

CBS Operations Inc.
Form 424B3
May 28, 2009

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The information contained in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS SUPPLEMENT, DATED MAY 28, 2009**

**PROSPECTUS SUPPLEMENT
(To Prospectus dated November 3, 2008)**

**Filed Pursuant to Rule 424(b)(3)
Registration file No. 333-154962**

\$

8.875% Senior Notes due 2019
Unconditionally guaranteed as to payment of
principal and interest by CBS Operations Inc.
(a wholly owned subsidiary of CBS Corporation)

The senior notes will bear interest at 8.875% per year and will mature on May 15, 2019. We will pay interest on the senior notes semi-annually in arrears on May 15 and November 15 of each year, beginning November 15, 2009. Interest on the senior notes will be subject to adjustment upon the occurrence of certain events as described in this prospectus supplement. We may redeem the senior notes, in whole or in part, at any time and from time to time at a redemption price equal to the principal amount of the senior notes being redeemed plus the applicable premium, if any, and accrued and unpaid interest to the redemption date. If a change of control repurchase event occurs as described in this prospectus supplement, unless we have exercised our right of redemption, we will be required to offer to repurchase all or any part of the senior notes at a repurchase price equal to 101% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to the date of repurchase. The senior notes do not provide for a sinking fund. The senior notes will be issued in minimum denominations of \$2,000 and in integral multiples of \$1,000.

The senior notes will be unsecured senior obligations of CBS Corporation and will rank equally in right of payment with all of CBS Corporation's other unsecured and unsubordinated obligations from time to time outstanding. The guarantees will be unsecured senior obligations of CBS Operations Inc. and will rank equally in right of payment with all of CBS Operations Inc.'s other unsecured and unsubordinated obligations from time to time outstanding.

The senior notes offered by this prospectus supplement constitute an additional issuance of, and a single series with, our \$350,000,000 aggregate principal amount of 8.875% Senior Notes due 2019 issued on May 13, 2009.

Investing in the senior notes involves risks which are described in the Risk Factors section beginning on page I-22 of our Annual Report on Form 10-K for the year ended December 31, 2008 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, which are incorporated by reference herein.

**Proceeds to
Underwriting**

| | Price to Public(1) | Discount | CBS Corporation (before expenses) |
|-----------------|-------------------------------|-----------------|--|
| Per senior note | % | % | % |
| Total | \$ | \$ | \$ |

(1) The price to public set forth above does not include accrued interest in the amount of \$. Interest on the senior notes accrues from May 13, 2009, and the accrued interest for the period from and including May 13, 2009 to and excluding the settlement date must be paid by purchasers of the senior notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the senior notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect that the senior notes will 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 Luxembourg or Euroclear, against payment in New York, New York on or about , 2009.

Joint Book-Running Managers

Banc of America Securities LLC

Citi

J.P. Morgan

UBS Investment Bank

Prospectus Supplement dated May , 2009

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In this prospectus supplement, we use the terms the Company, we, us and our to refer to CBS Corporation. References to CBS Operations are references to CBS Operations Inc.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus authorized by CBS Corporation. None of CBS Corporation, CBS Operations, or any of the underwriters has authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. You should not assume that the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since then. None

of CBS Corporation, CBS Operations, or any of the underwriters is making an offer to sell the senior notes in any jurisdiction where the offer or sale is not permitted.

We provide information to you about the senior notes in two separate documents, this prospectus supplement and the accompanying prospectus. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, the information contained in this prospectus supplement shall control. If any statement in this prospectus supplement conflicts with any statement in a document that has been incorporated herein by reference, then you should consider only the statement in the more recent document.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus contain both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, 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). These forward-looking statements are not based on historical facts, but rather reflect our current expectations concerning future results and events. These forward-looking statements generally can be identified by the use of statements that include phrases such as believe, expect, anticipate, intend, plan, foresee, likely, will or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals are or may be forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause our actual results, performance or achievements to be different from any future results, performance and achievements expressed or implied by these statements. These risks, uncertainties and other factors include, among others:

advertising market conditions generally;

changes in the public acceptance of our programming;

changes in technology and its effect on competition in our markets;

changes in the Federal Communications laws and regulations;

the impact of piracy on our products;

the impact of consolidation in the market for our programming;

other domestic and global economic, business, competitive and/or regulatory factors affecting our businesses generally; and

other factors described in our news releases and filings with the Securities and Exchange Commission (the SEC) including but not limited to the factors under the heading Risk Factors in our Form 10-K for the year ended December 31, 2008 and in our Form 10-Q for the quarter ended March 31, 2009, which are incorporated by reference herein.

There may be additional risks, uncertainties and factors that we do not currently view as material or that are not necessarily known. The forward-looking statements included in this prospectus supplement are only made as of the date of this prospectus supplement, and any forward-looking statements incorporated by reference herein are made only as of the date of the incorporated document. We expressly disclaim any obligation to update any forward-looking statement to reflect subsequent events or circumstances, except as otherwise required by applicable law or the rules and regulations promulgated by the SEC.

You should review carefully all information, including the financial statements and the notes to the financial statements, included or incorporated by reference into this prospectus supplement and the accompanying prospectus.

Further information concerning CBS Corporation and its businesses, including factors that potentially could materially affect CBS Corporation's financial results, is included in news releases and other filings with the SEC, and Holders of

Notes are encouraged to review these news releases and filings. Actual results could differ materially from expectations expressed in the forward-looking statements if one or more of the underlying assumptions and expectations proves to be inaccurate or is unrealized. CBS Corporation does not undertake responsibility for updating any of such information, whether as a result of new information, future events, or otherwise, except as required by law.

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SUMMARY

CBS Corporation

We are a mass media company with operations in the following segments:

TELEVISION: The Television segment consists of CBS Television, comprised of the *CBS*[®] Television Network, our 30 owned broadcast television stations, CBS Television Studios and CBS Television Distribution, our television production and syndication operations; *Showtime*[®] Networks, our premium subscription television program services; and *CBS College Sports Network*[™], our cable network devoted to college athletics.

RADIO: The Radio segment owns and operates 134 radio stations in 29 U.S. markets through *CBS Radio*[®].

OUTDOOR: The Outdoor segment displays advertising on media, including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks and stadium signage principally through *CBS Outdoor*[®] and in retail stores through *CBS Outernet*[™].

INTERACTIVE: The Interactive segment is our online content network for information relating to technology, entertainment, sports, news, business, gaming and music. CBS Interactive's brands include *CNET*[®], *CBS.com*[™], *CBSSports.com*[™], *GameSpot*[®], *TV.com*[™], *BNET*[™] and *Last.fm*[®].

PUBLISHING: The Publishing segment consists of *Simon & Schuster*, which publishes and distributes consumer books under imprints such as *Simon & Schuster*[®], *Pocket Books*[®], *Scribner*[®] and *Free Press*[™].

For the quarter ended March 31, 2009, contributions to CBS Corporation's consolidated revenues from its segments were as follows: Television 71%, Radio 8%, Outdoor 12%, Interactive 4% and Publishing 5%. For the year ended December 31, 2008, contributions to CBS Corporation's consolidated revenues from its segments were as follows: Television 64%, Radio 11%, Outdoor 16%, Interactive 3% and Publishing 6%. We generated approximately 16% of our total revenues from international regions in 2008. For the year ended December 31, 2008, approximately 66% and 16% of total international revenues of approximately \$2.25 billion were generated in Europe and Canada, respectively.

We were organized under the laws of the State of Delaware in 1986. Our principal offices are located at 51 West 52nd Street, New York, New York 10019, our telephone number is (212) 975-4321 and our website address is www.cbscorporation.com. However, the information contained in or connected to our website is not part of this prospectus supplement or the accompanying prospectus.

CBS Operations Inc.

CBS Operations, the guarantor of the senior notes, was organized under the laws of the State of Delaware in 1995 and has its corporate headquarters at 51 West 52nd Street, New York, New York 10019. CBS Operations has 100 shares of common stock, par value \$.01 per share, outstanding, all of which are held by CBS Corporation. CBS Operations operates a full power broadcast television station in Tampa, Florida and a low power broadcast television station in Indianapolis, Indiana. The direct and indirect subsidiaries of CBS Operations operate *Showtime Networks*, *Simon & Schuster*, *CBS Television Studios* and eleven full power broadcast television stations. In addition, one of such subsidiaries holds the partnership interest in *The CW*, a broadcast network that launched in Fall 2006.

Recent Developments

On May 18, 2009, we announced the expiration of our tender offer (the Offer) to purchase for cash any and all of our outstanding 7.70% Senior Notes due July 30, 2010 (the 2010 Notes). The Offer expired at 5:00 p.m., New York City time, on May 15, 2009. Pursuant to the Offer, we purchased \$825,548,000 aggregate principal amount of 2010 Notes at a purchase price of \$1,035 per \$1,000 principal amount of 2010 Notes, plus accrued and unpaid interest up to, but not including, May 18, 2009.

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The Offering

The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of the senior notes, see **Description of the Senior Notes** beginning on page S-7 of this prospectus supplement.

| | |
|---|--|
| Issuer | CBS Corporation |
| Securities offered | \$ aggregate principal amount of 8.875% senior notes due 2019. The senior notes offered by this prospectus supplement constitute an additional issuance of, and a single series with, our \$350,000,000 aggregate principal amount of 8.875% Senior Notes due 2019 issued on May 13, 2009. |
| Maturity | The senior notes will mature on May 15, 2019. |
| Interest | Interest on the senior notes will accrue at the rate of 8.875% per year, payable semi-annually in arrears on each May 15 and November 15, beginning November 15, 2009. |
| Interest rate adjustment based on rating events | The interest rate payable on the senior notes will be subject to adjustments from time to time if Moody's Investors Service, Inc. or Standard & Poor's Ratings Services downgrades (or downgrades and subsequently upgrades) the debt rating assigned to the senior notes as described in Description of the Senior Notes Interest Rate Adjustment . |
| Guarantee | The senior notes will be guaranteed on an unsecured senior basis by CBS Operations. |
| Ranking | The senior notes will be unsecured senior obligations of CBS Corporation and will rank equally in right of payment with all of CBS Corporation's other unsecured and unsubordinated obligations from time to time outstanding. As of March 31, 2009, CBS Corporation had approximately \$7.0 billion of long-term indebtedness outstanding. As of March 31, 2009, CBS Operations had no long-term indebtedness outstanding, other than its guarantees of the senior debt of CBS Corporation, all of which is fully and unconditionally guaranteed by CBS Operations. As of March 31, 2009, CBS Operations and its direct and indirect subsidiaries had approximately \$86.6 million of indebtedness outstanding. |
| Sinking fund | None. |
| Optional redemption | We may redeem the senior notes, in whole or in part, at any time and from time to time at a redemption price equal to their principal amount plus the applicable premium, if any, and accrued and unpaid interest to the redemption date. See Description of the Senior Notes Optional Redemption . |
| Purchase of senior notes upon a change of control repurchase event | Upon the occurrence of both a change of control of CBS Corporation and a downgrade of the senior notes below an investment grade rating by all of Moody's Investors Service Inc., Standard & Poor's Ratings Services and |

Fitch Ratings Ltd. within a specified period, we will make an offer to repurchase all or any part of each holder's senior notes at a price equal to 101% of the aggregate principal amount

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thereof plus accrued and unpaid interest, if any, to the date of repurchase. See Description of the Senior Notes Purchase of Senior Notes upon a Change of Control Repurchase Event.

Certain covenants

We will issue the senior notes under an indenture that will, among other things, limit our ability to:

consolidate, merge or sell all or substantially all of our assets;

create liens; and

enter into sale and leaseback transactions.

All of these limitations will be subject to a number of important qualifications and exceptions. See Description of the Debt Securities in the accompanying prospectus.

Form and settlement

The senior notes will be issued in the form of one or more fully registered global notes which will be deposited with, or on behalf of, The Depository Trust Company (DTC) as the depository, and registered in the name of Cede & Co., DTC s nominee. Beneficial interests in the global 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 notes through either DTC (in the United States), Clearstream Luxembourg, or Euroclear (outside of the United States), if they are participants in these systems, or indirectly through organizations which are participants in these systems. Cross-market transfers between persons holding directly or indirectly through DTC participants, on the one hand, and directly or indirectly through Clearstream Luxembourg or Euroclear participants, on the other hand, will be effected in accordance with DTC rules on behalf of the relevant international clearing system by its U.S. depository.

Markets

The senior notes are offered for sale in those jurisdictions in the United States, Europe and Asia where it is legal to make such offers. See Underwriting.

Use of proceeds

We intend to use the net proceeds from this offering, after deducting fees and expenses related to this offering for general corporate purposes, including the repayment of existing indebtedness. See Use of Proceeds

Governing law

The senior notes and the indenture under which they will be issued will be governed by New York law.

Risk factors

See the risks that are described in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2008 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 for a discussion of the factors you should consider carefully before deciding to invest in the senior notes.

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The following table shows the ratio of earnings to fixed charges of CBS Corporation for the periods indicated.

For purposes of computing the following ratio of earnings to fixed charges, earnings represents earnings (loss) from continuing operations before income taxes, equity in earnings (loss) of investee companies, minority interest, and fixed charges, adjusted for inclusion of distributions from investee companies. Fixed charges represent interest expense, net of capitalized interest, and such portion of rental expense that represents an appropriate interest factor.

| | Three Months Ended March 31, 2009 | 2008 | Year Ended December 31, | | | 2004 |
|------------------------------------|--|-------------|--------------------------------|-------------|-------------|-------------|
| | | | 2007 | 2006 | 2005 | |
| Ratio of earnings to fixed charges | Note a | Note b | 3.8x | 4.0x | Note b | Note b |

Note a: For the three months ended March 31, 2009 earnings are inadequate to cover fixed charges by \$33.8 million.

Note b: Earnings are inadequate to cover fixed charges by \$12.57 billion in 2008, \$7.55 billion in 2005 and \$15.84 billion in 2004 due to the non-cash impairment charges of \$14.18 billion in 2008, \$9.48 billion in 2005 and \$18.0 billion in 2004.

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USE OF PROCEEDS

Our net proceeds from this offering are estimated to be approximately \$, after deducting the underwriting discount and our estimated offering expenses. We expect to use the net proceeds from this offering for general corporate purposes, including the repayment of existing indebtedness.

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The following table sets forth our capitalization as of March 31, 2009, (1) on a historical basis and (2) as adjusted to reflect (a) the issuance on May 13, 2009 of (i) \$400,000,000 aggregate principal amount of our 8.200% Senior Notes due 2014 and (ii) \$350,000,000 aggregate principal amount of our 8.875% Senior Notes due 2019, (b) our repurchase of \$825,548,000 aggregate principal amount of our 2010 Notes and (c) the issuance and sale of the senior notes in this offering, after deducting the underwriting discounts, but before deducting our estimated offering expenses.

| | As of March 31, 2009 | |
|---|-----------------------------|--------------------|
| | Actual | As Adjusted |
| | (In millions) | |
| Cash and cash equivalents | \$ 239.6 | \$ (1) |
| Debt: | | |
| Continuing operations: | | |
| Commercial paper | \$ 99.0 | \$ 99.0 |
| Notes payable to banks | 199.1 | 199.1 |
| Senior debt (4.625%-8.875%, due 2010 2056)(2) | 6,716.1 | 5,890.0(3) |
| Obligations under capital leases | 117.0 | 117.0 |
| 8.200% Senior notes due 2014 | | 395.2(4) |
| 8.875% Senior notes due 2019 | | 341.5(4) |
| Additional 8.875% Senior Notes due 2019 | | |
| Total Debt | 7,131.2 | |
| Stockholders equity: | | |
| Class A common stock, par value \$.001 per share; 375.0 shares authorized; 57.7 shares issued | .1 | .1 |
| Class B common stock, par value \$.001 per share; 5,000.0 shares authorized; 734.8 shares issued | .7 | .7 |
| Additional paid-in-capital | 43,489.3 | 43,489.3 |
| Accumulated deficit | (30,653.5) | (30,671.6)(5) |
| Accumulated other comprehensive loss | (673.5) | (673.5) |
| Less: Treasury stock, at cost | 3,693.4 | 3,693.4 |
| Total Stockholders Equity | 8,469.7 | 8,451.6 |
| Total Capitalization | \$ 15,600.9 | \$ |

(1) As adjusted cash and cash equivalents reflects actual cash and cash equivalents as of March 31, 2009, plus cash received out of the proceeds from our issuance of \$750 million aggregate principal amount of debt securities on May 13, 2009 and cash received out of the proceeds from this offering, after deducting the underwriting discounts, but before deducting the estimated offering expenses, less the cash payment of \$855.7 million used to

repurchase approximately \$826.1 million (\$825.5 million face value) of our 2010 Notes, which excludes the payment of accrued interest.

- (2) Does not include long-term debt from discontinued operations of \$33.5 million at March 31, 2009.
- (3) As adjusted senior debt reflects the May 18, 2009 repurchase of \$826.1 million (\$825.5 million face value) of our 2010 Notes pursuant to the Offer.
- (4) Reflects the issuance of senior debt securities on May 13, 2009.
- (5) As adjusted accumulated deficit reflects the actual accumulated deficit at March 31, 2009 plus the loss of \$18.1 million, net of tax, recognized upon the repurchase of our 2010 Notes on May 18, 2009 pursuant to the Offer.

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DESCRIPTION OF THE SENIOR NOTES

The following statements about the senior notes are summaries and are subject to, and qualified in their entirety by reference to, the accompanying prospectus and the senior indenture referred to in the accompanying prospectus. See

Description of the Debt Securities in the accompanying prospectus for additional information concerning the senior notes and the senior indenture. The following statements, therefore, do not contain all of the information that may be important to you. Not all the defined terms used in this prospectus supplement are defined herein, and you should refer to the accompanying prospectus or the senior indenture for the definitions of such terms. The provisions of the senior indenture set forth the terms of the senior notes in greater detail than this prospectus supplement or the accompanying prospectus. If the statements in this prospectus supplement conflict with the provisions of the senior indenture, the provisions of the senior indenture control. A copy of the senior indenture was filed with the SEC on November 3, 2008.

The \$ aggregate principal amount of senior notes offered by this prospectus supplement will have the same terms as, and be fungible with, our \$350,000,000 aggregate principal amount of 8.875% Senior Notes due 2019 issued on May 13, 2009.

The senior notes offered by this prospectus supplement will become part of the same series and will be designated by the same CUSIP number as our \$350,000,000 aggregate principal amount of 8.875% Senior Notes due 2019 issued on May 13, 2009. Upon the issuance of the senior notes offered by this prospectus supplement, the outstanding aggregate principal amount of that series of 8.875% Senior Notes due 2019 will be \$. For U.S. federal income tax purposes, the senior notes offered by this prospectus supplement will be fungible with the other notes of that series.

General

The senior notes:

are registered under the Securities Act;

will be unsecured obligations of CBS Corporation;

will rank equally with all other unsecured and unsubordinated indebtedness of CBS Corporation from time to time outstanding;

will be fully and unconditionally guaranteed by CBS Operations, which guarantee will rank equally with all other unsecured and unsubordinated indebtedness of CBS Operations from time to time outstanding;

will be limited to \$ aggregate principal amount of senior notes, which aggregate principal amount will have the same terms as, and be fungible with, our \$350,000,000 aggregate principal amount of 8.875% Senior Notes due 2019 issued on May 13, 2009 and which may, without the consent of holders, be increased in the future on the same terms as to status, CUSIP number or otherwise as the senior notes being offered hereby (See Further Issues below); and

will be issued in minimum denominations of \$2,000 and in integral multiples of \$1,000 in excess thereof.

Each senior note will bear interest at a rate of 8.875% per year. Interest will be payable semi-annually in arrears on the senior notes on May 15 and November 15 of each year, beginning on November 15, 2009 and will be computed on the

basis of a 360-day year of twelve 30-day months. Interest on the senior notes will accrue from and including May 13, 2009 and will be paid to holders of record on the May 1 and November 1 immediately before the respective interest payment date.

The senior notes will mature on May 15, 2019. On the maturity date of the senior notes, the holders will be entitled to receive 100% of the principal amount of the senior notes. The senior notes do not provide for a sinking fund.

If any maturity date, redemption date or interest payment date falls on a Saturday, Sunday, legal holiday or day on which banking institutions in The City of New York are authorized by law to close, then payment of principal and interest, if any, may be made on the next succeeding business day and no interest will accrue because of such delayed payment.

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As of March 31, 2009, CBS Corporation had approximately \$7.0 billion of long-term indebtedness outstanding, all of which ranks equally in rank of payment with the senior notes. As of March 31, 2009, our direct and indirect subsidiaries, other than CBS Operations, had approximately \$171.3 million of indebtedness outstanding. CBS Operations is a wholly owned subsidiary of CBS Corporation with no long-term indebtedness outstanding as of March 31, 2009, other than its guarantees of the senior debt of CBS Corporation, all of which is fully and unconditionally guaranteed by CBS Operations. CBS Operations' direct and indirect subsidiaries had approximately \$86.6 million of long-term indebtedness outstanding as of March 31, 2009.

The senior notes are subject in all cases to any tax, fiscal or other law or regulations or administrative or judicial interpretation applicable thereto. We are not required to make any payment to a holder with respect to any tax, assessment or other governmental charge imposed (by withholding or otherwise) by any government or a political subdivision or taxing authority thereof or therein due and owing with respect to the senior notes.

Further Issues

We may from time to time, without notice to or the consent of the holders of the senior notes, create and issue further senior notes ranking equally and ratably in all respects with the senior notes, or in all respects except for the payment of interest accruing prior to the issue date or except, in some circumstances, for the first payment of interest following the issue date of those further senior notes. Any such further senior notes will be consolidated with and form a single series with the senior notes currently being offered and will have the same terms as to status, CUSIP number or otherwise as the senior notes. Any such further senior notes will be issued pursuant to a resolution of our board of directors (or a committee designated by the board), a supplement to the senior indenture or under an officer's certificate pursuant to the senior indenture.

Interest Rate Adjustment

The interest rate payable on the senior notes will be subject to adjustment from time to time if either Moody's or S&P or, in either case, any Substitute rating agency (as defined below) downgrades (or downgrades and subsequently upgrades) the debt rating assigned to the senior notes, in the manner described below.

Moody's means Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors.

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

Substitute rating agency means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by us (as certified by a resolution of our board of directors or a duly authorized committee thereof) as a replacement agency for Moody's or S&P, or both of them, as the case may be.

If the rating from Moody's (or any Substitute rating agency) of the senior notes is decreased to a rating set forth in the immediately following table, the interest rate on the senior notes will increase such that it will equal the interest rate payable on the senior notes on the date of their issuance plus the percentage set forth opposite the ratings from the table below:

| Moody's Rating* | Percentage Points |
|------------------------|--------------------------|
| Ba1 | 0.25 |
| Ba2 | 0.50 |

| | |
|-------------|------|
| Ba3 | 0.75 |
| B1 or below | 1.00 |

* Including the equivalent rating of any Substitute rating agency.

If the rating from S&P (or any Substitute rating agency) of the senior notes is decreased to a rating set forth in the immediately following table, the interest rate on the senior notes will increase such that it will equal the interest

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rate payable on the senior notes on the date of their issuance plus the percentage set forth opposite the ratings from the table below:

| S&P s Rating* | Percentage Points |
|--------------------------|--------------------------|
| BB+ | 0.25 |
| BB | 0.50 |
| BB- | 0.75 |
| B+ or below | 1.00 |

* Including the equivalent rating of any Substitute rating agency.

If at any time the interest rate on the senior notes has been adjusted upward as a result of a decrease in a rating by either Moody s or S&P (or, in either case, a Substitute rating agency), as the case may be, and subsequently such rating agency increases its rating of the senior notes to any of the threshold ratings set forth above, the interest rate on the senior notes will be decreased such that the interest rate for the senior notes will equal the interest rate payable on the senior notes on the date of their issuance plus the percentages set forth opposite the ratings from the tables above in effect immediately following the increase in rating. If the rating by Moody s (or any Substitute rating agency) of the senior notes is or becomes Baa3 (or its equivalent, in the case of a Substitute rating agency) or higher, and the rating by S&P (or any Substitute rating agency thereof) is or becomes BBB- (or its equivalent, in the case of a Substitute rating agency) or higher, the interest rate on the senior notes will be decreased to the interest rate payable on the senior notes on the date of their issuance. In addition, the interest rates on the senior notes will permanently cease to be subject to any adjustment described above (notwithstanding any subsequent decrease in the ratings by either or both rating agencies) if the senior notes become rated A3 and A- (or the equivalent of either such rating, in the case of a Substitute rating agency) or higher by Moody s and S&P (or, in either case, a Substitute rating agency thereof), respectively (or one of these ratings if the senior notes are only rated by one rating agency).

Each adjustment required by any decrease or increase in a rating set forth above, whether occasioned by the action of Moody s or S&P (or, in either case, a Substitute rating agency), shall be made independent of (and in addition to) any and all other adjustments. In no event shall (1) the interest rate for the senior notes be reduced to below the interest rate payable on the senior notes on the date of their issuance or (2) the total increase in the interest rate on the senior notes exceed 2.00% above the interest rate payable on the senior notes on the date of their issuance.

No adjustments in the interest rate of the senior notes shall be made solely as a result of a rating agency ceasing to provide a rating of the senior notes. If at any time Moody s or S&P ceases to provide a rating of the senior notes, we will use our commercially reasonable efforts to obtain a rating of the senior notes from a Substitute rating agency, to the extent one exists, and if a Substitute rating agency exists, for purposes of determining any increase or decrease in the interest rate on the senior notes pursuant to the tables above (a) such Substitute rating agency will be substituted for the last rating agency to provide a rating of the senior notes but which has since ceased to provide such rating, (b) the relative rating scale used by such Substitute rating agency to assign ratings to senior unsecured debt will be determined in good faith by an independent investment banking institution of national standing appointed by us and, for purposes of determining the applicable ratings included in the applicable table above with respect to such Substitute rating agency, such ratings will be deemed to be the equivalent ratings used by Moody s or S&P, as applicable, in such table and (c) the interest rate on the senior notes will increase or decrease, as the case may be, such that the interest rate equals the interest rate payable on the senior notes on the date of their issuance plus the appropriate percentage, if any, set forth opposite the rating from such Substitute rating agency in the applicable table above (taking into account the provisions of clause (b) above) (plus any applicable percentage resulting from a

decreased rating by the other rating agency). For so long as only one of Moody's or S&P provides a rating of the senior notes and no Substitute rating agency is offered to replace the other rating agency, any subsequent increase or decrease in the interest rate of the senior notes necessitated by a reduction or increase in the rating by the agency providing the rating shall be twice the percentage set forth in the applicable table above. For so long as none of Moody's, S&P or a Substitute rating agency provides a rating of the senior notes, the interest rate on the senior notes will increase to, or remain at, as the case may be, 2.00% above the interest rate payable on the senior notes on the date of their issuance.

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Any interest rate increase or decrease described above will take effect on the next business day after the rating change has occurred.

If the interest rate payable on the senior notes is increased as described above, the term *interest*, as used with respect to the senior notes, will be deemed to include any such additional interest unless the context otherwise requires.

Optional Redemption

Prior to maturity, we may redeem the senior notes at any time and from time to time, at our option, in whole or in part, on not less than 30 nor more than 60 days' prior notice, at a redemption price equal to the sum of their principal amount, the Make-Whole Amount described below and any accrued and unpaid interest to the date of redemption. Holders of record on a record date that is on or prior to a redemption date will be entitled to receive interest due on the interest payment date.

The term *Make-Whole Amount* means, the excess, if any, of (i) the aggregate present value as of the date of the redemption of the principal being redeemed and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable if redemption had not been made, determined by discounting, on a semiannual basis, the remaining principal and interest at the Reinvestment Rate described below (determined on the third business day preceding the date notice of redemption is given) from the dates on which the principal and interest would have been payable if the redemption had not been made, to the date of redemption, over (ii) the aggregate principal amount of the senior notes.

The term *Reinvestment Rate* means 0.75% plus the arithmetic mean of the yields under the heading *Week Ending* published in the most recent Federal Reserve Statistical Release H.15 under the caption *Treasury Constant Maturities* for the maturity (rounded to the nearest month) corresponding to the remaining life to maturity, as of the payment date of the principal being redeemed or paid. If no maturity exactly corresponds to the maturity, yields for the two published maturities most closely corresponding to the maturity would be so calculated and the Reinvestment Rate would be interpolated or extrapolated on a straight-line basis, rounding to the nearest month. The most recent Federal Reserve Statistical Release H.15 published prior to the date of determination of the Make-Whole Amount will be used for purposes of calculating the Reinvestment Rate.

The Make-Whole Amount will be calculated by an independent investment banking institution of national standing appointed by us. If we fail to make the appointment at least 45 business days prior to the date of redemption, or if the institution is unwilling or unable to make the calculation, the calculation will be made by an independent investment banking institution of national standing appointed by the Trustee.

If the Reinvestment Rate is not available as described above, the Reinvestment Rate will be calculated by interpolation or extrapolation of comparable rates selected by the independent investment banking institution.

In the case of any partial redemption, selection of the senior notes for redemption will be made by the Trustee in compliance with the requirements of the principal U.S. national securities exchange, if any, on which the senior notes are listed or, if they are not listed on a U.S. national securities exchange, by lot or by such other method as the Trustee in its sole discretion deems to be fair and appropriate.

Purchase of Senior Notes upon a Change of Control Repurchase Event

Upon the occurrence of a Change of Control Repurchase Event (as defined below) in respect of the senior notes, unless we have exercised our right to redeem the senior notes as described under *Optional Redemption* above, we will make an offer to each holder of the senior notes to repurchase all or any part (equal to \$2,000 or an integral multiple of

\$1,000 in excess thereof) of such holder's senior notes pursuant to the offer described below (the "Change of Control Offer") at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (the "Change of Control Price"). Within 30 days following any Change of Control Repurchase Event in respect of the senior notes or, at our option, prior to any Change of Control (as defined below), but after the public announcement of the Change of Control, we will mail a notice to each holder describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase the senior notes on the payment date specified in the notice,

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which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to repurchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice.

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