

Duke Energy Carolinas, LLC
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PROSPECTUS SUPPLEMENT
(To Prospectus dated May 31, 2007)

\$500,000,000 6.10% Senior Notes due 2037

We will pay interest on the 6.10% Senior Notes due 2037, or the Notes, at a rate of 6.10% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2007. The Notes will mature on June 1, 2037.

We may redeem the Notes at our option at any time and from time to time, in whole or in part, as described in this prospectus supplement under the caption Description of the Notes Optional Redemption. The Notes do not have the benefit of any sinking fund. The Notes are unsecured, senior obligations of Duke Energy Carolinas, LLC.

Investing in the Notes involves risks. See the section captioned Risk Factors in our annual report on Form 10-K for the year ended December 31, 2006, which has been filed with the Securities and Exchange Commission and incorporated by reference in this prospectus supplement.

	Price to Public (1)	Underwriting Discount (2)	Proceeds to Duke Energy Carolinas, LLC (1)
Per Note	99.987%	.875%	99.112%
Total Notes	\$ 499,935,000	\$ 4,375,000	\$ 495,560,000

(1) Plus accrued interest, if any, from June 5, 2007, if settlement occurs after that date.

(2) The underwriters have agreed to reimburse us in an amount equal to \$625,000, including in respect of expenses incurred by us in connection with the offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

We expect the Notes to be ready for delivery only in book-entry form through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, Luxembourg and Euroclear Bank N.V./S.A., on or about June 5, 2007.

Joint Book-Running Managers

Merrill Lynch & Co.

Morgan Stanley

Co-Managers

BNP PARIBAS

Credit Suisse

Lazard Capital Markets

UBS Investment Bank

The date of this prospectus supplement is May 31, 2007.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of the document containing the information.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference in this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to Duke Energy Carolinas, we, us and our or similar terms are to Duke Energy Carolinas, LLC and its subsidiaries.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain or incorporate by reference statements that do not directly or exclusively relate to historical facts. Such statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management's beliefs and assumptions. You can typically identify forward-looking statements by the use of forward-looking words, such as may, will, could, project, believe, anticipate, expect, estimate, continue, potential, intend, should, predict and similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Factors that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to:

- State and federal legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements;
- State and federal legislative and regulatory initiatives that affect cost and investment recovery, have an impact on rate structures, and affect the speed at and degree to which competition enters the electric industry;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth in Duke Energy Carolinas' service territories;
- Additional competition in electric markets and continued industry consolidation;
- The influence of weather and other natural phenomena on Duke Energy Carolinas' operations, including the economic, operational and other effects of hurricanes, tornados and other natural phenomena;
- The timing and extent of changes in commodity prices and interest rates;
- Unscheduled generation outages, unusual maintenance or repairs and electric transmission system constraints;
- The results of financing efforts, including Duke Energy Carolinas' ability to obtain financing on favorable terms, which can be affected by various factors, including Duke Energy Carolinas' credit ratings and general economic conditions;
- Declines in the market prices of equity securities and resultant cash funding requirements of Duke Energy Carolinas for Duke Energy Corporation's defined benefit pension plans;
- The level of credit worthiness of counterparties to Duke Energy Carolinas' transactions;
- Employee workforce factors, including the potential inability to attract and retain key personnel;
- The performance of electric generation facilities; and
- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies.

In light of these risks, uncertainties and assumptions, the forward-looking events contained or incorporated by reference in this prospectus supplement and the accompanying prospectus might not occur or might occur to a different extent or at a different time than we have described. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PROSPECTUS SUPPLEMENT SUMMARY

The following summary is qualified in its entirety by, and should be read together with, the more detailed information in the accompanying prospectus, and the financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. Prior to purchasing any Notes an investor should carefully read the section captioned **Risk Factors** in our annual report on Form 10-K for the year ended December 31, 2006.

Duke Energy Carolinas, LLC

Overview

Duke Energy Carolinas, a wholly owned subsidiary of Duke Energy Corporation, generates, transmits, distributes and sells electricity. Its service area covers approximately 22,000 square miles with an estimated population of 6 million in central and western North Carolina and western South Carolina. Duke Energy Carolinas supplies electric service to more than 2.2 million residential, commercial and industrial customers over 97,000 miles of distribution lines and a 13,000 mile transmission system. In addition, municipal and cooperative customers who purchased portions of the Catawba Nuclear Station may also buy power from a variety of suppliers including Duke Energy Carolinas, through contractual agreements. These electric operations are subject to the rules and regulations of the Federal Energy Regulatory Commission, the North Carolina Utilities Commission and the Public Service Commission of South Carolina.

In December 2006, Duke Energy Carolinas announced an agreement to purchase a portion of Saluda River Electric Cooperative, Inc.'s ownership interest in the Catawba Nuclear Station. Under the terms of the agreement, Duke Energy Carolinas will pay approximately \$158 million for the additional ownership interest of the Catawba Nuclear Station. Following the closing of the transaction, Duke Energy Carolinas will own approximately 19 percent of Catawba Nuclear Station. This transaction, which is expected to close prior to September 30, 2008, is subject to approval by various state and federal agencies. For more information on the ownership of Catawba Nuclear Station see Note 5, **Joint Ownership of Generating Facilities**, to our Consolidated Financial Statements included in our annual report on Form 10-K for the year ended December 31, 2006.

We are a North Carolina limited liability company. The address of our principal executive offices is 526 South Church Street, Charlotte, North Carolina 28202-1803. Our telephone number is (704) 594-6200.

The foregoing information about Duke Energy Carolinas is only a general summary and is not intended to be comprehensive. For additional information about Duke Energy Carolinas, you should refer to the information described under the caption **Where You Can Find More Information**.

The Offering

Issuer	Duke Energy Carolinas, LLC
Securities offered	6.10% Senior Notes due 2037
Maturity	The Notes will mature on June 1, 2037.
Interest Payment Dates	Interest on the Notes shall be payable semi-annually in arrears on June 1, and December 1, of each year, beginning on December 1, 2007.
Redemption	The Notes are redeemable at the option of Duke Energy Carolinas, LLC at any time and from time to time, in whole or in part, at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed (exclusive of interest accrued to such redemption date) up to, but not including, the redemption date, discounted to such redemption date on a semi-annual basis (assuming a 360-day year consisting of 12 30-day months) at the Treasury Rate plus 20 basis points, plus, in either case, accrued and unpaid interest on the Notes being redeemed to such redemption date. See Description of the Notes Optional Redemption for a description of how the redemption price is calculated. The Notes do not have the benefit of a sinking fund.
Ratings (Moody's/S&P)	A3 / A-
Ranking	The Notes will be our direct, unsecured and unsubordinated obligations, ranking equally in priority with all of our existing and future unsecured and unsubordinated indebtedness and senior in right of payment to all of our existing and future subordinated debt. All of our First and Refunding Mortgage Bonds outstanding are effectively senior to the Notes to the extent of the value of the properties securing them. The Notes will be structurally subordinated to all liabilities of our subsidiaries. As of March 31, 2007, we had approximately \$3.6 billion of unsecured and unsubordinated obligations that will rank equally in priority with respect to the Notes, approximately \$1.3 billion of secured obligations that will rank senior in priority with respect to the Notes to the extent of the value of the secured property and our subsidiaries had approximately \$300 million of obligations to which the Notes will be structurally subordinated. Our Senior Indenture contains no restrictions on the amount of additional indebtedness that we may issue under it. The Notes are not an obligation of Duke Energy Corporation and Duke Energy Corporation is not guaranteeing the Notes.

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Certain Covenants

The indenture governing the Notes contains certain covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to create liens on our assets. See Description of the Senior Notes in the accompanying prospectus.

Book-Entry

The Notes will be represented by one or more global securities registered in the name of and deposited with The Depository Trust Company (DTC) or its nominee. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the global securities through either DTC (in the United States), or Clearstream, Luxembourg or Euroclear (in Europe) if they are participants in those systems, or indirectly through organizations which are participants in those systems. This means that you will not receive a certificate for your Notes and Notes will not be registered in your name, except under certain limited circumstances described under the caption Book-Entry System.

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RISK FACTORS

You should carefully consider the risk factors under the heading **Risk Factors** in our annual report on Form 10-K for the year ended December 31, 2006, which is incorporated by reference into this prospectus supplement, as well as the other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, before making an investment decision.

RATIO OF EARNINGS TO FIXED CHARGES

	Year Ended December 31,					Three Months Ended March 31,
	2002	2003	2004	2005	2006	2007
Ratio of Earnings to Fixed Charges	1.7	1.5	1.7	2.2	3.2	3.7

In calculating the above ratios, earnings includes (1) pre-tax income from continuing operations, (2) fixed charges, and (3) distributed income from equity investees and excludes (1) preference security dividend requirements of consolidated subsidiaries and (2) capitalized interest. Fixed charges include (1) interest on debt, including capitalized portions, (2) the estimated interest component of rentals and (3) preference security dividend requirements of consolidated subsidiaries. Certain prior year amounts have been adjusted for businesses reclassified to discontinued operations during 2006 as a result of Duke Energy Carolinas' transfer of all its membership interests in Spectra Energy Capital LLC (formerly Duke Capital LLC) to Duke Energy on April 3, 2006.

USE OF PROCEEDS

The aggregate net proceeds from the sale of the Notes will be approximately \$495.8 million, after deducting the underwriting discount, other estimated offering expenses and giving effect to a reimbursement to us from the underwriters.

The net proceeds from the sale of the Notes will be used to redeem commercial paper that was issued to repay all of our outstanding \$250 million 6.60% Insured Quarterly Senior Notes due 2022 on April 30, 2007, and approximately \$110 million of our 1.75% Senior Convertible Notes due 2023 on May 15, 2007. The remainder will be used for general company purposes. As of March 31, 2007, Duke Energy Carolinas, LLC had approximately \$319 million of commercial paper outstanding, with a weighted average interest rate of 5.33% and a weighted average of approximately 29 days to maturity, which was incurred for general company purposes.

DESCRIPTION OF THE NOTES

General

The following description of the terms of the Notes summarizes certain general terms that will apply to the Notes. The Notes will be issued under a Senior Indenture between us and The Bank of New York, as successor trustee, dated as of September 1, 1998, as supplemented from time to time, including by the Sixteenth Supplemental Indenture, to be dated as of June 5, 2007, collectively referred to as the Senior Indenture. This description is not complete, and we refer you to the accompanying prospectus and the Senior Indenture. Capitalized terms used herein without definition have the meanings assigned to them in the Senior Indenture.

The Notes are issuable in denominations of \$1,000 or any integral multiple of \$1,000 in excess thereof. The Notes will be issued in an aggregate principal amount of \$500,000,000.

We may from time to time, without notice to or the consent of existing holders, create and issue further Notes having the same terms and conditions as the Notes being offered hereby in all respects, except for issue date, issue price and, if applicable, the first payment of interest thereon. Additional Notes issued in this manner will be consolidated with and will form a single series with the previously outstanding Notes of like tenor.

As used in this prospectus supplement, **business day** means, with respect to the Notes, any day, other than a Saturday or Sunday, a day on which banking institutions in New York, New York are authorized or obligated by law, or executive order to remain closed, or a day on which the Corporate Trust Office is closed for business.

Ranking

The Notes will be our direct, unsecured and unsubordinated obligations. The Notes will rank equal in priority with all of our existing and future unsecured and unsubordinated indebtedness and senior in right of payment to all our existing and future subordinated debt. All of our First and Refunding Mortgage Bonds outstanding are effectively senior to the Notes to the extent of the value of the properties securing them. As of March 31, 2007, there were approximately \$1,331 million aggregate principal amount of all series of First and Refunding Mortgage Bonds outstanding. As of March 31, 2007, there was approximately \$3,615 million of unsecured and unsubordinated long-term indebtedness of Duke Energy Carolinas outstanding. The Notes will be structurally subordinated to all liabilities of our subsidiaries. As of March 31, 2007, our subsidiaries had outstanding approximately \$300 million of long-term indebtedness. Our Senior Indenture contains no restrictions on the amount of additional indebtedness that we may issue under it.

The Notes are not an obligation of Duke Energy Corporation and Duke Energy Corporation is not guaranteeing the Notes.

Interest

The Notes will mature on June 1, 2037 and will bear interest at a rate of 6.10% per annum. Interest shall be payable semi-annually in arrears on June 1, and December 1, of each year, beginning on December 1, 2007. If an interest payment date falls on a day that is not a business day, interest will be payable on the next succeeding business day with the same force and effect as if made on such interest payment date. Interest will be paid to the person in whose name each Note is registered at the close of business on the fifteenth calendar day next preceding each semi-annual interest payment date (whether or not a business day). Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months, and will accrue from June 5, 2007 or from the most recent interest payment date to which interest has been paid or duly provided for.

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Optional Redemption

We have the right to redeem the Notes, in whole or in part at any time and from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed (exclusive of interest accrued to such redemption date) up to, but not including, the redemption date, discounted to such redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points, plus, in either case, accrued and unpaid interest on the Notes being redeemed to such redemption date.

Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

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

Quotation Agent means a Reference Treasury Dealer appointed by us.

Reference Treasury Dealer means each of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, BNP Paribas Securities Corp., Credit Suisse Securities (USA) LLC, UBS Securities LLC, and their respective successors; *provided, however*, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in the United States (a **Primary Treasury Dealer**), we will substitute 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 Quotation Agent, 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 Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15 (519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption **Treasury Constant Maturities**, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the maturity date of the Notes to be redeemed, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined, and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated on the third business day preceding the redemption date.

Redemption Procedures

We will provide not less than 30 nor more than 60 days notice mailed to each registered holder of the Notes to be redeemed. If the redemption notice is given and funds deposited as required, then interest will cease to accrue on and after the redemption date on the Notes or portions of such Notes called for

redemption. In the event that any redemption date is not a business day, we will pay the redemption price on the next business day without any interest or other payment due to the delay.

Sinking Fund

There is no provision for a sinking fund applicable to the Notes.

Ratings

We expect that the Notes will be rated A3 by Moody's Investors Service, Inc. and A- by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

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BOOK-ENTRY SYSTEM

The Depository Trust Company, or DTC, which we refer to along with its successors in this capacity as the depository, will act as securities depository for the Notes. The Notes will be issued only as fully registered securities registered in the name of Cede & Co., the depository's nominee. One or more fully registered global security certificates, representing the total aggregate principal amount of the Notes, will be issued and will be deposited with the depository or its custodian and will bear a legend regarding the restrictions on exchanges and registration of transfer referred to below.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in the Notes so long as the Notes are represented by global security certificates.

Investors may elect to hold interests in the global Notes through either DTC in the United States or Clearstream Banking, société anonyme (Clearstream, Luxembourg) or Euroclear Bank S.A./N.V., as operator of the Euroclear System (the Euroclear System), in Europe if they are participants of such systems, or indirectly through organizations which are participants in such systems. Clearstream, Luxembourg and the Euroclear System will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg and the Euroclear System's names on the books of their respective depositories, which in turn will hold such interests in customers' securities accounts in the depositories' names on the books of DTC. Citibank N.A. will act as depository for Clearstream, Luxembourg and JPMorgan Chase Bank, N.A. will act as depository for the Euroclear System (in such capacities, the U.S. Depositories).

DTC advises that it is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the Exchange Act). The depository holds securities that its participants deposit with the depository. The depository also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. The depository is owned by a number of its direct participants and by the New York Stock Exchange, the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the depository's system is also available to others, including securities brokers and dealers, banks and trust companies that clear transactions through or maintain a direct or indirect custodial relationship with a direct participant either directly or indirectly. The rules applicable to the depository and its participants are on file with the SEC.

Clearstream, Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depository. Clearstream, Luxembourg holds securities for its participating organizations (Clearstream Participants) and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a professional depository, Clearstream Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the

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underwriters. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant, either directly or indirectly.

Distributions with respect to interests in the Notes held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by the U.S. Depository for Clearstream, Luxembourg.

The Euroclear System advises that it was created in 1968 to hold securities for participants of the Euroclear System (Euroclear Participants) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. The Euroclear System includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. The Euroclear System is operated by Euroclear Bank S.A./N.V (the Euroclear Operator). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear System cash accounts are accounts with the Euroclear Operator. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to the Euroclear System is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the Terms and Conditions). The Terms and Conditions govern transfers of securities and cash within the Euroclear System, withdrawals of securities and cash from the Euroclear System, and receipts of payments with respect to securities in the Euroclear System. All securities in the Euroclear System are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no records of or relationship with persons holding through Euroclear Participants.

Distributions with respect to the Notes held beneficially through the Euroclear System will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by the U.S. Depository for the Euroclear System.

We will issue the Notes in definitive certificated form if the depository notifies us that it is unwilling or unable to continue as depository or the depository ceases to be a clearing agency registered under the Exchange Act and a successor depository is not appointed by us within 90 days. In addition, beneficial interests in a global security certificate may be exchanged for definitive certificated Notes if an event of default has occurred and is continuing under the Senior Indenture. If we determine at any time that the Notes shall no longer be represented by global security certificates, we will inform the depository of such determination who will, in turn, notify participants of their right to withdraw their beneficial interest from the global security certificates, and if such participants elect to withdraw their beneficial interests, we will issue certificates in definitive form in exchange for such beneficial interests in the global security certificates. Any global note, or portion thereof, that is exchangeable pursuant to this paragraph will be exchangeable for note certificates, as the case may be, registered in the names directed by the depository. We expect that these instructions will be based upon directions received by the depository from its participants with respect to ownership of beneficial interests in the global security certificates.

As long as the depository or its nominee is the registered owner of the global security certificates, the depository or its nominee, as the case may be, will be considered the sole owner and holder of the global security certificates and all Notes represented by these certificates for all purposes under the Notes and the

indenture governing the Notes. Except in the limited circumstances referred to above, owners of beneficial interests in global security certificates:

- will not be entitled to have the Notes represented by these global security certificates registered in their names, and
- will not be considered to be owners or holders of the global security certificates or any Notes represented by these certificates for any purpose under the Notes or the indenture governing the Notes.

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

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

Although the depositary has agreed to the foregoing procedures in order to facilitate transfers of interests in the global security certificates among participants, the depositary is under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. We will not have any responsibility for the performance by the depositary or its direct participants or indirect participants under the rules and procedures governing the depositary.

The information in this section concerning the depositary, its book-entry system, Clearstream, Luxembourg and the Euroclear System has been obtained from sources that we believe to be reliable, but we have not attempted to verify the accuracy of this information.

Global Clearance and Settlement Procedures

Initial settlement for the Notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream Participants and/or Euroclear Participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and the Euroclear System, as applicable.

Cross-market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream Participants or Euroclear Participants on the other, will be effected through DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. Depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. Depositary to take action to effect final settlement on its behalf by delivering

or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream Participants and Euroclear Participants may not deliver instructions directly to their respective U.S. Depositories.

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

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

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UNDERWRITING