of repurchased Notes.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations applicable to the repurchase of the Notes. To the extent that these requirements conflict with the provisions requiring repurchase of the Notes, we will comply with such requirements instead of the repurchase provisions and will not be considered to have breached our obligations with respect to repurchasing the Notes. Additionally, if an event of default exists under the Indenture (which is unrelated to the repurchase provisions of the Notes), including events of default arising with respect to other issues of debt securities, we will not be required to repurchase the Notes notwithstanding these repurchase provisions.

We will not be required to comply with the obligations relating to repurchasing the Notes if a third party instead satisfies them.

For purposes of the repurchase provisions of the Notes, the following terms will be applicable:

Change of Control means the occurrence of any of the following: (i) the consummation of any transaction (including, without limitation, any merger or consolidation) resulting in any person (as that term is used in Section 13(d)(3) of the Exchange Act) (other than us or one of our Subsidiaries) becoming the beneficial owner (as defined in Rules 13d-3

and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of our Voting Stock (as defined below) or other Voting Stock into which our Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than the number of shares; (ii) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in a transaction or a series of related transactions, of all or substantially all of our assets and the assets of our Subsidiaries, taken as a whole, to one or more persons (as that term is used in Section 13(d)(3) of the Exchange Act) (other than us or

one of our Subsidiaries); or (iii) the first day on which a majority of the members of our board of directors are not Continuing Directors (as defined below). Notwithstanding the foregoing, a transaction will not be considered to be a Change of Control if (i) we become a direct or indirect wholly owned Subsidiary of a holding company and (ii)(1) immediately following that transaction, the direct or indirect holders of the Voting Stock of such holding company are substantially the same as the holders of our Voting Stock immediately prior to that transaction or (2) immediately following that transaction, no person is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

Change of Control Triggering Event means the occurrence of both a Change of Control and a Rating Event (as defined below).

Continuing Director means, as of any date of determination, any member of our board of directors who (i) was a member of the board of directors on the date the Notes were issued or (ii) was nominated for election, elected or appointed to the board of directors by or with the approval (given either before or after such member s nomination, election or appointment) of a majority of the Continuing Directors who were members of the board of directors at the time of such nomination, election or appointment (either by a specific vote or by approval of our proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

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

Moody s means Moody s Investors Service, Inc.

Rating Agencies means (i) each of Moody s and S&P and (ii) if either Moody s or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) selected by us as a replacement Rating Agency for a former Rating Agency.

Rating Event means the rating on the Notes is lowered by each of the Rating Agencies and the Notes are rated below an Investment Grade Rating by each of the Rating Agencies on any day within the 60-day period (which 60-day period will be extended so long as the rating of the Notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies) after the earlier of (i) the occurrence of a Change of Control and (ii) public notice of the occurrence of a Change of Control or our intention to effect a Change of Control.

S&P means S&P Global Ratings, a division of S&P Global Inc.

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

Covenants Applicable to the Notes

The Notes will have the benefit of the following covenants. We have defined below certain capitalized terms used in this section. Capitalized terms used in this section but not otherwise defined in this prospectus supplement shall have the meanings ascribed to such terms in the Indenture.

Restriction on Secured Indebtedness

The Indenture provides that as long as we have any Notes outstanding under the Indenture we will not, and we will not permit any Restricted Subsidiary (as defined below) to, create, assume, issue, guarantee or incur any

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Secured Indebtedness (as defined below), unless immediately thereafter the aggregate amount of all Secured Indebtedness (exclusive of certain types of permitted Secured Indebtedness described below), together with the discounted present value of all rentals (not otherwise excluded from the limitation discussed below under Restriction on Sales and Leasebacks) due in respect of Sale and Leaseback Transactions (as defined below), would not exceed 10% of Consolidated Net Tangible Assets (as defined below). For purposes of the calculation, the discounted present value of all rentals does not include rentals to which the covenant discussed below under Restriction on Sales and Leasebacks does not apply.

This restriction does not apply to the following Secured Indebtedness, which we exclude in computing Secured Indebtedness for the purpose of the restriction:

Liens (as defined below) on property as to which such series of Notes are equally and ratably secured with (or, at our option, prior to) such Secured Indebtedness;

Liens on property, including any Shares (as defined below) or Indebtedness (as defined below), of any entity existing at the time such entity becomes a Restricted Subsidiary or arising thereafter pursuant to contractual commitments entered into prior to and not in contemplation of such entity becoming a Restricted Subsidiary;

Liens on property, including any Shares or Indebtedness, existing at the time of acquisition of such property by us or a Restricted Subsidiary, or Liens to secure the payment of all or any part of the purchase price of such property created upon the acquisition of such property by us or a Restricted Subsidiary, or Liens to secure any Secured Indebtedness incurred by us or a Restricted Subsidiary prior to, at the time of or within one year after the later of the acquisition, the completion of construction (including any improvements, alterations or repairs to existing property) or the commencement of commercial operation of the project of which such property is a part, which Secured Indebtedness is incurred for the purpose of, and the principal amount secured by any such Lien does not exceed the cost of, financing all or any part of the purchase price thereof or construction or improvements, alterations or repairs thereon;

Liens securing Secured Indebtedness of any Restricted Subsidiary owing to us or to another Restricted Subsidiary;

Liens on property of an entity existing at the time such entity is merged or consolidated with us or a Restricted Subsidiary or at the time of a sale, lease or other disposition of the properties of an entity as an entirety or substantially as an entirety to us or a Restricted Subsidiary or arising thereafter pursuant to contractual commitments entered into by such entity prior to and not in contemplation of such merger, consolidation, sale, lease or other disposition;

Liens on our property or the property of a Restricted Subsidiary in favor of governmental authorities, or any trustee or mortgagee acting on behalf, or for the benefit, of any governmental authorities, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the

property subject to such Liens (including, without limitation, Liens in connection with pollution control, industrial revenue, private activity or similar financing), and any other Liens incurred or assumed in connection with pollution control, industrial revenue, private activity or similar bonds issued by a governmental authority on behalf of us or a Restricted Subsidiary;

Liens existing on the first date on which a Note is authenticated by the Trustee under the Indenture;

Liens on any property which is not a Principal Property (as defined below); and

Any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of the foregoing, provided that the principal amount of the Secured Indebtedness being extended, renewed or replaced shall not be increased.

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Restriction on Sales and Leasebacks

The Indenture provides that we will not, and we will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction, unless:

after giving effect to the transaction, the aggregate amount of all Attributable Debt (as defined below) with respect to all such transactions plus all Secured Indebtedness outstanding to which the restriction described above under Restriction on Secured Indebtedness is applicable, would not exceed 10% of Consolidated Net Tangible Assets; or

an amount equal to the greater of the amount of the net proceeds to us or such Restricted Subsidiary or the fair market value of such property as determined by our Board of Directors is applied to retirement of Funded Debt (as defined below) within one year after the consummation of such transaction.

This restriction will not apply to, and there will be excluded in computing Attributable Debt for the purpose of this restriction or the restriction discussed above under Restriction on Secured Indebtedness, Attributable Debt with respect to any Sale and Leaseback Transaction if:

such Sale and Leaseback Transaction is entered into in connection with pollution control, industrial revenue, private activity or similar financing;

if we or a Restricted Subsidiary applies an amount equal to the net proceeds (after repayment of any Secured Indebtedness secured by a Lien encumbering such Principal Property which Secured Indebtedness existed immediately before such Sale and Leaseback Transaction) of the sale or transfer of the Principal Property leased pursuant to such Sale and Leaseback Transaction to investment (whether for acquisition, improvement, repair, alteration or construction costs) in another Principal Property within one year prior or subsequent to such sale or transfer; or

such Sale and Leaseback Transaction was entered into by an entity prior to the time (i) that such entity became a Restricted Subsidiary, (ii) that such entity merged or consolidated with us or a Restricted Subsidiary or (iii) of a sale, lease or other disposition of such entity s properties as an entirety or substantially as an entirety to us or a Restricted Subsidiary, or, in each case, arises thereafter pursuant to contractual commitments entered into by such entity prior to and not in contemplation of such entity becoming a Restricted Subsidiary or such merger, consolidation, sale, lease or other such disposition.

Consolidation, Merger and Sale of Assets

Without the consent of the holders of any outstanding Notes, we may consolidate with or merge into any other corporation, or convey or transfer our properties and assets substantially as an entirety to any Person, as long as:

the successor is a corporation organized and existing under the laws of the United States of America or any State or the District of Columbia;

the successor corporation assumes our obligations on the Notes and under the Indenture;

immediately after giving effect to such transaction, no event of default, and no event which, after notice, lapse of time or both, would become an event of default, has occurred and is continuing; and

other conditions described in the Indenture are met.

Accordingly, the holders of the Notes may not have protection in the event of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction involving us that may adversely affect the holders. The existing protective covenants applicable to the Notes would continue to apply to us in the event of a leveraged buyout initiated or supported by us, our management or any of our affiliates or their management, but may not prevent such a transaction from taking place.

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For purposes of the above covenants, the following terms will be applicable:

Attributable Debt means the present value (discounted in accordance with a method of discounting which for financial reporting purposes is consistent with generally accepted accounting principles but at a discount rate of not less than 10% per annum, compounded annually) of the rental payments during the remaining term of any Sale and Leaseback Transaction for which the lessee is obligated (including any period for which such lease has been extended). Such rental payments shall not include amounts payable by the lessee for maintenance and repairs, insurance, taxes, assessments, water rates and similar charges and for contingent rents (such as those based on sales). In case of any Sale and Leaseback Transaction which is terminable by the lessee upon the payment of a penalty, such rental payments shall also include such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

Consolidated Net Tangible Assets means the aggregate amount of assets after deducting therefrom (i) all current liabilities and (ii) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles, all as set forth in our most recent consolidated balance sheet.

Funded Debt means (i) all indebtedness for money borrowed having a maturity of more than 12 months from the date as of which the amount thereof is to be determined or having a maturity of less than 12 months from such date but by its terms being renewable or extendible beyond 12 months from such date at the option of the borrower and (ii) any indebtedness for borrowed money which may be payable from the proceeds under or pursuant to an agreement to provide borrowings with a maturity of more than 12 months from the date as of which the amount thereof is to be determined.

Indebtedness means, as to any corporation or other Person, all indebtedness for money borrowed which is created, assumed, incurred or guaranteed in any manner by such corporation or other Person or for which such corporation or other Person is otherwise responsible or liable.

Lien means any mortgage, pledge, security interest, lien or other similar encumbrance.

Principal Property means (i) any Manufacturing Plant (as defined below) located in the United States, or Manufacturing Equipment (as defined below) located in any such Manufacturing Plant (together with the land on which such plant is erected and fixtures comprising a part thereof), owned or leased on the first date on which a Note is authenticated by the Trustee or thereafter acquired or leased by us or any Restricted Subsidiary, and (ii) any Shares issued by, or any interest of ours or any Subsidiary in, any Restricted Subsidiary, other than (1) any property or Shares or interests the book value of which is less than 1% of Consolidated Net Tangible Assets or (2) any property or Shares or interests which our board of directors determines is not of material importance to the total business conducted, or assets owned, by us and our Subsidiaries, as an entirety, or (3) any portion of any property which our board of directors determines not to be of material importance to the use or operation of such property. Manufacturing Plant does not include any plant owned or leased jointly or in common with one or more Persons other than us and our Restricted Subsidiaries in which the aggregate direct or indirect interest of ours and our Restricted Subsidiaries does not exceed 50%. Manufacturing Equipment means manufacturing equipment in such Manufacturing Plants used directly in the production of our or any Restricted Subsidiary s products and does not include office equipment, computer equipment, rolling stock and other equipment not directly used in the production of our or any Restricted Subsidiary s products.

Restricted Subsidiary means any Subsidiary substantially all the property of which is located within the United States, other than a Subsidiary primarily engaged in investing in and/or financing our or any Subsidiary s or affiliate s operations outside the United States.

Sale and Leaseback Transaction means any arrangement with any Person providing for the leasing by us or any Restricted Subsidiary of any Principal Property of ours or any Restricted Subsidiary, whether such Principal Property is now owned or hereafter acquired (except for leases for a term of not more than three years

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and except for leases between us and a Restricted Subsidiary or between Restricted Subsidiaries and except for leases of property executed prior to, at the time of or within one year after the later of, the acquisition, the completion of construction, including any improvements or alterations on real property, or the commencement of commercial operation of such property), which Principal Property has been or is to be sold or transferred by us or such Restricted Subsidiary to such Person.

Secured Indebtedness means Indebtedness secured by any Lien upon property (including Shares or Indebtedness issued by or other ownership interests in any Restricted Subsidiary) owned by us or any Restricted Subsidiary.

Shares means as to any corporation all the issued and outstanding equity shares (except for directors qualifying shares) of such corporation.

Events of Default

The following are events of default with respect to the Notes:

default in the payment of any interest installment with respect to the Notes, as and when the same shall become due and payable, and continuance of such default for a period of 15 days after receipt by us of written notice of the default from any holder of the Notes or the trustee;

default in the payment of the principal of, or premium, if any, on, the Notes, as and when the same shall become due and payable either at maturity, upon redemption, by declaration or otherwise;

default in the making of any payment for a sinking, purchase or analogous fund provided for in respect of the Notes, as and when the same shall become due and payable;

failure by us to observe or perform any other covenant or agreement in respect of the Notes, or in the Indenture with respect to the Notes, for a period of 90 days after the trustee gives us written notice, or holders of at least 25% in aggregate principal amount of the outstanding Notes give us and the trustee written notice of default; and

certain events of bankruptcy, insolvency and reorganization as more fully described in the Indenture.

The trustee shall not be deemed to have knowledge or notice of any event of default unless (i) a responsible officer of the trustee has actual knowledge thereof or shall have received written notice of such or (ii) the holders of at least 25% in aggregate principal amount of the outstanding Notes of any series as to which there exists an event of default give written notice of such event of default to the trustee.

Book-Entry System

The certificates representing the Notes of each series will be issued in the form of one or more fully registered global notes (each, a Global Note) and will be deposited with, or on behalf of, DTC and registered in the name of Cede & Co., as the nominee of DTC. Except in limited circumstances, the Notes will not be issuable in definitive form. Unless

and until they are exchanged, in whole or in part, for the individual Notes represented thereby, any interests in a Global Note may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee of DTC to a successor depositary or any nominee of such successor. See Description of Our Debt Securities Global Securities in the accompanying prospectus.

DTC has advised us that DTC 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. DTC holds securities that its participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants accounts, thereby eliminating the

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need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly. The DTC rules applicable to Direct Participants are on file with the SEC.

Holding through Euroclear and Clearstream

Investors may hold interests in a Global Note through Euroclear Bank S.A./N.V., as operator of the Euroclear System (Euroclear), or Clearstream Banking, S.A. (Clearstream), in each case, as a participant in DTC. Euroclear and Clearstream will hold interests, in each case, on behalf of their participants through customers securities accounts in the names of Euroclear and Clearstream on the books of their respective depositaries, which in turn will hold such interests in customers securities in the depositaries names on DTC s books.

Payments, deliveries, transfers, exchanges, notices and other matters relating to the Notes made through Euroclear or Clearstream must comply with the rules and procedures of those systems. Those systems could change their rules and procedures at any time. We and the trustee have no control over those systems or their participants, and we and the trustee take no responsibility for their activities. Transactions between participants in Euroclear or Clearstream, on the one hand, and other participants in DTC, on the other hand, would also be subject to DTC s rules and procedures.

Investors will be able to make and receive through Euroclear and Clearstream payments, deliveries, transfers, exchanges, notices and other transactions involving any securities held through those systems only on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, U.S. investors who hold interests in the Notes through those systems and wish on a particular day to transfer their interests, or to receive or make a payment or delivery or exercise any other right with respect to their interests, may find that the transaction will not be effected until the next business day in Brussels or Luxembourg, as applicable. Thus, if investors wish to exercise rights that expire on a particular day, they may need to act before the expiration date. In addition, if investors hold their interests through both DTC and Euroclear or Clearstream, they may need to make special arrangements to finance any purchases or sales of their interests between the U.S. and European clearing systems, and those transactions may settle later than transactions within one clearing system.

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

Same-Day Funds Settlement and Payment

Settlement for the Notes will be made by the underwriters in immediately available funds. All payments of principal and interest in respect of Notes in book-entry form will be made by us in immediately available funds to the accounts specified by DTC.

The Notes will trade in DTC s Same-Day Funds Settlement System until maturity or until the Notes are issued in certificated form, and secondary market trading activity in the Notes will therefore be required by DTC to settle in immediately available funds.

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The Trustee

U.S. Bank National Association is the trustee under the Indenture. All payments of principal of, premium, if any, and interest on, and all registration, transfer, exchange, authentication and delivery of, the Notes will be effected by the trustee at the corporate trust office of the trustee in New York, New York.

U.S. Bank National Association is a lender under our unsecured revolving credit facility. Consequently, U.S. Bank National Association could be faced with potential conflicts of interest and conflicting obligations in the event of a default under, or with regard to other circumstances relating to, any or all of this indebtedness.

The Indenture and provisions of the Trust Indenture Act of 1939, as amended (the Trust Indenture Act), contain limitations on the rights of the trustee, should it become a creditor of ours, to obtain payment of claims in certain cases or to liquidate certain property received by it in respect of any such claim as security or otherwise. The trustee is permitted to engage in other transactions with us or any of our affiliates. If the trustee acquires any conflicting interest within the meaning of the Trust Indenture Act and the Notes are in default, it must eliminate that conflict, resign or, if applicable, apply to the SEC to continue.

The trustee or its affiliates may in the future serve as trustee under various of our debt instruments and have served and may in the future serve as an agent and lender under our credit facilities.

Governing Law

The Indenture and the Notes shall be governed by and construed in accordance with the laws of the State of New York.

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of material U.S. federal income tax considerations relating to the acquisition, ownership and disposition of the Notes, but does not provide a complete analysis of all potential tax considerations.

This summary describes, in the case of U.S. Holders (as defined below), material U.S. federal income tax consequences and, in the case of Non-U.S. Holders (as defined below), material U.S. federal income and certain estate tax consequences, of the acquisition, ownership and disposition of the Notes. We have based this summary on the provisions of the Internal Revenue Code of 1986, as amended (the Code), the applicable Treasury Regulations promulgated or proposed thereunder (the Treasury Regulations), judicial authority and current administrative rulings and practice, all as of the date hereof and which are subject to change, possibly on a retroactive basis, or to different interpretation. This summary applies to you only if you are an initial purchaser of the Notes who acquired the Notes at their issue price within the meaning of Section 1273(b)(1) of the Code (the first price at which a substantial amount of Notes is sold to investors for cash, not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and if you hold the Notes as capital assets. A capital asset is generally an asset held for investment rather than as inventory or as property used in a trade or business.

This summary does not discuss all of the aspects of U.S. federal income and estate taxation which may be relevant to you in light of your particular investment or other circumstances. This summary also does not discuss the particular tax consequences that might be relevant to you if you are subject to special rules under the U.S. federal income tax laws. Special rules apply, for example, if you are:

- a bank, thrift, regulated investment company or other financial institution or financial service company;
- a broker or dealer in securities or foreign currency;
- an insurance company;
- a real estate investment trust;
- a U.S. person that has a functional currency other than the U.S. dollar;
- a partnership or other flow-through entity for U.S. federal income tax purposes (or an investor that holds Notes through a flow-through entity for U.S. federal income tax purposes);
- a subchapter S corporation;
- a person subject to alternative minimum tax;

a person subject to special tax accounting rules as a result of gross income with respect to the Notes being taken into account in an applicable financial statement within the meaning of Section 451 of the Code;

a person subject to the base erosion and anti-abuse tax arising under Section 59A of the Code;

a person who owns the Notes as part of a straddle, hedging transaction, constructive sale transaction, conversion transaction or other integrated transaction;

a trader that elects to use a mark-to-market method of accounting with respect to its securities holdings;

a tax-exempt entity;

a tax-deferred or other retirement account;

a U.S. expatriate;

a foreign corporation that is classified as a controlled foreign corporation or a passive foreign investment company for U.S. federal income tax purposes; or

a person who acquires the Notes in connection with employment or other performance of services.

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In addition, this summary does not address all possible tax consequences related to acquisition, ownership and disposition of the Notes. In particular, except as specifically provided, it does not discuss any estate, gift, generation-skipping, transfer, state, local or foreign tax consequences, or the consequences arising under any tax treaty. We have not sought, and do not intend to seek, a ruling from the Internal Revenue Service (the IRS) with respect to the statements made and the conclusions reached in this summary, and there can be no assurance that the IRS will agree with these statements and conclusions.

In certain circumstances, we may be obligated to pay you amounts in excess of stated interest or principal on the Notes. At our option, we may redeem all or part of the Notes, as described in Description of Notes Optional Redemption, for a price that may include an additional amount in excess of the principal amount of such Notes. Based on existing Treasury Regulations, this option to redeem will be presumed not to be exercised and, accordingly, the premium payable upon a redemption will not affect the yield to maturity or the maturity date of the Notes. If, contrary to our expectations, we redeem the Notes, any premium paid to you should be taxed as capital gain under the rules described below under U.S. Holders Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes. You should consult your tax advisor regarding the appropriate tax treatment of the amounts you receive upon any such redemption, including any premium you receive.

In addition, upon the occurrence of a Change of Control Triggering Event, holders of the Notes will have the right to require us to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of their Notes, as described in Description of Notes Change of Control Offer to Purchase, at a price that may include an additional amount in excess of the principal amount of such Notes. Our obligation to pay such excess amount may cause the IRS to take the position that the Notes are contingent payment debt instruments for U.S. federal income tax purposes. If the IRS is successful in such an assertion, the timing and amount of income included and the character of gain recognized with respect to the Notes would likely be different from the consequences discussed herein. Notwithstanding this possibility, we intend to take the position that the likelihood of such a repurchase is remote and, accordingly, that the possibility of a premium payable upon such a repurchase does not affect the yield to maturity or the maturity date of the Notes and does not cause the Notes to be treated as contingent payment debt instruments. A holder may not take a contrary position unless the holder discloses the contrary position to the IRS in the manner required by applicable Treasury Regulations. If we pay a premium on a repurchase upon the occurrence of a Change of Control Triggering Event, the premium should be treated as a capital gain under the rules described below under U.S. Holders Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes.

Investors considering acquiring Notes should consult their tax advisors regarding the application and effect of the U.S. federal tax laws to their particular situations as well as any consequences arising under the laws of any state, local or foreign taxing jurisdictions or under any tax treaty.

U.S. Holders

For purposes of this summary, you are a U.S. Holder if you are a beneficial owner of Notes and for U.S. federal income tax purposes are:

a citizen or individual resident of the United States;

a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States, any of the 50 states or the District of Columbia;

an estate the income of which is subject to federal income taxation regardless of its source; or

a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons (within the meaning of Section 7701(a)(30) of the Code) have the authority to control all substantial decisions of the trust or (ii) the trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes.

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If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Notes, the U.S. federal income tax treatment of a partner in such partnership will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) or a partner in such partnership, you should consult your tax advisor regarding the U.S. federal income tax consequences of acquiring, owning and disposing of the Notes.

Payment of Interest

All of the Notes bear interest at a fixed rate and you generally must include this interest in your gross income as ordinary interest income:

when you receive it, if you use the cash method of accounting for U.S. federal income tax purposes; or

when it accrues, if you use the accrual method of accounting for U.S. federal income tax purposes.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes

You generally will recognize gain or loss upon the sale, exchange, redemption, retirement or other taxable disposition of the Notes equal to the difference between (i) the amount of cash proceeds and the fair market value of any property you receive (except to the extent attributable to accrued interest income not previously included in income, which will generally be taxable as ordinary income, or attributable to accrued interest previously included in income, which amount may be received without generating further taxable income) and (ii) your adjusted tax basis in the Notes. Your tax basis in a Note generally will equal the amount you paid for the Note reduced by the aggregate amount of payments on such Note (other than stated interest) made to you.

Gain or loss on the disposition of Notes will generally be capital gain or loss and will be long-term capital gain or loss if the Notes have been held for more than one year at the time of disposition. Otherwise, such gain or loss will be short-term capital gain or loss. Certain non-corporate U.S. Holders (including individuals) may be eligible for a reduced rate of tax on long-term capital gains. The deductibility of capital losses is subject to certain limitations.

Additional Medicare Tax

An additional 3.8% Medicare tax is imposed on certain net investment income of individuals (other than individuals who are nonresident aliens) with a modified adjusted gross income of over $200,000 ($250,000 in the case of joint filers or $125,000 in the case of married individuals filing separately) and on the undistributed net investment income of certain estates and trusts. For these purposes, net investment income generally includes interest, dividends, annuities, royalties, rents, net gain attributable to the disposition of property not held in a trade or business (including net gain from the taxable disposition of a Note) and certain other income, as reduced by any deductions properly allocable to such income or gain. If you are a U.S. Holder that is an individual, estate or trust, you should consult a tax advisor regarding the applicability of the Medicare tax to income and gains arising from your investment in the Notes.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments to certain recipients of principal and interest on a Note and the proceeds of the sale, exchange, redemption, retirement or other taxable disposition of a Note. If you are a U.S. Holder, you may be subject to backup withholding, at a current rate of 24%, when you receive interest with

respect to the Notes, or when you receive proceeds upon the sale, exchange, redemption, retirement or other taxable disposition of the Notes. In general, you can avoid this backup withholding by

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properly executing, under penalties of perjury, an IRS Form W-9 or suitable substitute form in a timely manner that provides:

- your correct taxpayer identification number; and
- a certification that you (i) are exempt from backup withholding because you come within an enumerated exempt category, (ii) have not been notified by the IRS that you are subject to backup withholding or (iii) have been notified by the IRS that you are no longer subject to backup withholding.

If you do not provide your correct taxpayer identification number on IRS Form W-9 or suitable substitute form in a timely manner, you may be subject to penalties imposed by the IRS.

Backup withholding will not apply, however, with respect to payments made to certain holders, including certain corporations and tax-exempt organizations, provided their exemptions from backup withholding are properly established. Amounts withheld pursuant to backup withholding are not an additional tax and may be refunded or credited against your U.S. federal income tax liability, provided you timely furnish required information to the IRS.

Non-U.S. Holders

As used herein, the term Non-U.S. Holder means a beneficial owner of a Note that is not a U.S. Holder and is not treated as a partnership for U.S. federal income tax purposes.

Payment of Interest

Generally, subject to the discussions below of backup withholding and withholding under the Foreign Account Tax Compliance Act, if you are a Non-U.S. Holder, interest income that is not effectively connected with a U.S. trade or business (and, where an income tax treaty applies, is not attributable to a U.S. permanent establishment or fixed base) will not be subject to U.S. federal income tax and withholding tax provided that:

- you do not directly or indirectly, actually or constructively, own 10% or more of the combined voting power of all of our classes of stock entitled to vote within the meaning of Section 871(h)(3) of the Code;
- you are not a controlled foreign corporation that is related to us actually or constructively through stock ownership; and
- either (i) you provide an IRS Form W-8BEN or W-8BEN-E (or other applicable form or a suitable substitute form) signed under penalties of perjury that includes your name and address and certifies as to your Non-U.S. Holder status or (ii) a securities clearing organization, bank or other financial institution that holds customers securities in the ordinary course of its trade or business provides a statement to us or our agent under penalties of perjury in which it certifies that an IRS Form W-8BEN, W-8BEN-E or W-8IMY (together with appropriate attachments), or a suitable substitute form, has been received by it from you or a qualifying intermediary and furnishes us or our agent with a copy of that form (including any attachments).

Interest on the Notes, which is not exempt from U.S. federal withholding tax as described above and is not effectively connected with a U.S. trade or business, generally will be subject to U.S. federal withholding tax at a 30% rate (or, if applicable, a lower income tax treaty rate). We may be required to report annually to the IRS and to each Non-U.S. Holder the amount of interest paid to, and any tax withheld with respect to, each Non-U.S. Holder. If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Note is effectively connected with the conduct of that trade or business and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment or fixed base, then such Non-U.S. Holder (although exempt from the 30% withholding tax) will generally be subject to U.S. federal income tax on that interest at

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graduated rates on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. person as defined in the Code. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States.

To claim the benefit of an income tax treaty or to claim exemption from withholding because the income is effectively connected with a U.S. trade or business, the Non-U.S. Holder must provide to the applicable withholding agent a properly executed Form W-8BEN or W-8BEN-E, or other applicable form, or Form W-8ECI, respectively. Under the Treasury Regulations, a Non-U.S. Holder may under certain circumstances be required to obtain a U.S. taxpayer identification number and make certain certifications to us. Special certification and other rules apply to payments made through qualified intermediaries. Prospective investors should consult their tax advisors regarding the effect, if any, of these certification rules.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes

If you are a Non-U.S. Holder, subject to the discussions below of backup withholding and withholding under the Foreign Account Tax Compliance Act, you generally will not be subject to the U.S. federal income tax or withholding tax on any gain realized on the sale, exchange, redemption, retirement or other taxable disposition of the Notes, unless:

- the gain is effectively connected with your conduct of a U.S. trade or business (and, where an income tax treaty applies, is attributable to a U.S. permanent establishment or fixed base); or
- you are an individual and are present in the United States for a period or periods aggregating 183 days or more during the taxable year of the disposition (as determined under the Code) and certain other conditions are met.

If you are described in the first bullet point above, you will generally be subject to U.S. federal income tax on that gain at graduated rates on a net income basis in the same manner as if you were a U.S. person as defined in the Code. In addition, if you are a foreign corporation, you may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of your earnings and profits for the taxable year, subject to adjustments, that are effectively connected with your conduct of a trade or business in the United States. If you are described in the second bullet point above, any gain realized by you from the sale, exchange, redemption, retirement or other taxable disposition of the Notes will generally be subject to U.S. federal income tax at a 30% rate (or lower applicable treaty rate), which may be offset by certain U.S.-source capital losses.

To the extent that the amount realized on any sale, exchange, redemption, retirement or other taxable disposition of the Notes is attributable to accrued but unpaid interest, such amount will be treated as interest for U.S. federal income tax purposes.

Estate Taxes

If you are an individual Non-U.S. Holder and y, Helvetica, Sans-Serif">

an imbalance of orders relating to such contracts or funds; or

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a disparity in bid and ask quotes relating to such contracts or funds

will, in each such case, constitute a suspension, absence or material limitation of trading in futures or options contracts or exchange traded funds related to the S&P Index; and

a "suspension, absence or material limitation of trading" on any Relevant Exchange or on any major market for trading in futures or options contracts or exchange traded funds related to the S&P Index will not include any time when such market is itself closed for trading under ordinary circumstances.

With respect to the ProVol Balanced Index, a "**Market Disruption Event**" means a determination by the Calculation Agent in its sole discretion that the occurrence or continuance of a "Disruption Event," "Force Majeure Event" or "Underlying Index Event" as defined under "The Deutsche Bank ProVol Indices" in the accompanying underlying supplement No. 3 materially interfered or interferes with our ability or the ability of any of our affiliates to establish, adjust or unwind all or a material portion of any hedge with respect to the securities.

"**Relevant Exchange(s)**" means, for the S&P Index, the primary organized exchanges or markets of trading, as determined by the Calculation Agent, for (i) any security then included in the S&P Index or (ii) any futures or options contract or fund related to the S&P Index or to any security then included in the S&P Index. For the ProVol Balanced Index, "**Relevant Exchange**" has the meaning set forth under "The Deutsche Bank ProVol Indices" in the accompanying underlying supplement No. 3.

Discontinuation of a Basket Component; Alteration of Method of Calculation

If the sponsor of a Basket Component discontinues publication of such Basket Component and such sponsor or another entity publishes a successor or substitute index that the Calculation Agent determines, in its sole discretion, to be comparable to the discontinued Basket Component (such index, a "**Successor Index**"), then the Closing Level of such Basket Component on any trading day following the publication of such Successor Index on which a level for such Basket Component must be taken for the purposes of the securities, including any Final Valuation Date (a "**Relevant Date**") will be determined by reference to the official closing level of such Successor Index, with such adjustment as the Calculation Agent deems necessary to take into account the different levels of the relevant Basket Component and such Successor Index at the time of such succession.

Upon any selection by the Calculation Agent of a Successor Index, the Calculation Agent will cause written notice thereof to be promptly furnished to the trustee, to us and to the holders of the securities.

If the sponsor of a Basket Component discontinues publication of such Basket Component prior to, and such discontinuance is continuing on, any Relevant Date, and the Calculation Agent determines, in its sole discretion, that no Successor Index is available at such time, or the Calculation Agent has previously selected a Successor Index and publication of such Successor Index is discontinued prior to and such discontinuation is continuing on such Relevant Date, then (a) the Calculation Agent will determine the Closing Level of such Basket Component for such Relevant Date and (b) the level of such Basket Component, if applicable, at any time on such Relevant Date will be deemed to equal the Closing Level of such Basket Component on that Relevant Date, as determined by the Calculation Agent. Such Closing Level will be computed by the Calculation Agent in accordance with the formula for and method of calculating the relevant Basket Component or Successor Index, as applicable, last in effect prior to such discontinuance, using the closing price (or, if trading in the relevant component has been materially suspended or materially limited, its good faith estimate of the closing price) on such date of each component most recently composing such Basket Component or Successor Index, as applicable. Notwithstanding these alternative arrangements, discontinuance of the publication of a Basket Component or Successor Index, as applicable, may adversely affect the value of the securities.

If at any time the method of calculating a Basket Component or Successor Index, or the level thereof, is changed in a material respect, or if a Basket Component or Successor Index is in any other way modified so that such Basket Component or Successor Index does not, in the opinion of the Calculation Agent, fairly represent the level of such Basket Component or Successor Index had such changes or modifications not been made, then, from and after such time, the Calculation Agent will, at the close of business in New York City on each date on which the Closing Level of such Basket Component or Successor Index is to be determined, make such calculations and adjustments as, in the good faith judgment of the Calculation Agent, may be necessary in order to arrive at a level of an index comparable to such Basket Component or Successor Index, as the case may be, as if such changes or modifications had not been made, and the Calculation Agent will calculate the relevant Closing Level with reference to such Basket Component or Successor Index, as adjusted. Accordingly, if the method of calculating a Basket Component or Successor Index is modified so that the level of such Basket Component or Successor Index is a fraction of what it would have been if there had been no such modification (*e.g.*, due to a split in such Basket Component or Successor Index), then the Calculation Agent will adjust such Basket Component or Successor Index in order to arrive at a level of such Basket Component or Successor Index as if there had been no such modification (*e.g.*, as if such split had not occurred).

Calculation Agent

The calculation agent for the securities will be Deutsche Bank AG, London Branch (the "**Calculation Agent**"). As Calculation Agent, Deutsche Bank AG, London Branch will determine, among other things, all values, prices and levels required to be determined for the purposes of the securities on any relevant date or time. In addition, the Calculation Agent will determine whether there has been a Market Disruption Event or a discontinuation of a Basket Component, whether there has been a material change in the method of calculating a Basket Component and, in some circumstances, the prices or levels related to the Basket Components that affect whether a Redemption Trigger Event has occurred. Unless otherwise specified in this pricing supplement, all determinations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding on you, the trustee and us. We may appoint a different Calculation Agent from time to time after the Trade Date without your consent and without notifying you.

The Calculation Agent will provide written notice to the trustee at its New York office, on which notice the trustee may conclusively rely, of the amount to be paid at maturity or upon an early redemption on or prior to 11:00 a.m., New York City time, on the business day preceding the Maturity Date or Early Redemption Payment Date, as applicable.

All calculations with respect to the Closing Levels of the Basket Components and the Basket Level will be made by the Calculation Agent and will be rounded to the nearest one hundred-thousandth, with five one-millionths rounded upward (*e.g.*, 0.876545 would be rounded to 0.87655); all U.S. dollar amounts related to determination of the payment per Face Amount of securities, if any, at maturity or upon an early redemption will be rounded to the nearest ten-thousandth, with five one hundred-thousandths rounded upward (*e.g.*, 0.76545 would be rounded up to 0.7655); and all U.S. dollar amounts paid on the aggregate Face Amount of securities per holder will be rounded to the nearest cent, with one-half cent rounded upward.

Events of Default

Under the heading "Description of Debt Securities — Events of Default" in the accompanying prospectus is a description of events of default relating to the securities.

Payment Upon an Event of Default

In case an event of default with respect to the securities shall have occurred and be continuing, the amount declared due and payable per $1,000 Face Amount of securities upon any acceleration of the securities will be determined by the Calculation Agent and will be an amount in cash equal to the amount payable at maturity per Face Amount of

securities as described herein, calculated as if the date of acceleration was the Final Valuation Date.

If the maturity of the securities is accelerated because of an event of default as described above, we shall, or shall cause the Calculation Agent to, provide written notice to the trustee at its New York office, on which notice the trustee may conclusively rely, and to DTC of the cash amount due with respect to the securities as promptly as possible and in no event later than two business days after the date of acceleration.

Modification

Under the heading “Description of Debt Securities — Modification of an Indenture” in the accompanying prospectus is a description of when the consent of each affected holder of debt securities is required to modify the indenture.

Defeasance

The provisions described in the accompanying prospectus under the heading “Description of Debt Securities — Discharge and Defeasance” are not applicable to the securities.

Listing

The securities will not be listed on any securities exchange.

DBSI intends to offer to purchase the securities in the secondary market, although it is not required to do so and may discontinue such activity at any time.

Book-Entry Only Issuance — The Depository Trust Company

DTC will act as securities depositary for the securities. The securities will be issued only as fully-registered securities registered in the name of Cede & Co. (DTC’s nominee). One or more fully-registered global securities certificates, representing the total aggregate Face Amount of securities, will be issued and will be deposited with DTC. See the

descriptions contained in the accompanying prospectus supplement under the headings “Description of Notes — Form, Legal Ownership and Denomination of Notes.”

Governing Law

The securities and the Indenture will be deemed to be a contract under the laws of the State of New York, and for all purposes will be construed in accordance with the laws of the State of New York, except as may otherwise be required by mandatory provisions of law.

U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion constitutes the full opinion of our special tax counsel, Davis Polk & Wardwell LLP, regarding the material U.S. federal income tax consequences of ownership and disposition of the securities. It applies to you only if you acquire your securities for cash and hold them as capital assets within the meaning of Section 1221 of the Internal Revenue Code (the "**Code**"). It does not address all aspects of U.S. federal income taxation that may be relevant to you in light of your particular circumstances, including alternative minimum tax and "Medicare contribution tax" consequences, and different consequences that may apply if you are an investor subject to special rules, such as a regulated investment company, a tax-exempt entity (including an "individual retirement account" or a "Roth IRA"), a dealer in securities, a trader in securities that elects to apply a mark-to-market method of tax accounting, an entity classified as a partnership for U.S. federal income tax purposes, or a person holding a security as a part of a "straddle."

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date of this pricing supplement, changes to any of which subsequent to the date hereof may affect the tax consequences described below, possibly with retroactive effect. It does not address the application of any state, local or non-U.S. tax laws. **You should consult your tax adviser concerning the application of U.S. federal income tax laws to your particular situation (including the possibility of alternative treatments of the securities), as well as any tax consequences arising under the laws of any state, local or non-U.S. jurisdictions.**

Tax Treatment of the Securities

In the opinion of our special tax counsel, which is based on prevailing market conditions, it is more likely than not that the securities will be treated for U.S. federal income tax purposes as prepaid financial contracts that are not debt, with the consequences described below. We do not plan to request a ruling from the IRS, and the IRS or a court might not agree with this treatment. Our special tax counsel has advised that alternative treatments are possible that could materially and adversely affect the timing and character of income or loss on your securities. Unless otherwise stated, the following discussion is based on the treatment of the securities as prepaid financial contracts that are not debt.

Tax Consequences to U.S. Holders

You are a "U.S. holder" if, for U.S. federal income tax purposes, you are a beneficial owner of a security and are: (i) a citizen or resident of the United States; (ii) a corporation created or organized in or under the laws of the United States, any State therein or the District of Columbia; or (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Treatment as a Prepaid Financial Contract That Is Not Debt

You should not recognize taxable income or loss with respect to a security prior to its maturity or other taxable disposition (including upon early redemption). Upon a taxable disposition of a security, you should recognize gain or loss equal to the difference between the amount you realize and the amount you paid to acquire the security. Generally, your gain or loss should be capital gain or loss, and should be short-term capital gain or loss unless you have held the security for more than one year, in which case your gain or loss should be long-term capital gain or loss. The deductibility of capital losses is subject to limitations.

Uncertainties Regarding Treatment as a Prepaid Financial Contract That Is Not Debt

Due to the lack of direct legal authority, even if a security is treated as a prepaid financial contract that is not debt, there remain substantial uncertainties regarding the tax consequences of owning and disposing of it. For instance, you might be required to include amounts in income during the term of the security and/or to treat all or a portion of your gain or loss upon its taxable disposition as ordinary income or loss or as short-term capital gain or loss, without regard to how long you have held it. In particular, it is possible that any reweighting, rebalancing, reconstitution, change in methodology of, or substitution of a successor to, a Basket Component or an index constituent could result in a "deemed" taxable exchange, causing you to recognize gain or loss (subject, in the case of loss, to the possible application of the "wash sale" rules) as if you had sold or exchanged the relevant security.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments. The notice focuses in particular on whether beneficial owners of these instruments should be required to accrue income over the term of their

investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; the relevance of factors such as the nature of the underlying property to which the instruments are linked; and whether these instruments are or should be subject to the "constructive ownership" regime, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose a notional interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of your investment in a security, possibly with retroactive effect.

Consequences if a Security Is Treated as a Debt Instrument

If a security is treated as a debt instrument, your tax consequences will be governed by Treasury regulations relating to the taxation of contingent payment debt instruments. In that event, even if you are a cash-method taxpayer, in each year that you hold the security you will be required to accrue into income "original issue discount" based on our "comparable yield" for a similar non-contingent debt instrument, determined as of the time of issuance of the security, even though we will not be required to make any payment with respect to the securities other than the Redemption Amount. In addition, any income you recognize upon the taxable disposition of the security will be treated as ordinary in character. If you recognize a loss above certain thresholds, you could be required to file a disclosure statement with the IRS.

Tax Consequences to Non-U.S. Holders

You generally are a "non-U.S. holder" if, for U.S. federal income tax purposes, you are a beneficial owner of a security and are: (i) a nonresident alien individual; (ii) an entity treated as a foreign corporation; or (iii) a foreign estate or trust.

This discussion does not describe considerations applicable to a beneficial owner of a security who is (i) an individual present in the United States for 183 days or more in the taxable year of disposition of the security or (ii) a former citizen or resident of the United States, if certain conditions apply. If you are a potential investor to whom such considerations might be relevant, you should consult your tax adviser.

If a security is treated for U.S. federal income tax purposes as a prepaid financial contract that is not debt, any gain you realize with respect to the security generally should not be subject to U.S. federal withholding or income tax, unless the gain is effectively connected with your conduct of a trade or business in the United States. However, as described above under "—Tax Consequences to U.S. Holders—Uncertainties Regarding Treatment as a Prepaid Financial Contract That Is Not Debt," in 2007 the U.S. Treasury Department and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments. The notice focuses, among other things, on the degree, if any, to which income realized with respect to such instruments by non-U.S. persons should be subject to withholding tax. It is possible that any Treasury regulations

or other guidance promulgated after consideration of these issues might require you to accrue income, subject to U.S. federal withholding tax, over the term of the securities, possibly on a retroactive basis. We will not pay additional amounts on account of any such withholding tax.

Subject to the discussion below under "— 'FATCA' Legislation," if a security is treated as a debt instrument, any income or gain you realize with respect to the security will not be subject to U.S. federal withholding or income tax if (i) you provide a properly completed Form W-8 appropriate to your circumstances and (ii) these amounts are not effectively connected with your conduct of a trade or business in the United States.

If you are engaged in a trade or business in the United States, and income or gain from a security is effectively connected with your conduct of that trade or business (and, if an applicable treaty so requires, is attributable to a permanent establishment in the United States), you generally will be taxed in the same manner as a U.S. holder. If this paragraph applies to you, you should consult your tax adviser with respect to other U.S. tax consequences of the ownership and disposition of the security, including the possible imposition of a 30% branch profits tax if you are a corporation.

Information Reporting and Backup Withholding

Payments received in respect of your securities may be subject to information reporting unless you qualify for an exemption. These payments may also be subject to backup withholding at the rate specified in the Code unless you

provide certain identifying information and otherwise satisfy the requirements to establish that you are not subject to backup withholding. If you are a non-U.S. holder and you provide a properly completed Form W-8 appropriate to your circumstances, you will generally establish an exemption from backup withholding. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against your U.S. federal income tax liability, provided the required information is furnished to the IRS.

“FATCA” Legislation

Legislation commonly referred to as “FATCA” generally imposes a withholding tax of 30% on payments to certain non-U.S. entities (including financial intermediaries) with respect to certain financial instruments, unless various U.S. information reporting and due diligence requirements have been satisfied. An intergovernmental agreement between the United States and the non-U.S. entity’s jurisdiction may modify these requirements. This legislation generally applies to financial instruments that are treated as paying U.S.-source interest or other U.S.-source “fixed or determinable annual or periodical” income. If the securities were recharacterized as debt instruments, this legislation would apply to any payment of amounts treated as interest. If withholding applies to a security, we will not be required to pay any additional amounts with respect to amounts withheld. Both U.S. and non-U.S. holders should consult their tax advisers regarding the potential application of FATCA to the securities.

USE OF PROCEEDS; HEDGING

The net proceeds we receive from the sale of the securities will be used for general corporate purposes and, in part, by us or by one or more of our affiliates in connection with hedging our obligations under the securities as more particularly described in “Use of Proceeds” in the accompanying prospectus. The Issue Price of the securities includes each agent’s commissions (as shown on the cover page of this pricing supplement) paid with respect to the securities and such commissions may include the reimbursement of certain issuance costs and the estimated cost of hedging our obligations under the securities. The estimated cost of hedging includes the projected profit that our affiliates expect to realize in consideration for assuming the risks inherent in hedging our obligations under the securities. Because hedging our obligations entails risk and may be influenced by market forces beyond our or our affiliates’ control, the actual cost of such hedging may result in a profit that is more or less than expected, or could result in a loss.

We have no obligation to engage in any manner of hedging activity and will do so solely at our discretion and for our own account. No security holder shall have any rights or interest in our hedging activity or any positions we may take in connection with our hedging activity.

PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)

Under the terms and subject to the conditions contained in the Distribution Agreements entered into between Deutsche Bank AG and DBSI, as agent, and certain other agents that may be party to either Distribution Agreement from time to time (each an "**Agent**" and collectively with DBSI, the "**Agents**"), each Agent participating in this offering of securities will agree to purchase, and we will agree to sell, the Face Amount of securities set forth on the cover page of the pricing supplement. Each Agent proposes initially to offer the securities directly to the public at the public offering price set forth in the pricing supplement.

DBSI will not receive a selling concession in connection with the sale of the securities. DBSI will pay custodial fees to other broker-dealers of 0.25% or $2.50 per $1,000 Face Amount of securities. Deutsche Bank AG will reimburse DBSI for such fees. After the initial offering of the securities, the Agents may vary the offering price and other selling terms from time to time. The Issue Price of the securities includes fees paid with respect to the securities and the cost of hedging the Issuer's obligations under the securities.

We own, directly or indirectly, all of the outstanding equity securities of DBSI. The net proceeds received from the sale of the securities will be used, in part, by DBSI or one of its affiliates in connection with hedging our obligations under the securities. Because DBSI is both our affiliate and a member of the Financial Industry Regulatory Authority, Inc. ("**FINRA**"), the underwriting arrangements for this offering must comply with the requirements of FINRA Rule 5121 regarding a FINRA member firm's distribution of the securities of an affiliate and related conflicts of interest. In accordance with FINRA Rule 5121, DBSI may not make sales in offerings of the securities to any of its discretionary accounts without the prior written approval of the customer.

DBSI or another Agent may act as principal or agent in connection with offers and sales of the securities in the secondary market. Secondary market offers and sales, if any, will be made at prices related to market prices at the time of such offer or sale; accordingly, the Agents or a dealer may change the public offering price, concession and discount after the offering has been completed.

In order to facilitate the offering of the securities, DBSI may engage in transactions that stabilize, maintain or otherwise affect the price of the securities. Specifically, DBSI may sell more securities than it is obligated to purchase in connection with the offering, creating a naked short position in the securities for its own account. DBSI must close out any naked short position by purchasing the securities in the open market. A naked short position is more likely to be created if DBSI is concerned that there may be downward pressure on the price of the securities in the open market after pricing that could adversely affect investors who purchase in the offering. As an additional means of facilitating the offering, DBSI may bid for, and purchase, securities in the open market to stabilize the price of the securities. Any of these activities may raise or maintain the market price of the securities above independent market levels or prevent or slow a decline in the market price of the securities. DBSI is not required to engage in these activities, and may end any of these activities at any time.

To the extent the total aggregate Face Amount of securities offered pursuant to the pricing supplement is not purchased by investors, one or more of our affiliates may agree to purchase for investment the unsold portion. As a result, upon completion of this offering, our affiliates may own a portion of the securities offered in this offering.

No action has been or will be taken by us, DBSI or any dealer that would permit a public offering of the securities or possession or distribution of this pricing supplement or the accompanying prospectus supplement or prospectus, other than in the United States, where action for that purpose is required. No offers, sales or deliveries of the securities, or distribution of this pricing supplement or the accompanying prospectus supplement or prospectus or any other offering material relating to the securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on us, the Agents or any dealer.

Each Agent has represented and agreed, and any other Agent through which we may offer the securities will represent and agree, that if any securities are to be offered outside the United States, it will not offer or sell any such securities in any jurisdiction if such offer or sale would not be in compliance with any applicable law or regulation or if any consent, approval or permission is needed for such offer or sale by it or for or on behalf of the Issuer unless such consent, approval or permission has been previously obtained and such Agent will obtain any consent, approval or permission required by it for the subscription, offer, sale or delivery of the securities, or the distribution of any offering materials, under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any subscription, offer, sale or delivery.

Settlement

We expect to deliver the securities against payment for the securities on the Settlement Date indicated above, which will be the third business day following the Trade Date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in three business days, unless the parties to a trade expressly agree otherwise. Accordingly, if the Settlement Date is more than three business days after the Trade Date, purchasers who wish to transact in the securities more than three business days prior to the Settlement Date will be required to specify alternative settlement arrangements to prevent a failed settlement.

Validity of the Securities

In the opinion of Davis Polk & Wardwell LLP, as special United States products counsel to the Issuer, when the securities offered by this pricing supplement have been executed and issued by the Issuer and authenticated by the authenticating agent, acting on behalf of the trustee, pursuant to the Indenture, and delivered against payment as contemplated herein, such securities will be valid and binding obligations of the Issuer, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith) and possible judicial or regulatory actions giving effect to governmental actions or foreign laws affecting creditors' rights, provided that such counsel expresses no opinion as to the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law on the conclusions expressed above. This opinion is given as of the date hereof and is limited to the laws of the State of New York. Insofar as this opinion involves matters governed by German law, Davis Polk & Wardwell LLP has relied, without independent investigation, on the opinion of Group Legal Services of Deutsche Bank AG, dated as of January 1, 2016, filed as an exhibit to the opinion of Davis Polk & Wardwell LLP, and this opinion is subject to the same assumptions, qualifications and limitations with respect to such matters as are contained in such opinion of Group Legal Services of Deutsche Bank AG. In addition, this opinion is subject to customary assumptions about the trustee's authorization, execution and delivery of the Indenture and the authentication of the securities by the authenticating agent and the validity, binding nature and enforceability of the Indenture with respect to the trustee, all as stated in the opinion of Davis Polk & Wardwell LLP dated as of January 1, 2016, which has been filed by the Issuer on Form 6-K dated January 4, 2016.