NORDSTROM INC
Form 424B5
April 22, 2010

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Maximum Aggregate Offering Price	Amount of Registration Fee (1)
4.75% Notes, due May 2020	$500,000,000	$35,650

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933.

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-147664

Prospectus Supplement
April 20, 2010
(To Prospectus dated November 28, 2007)

$500,000,000

NORDSTROM, INC.

4.75% Notes due 2020

We are offering $500 million aggregate principal amount of 4.75% Notes due 2020 (the Notes). Interest on the Notes will be paid semi-annually in arrears on May 1 and November 1 of each year, beginning on November 1, 2010. The Notes will mature on May 1, 2020. We may redeem the Notes, at any time in whole or from time to time in part, at our option, at the redemption prices discussed under the heading Description of the Notes Optional Redemption .

The Notes will be our unsecured senior obligations and will rank equally in right of payment with all of our other unsecured and unsubordinated debt from time to time outstanding. The Notes will be issued only in registered form in minimum denominations of $2,000 and integral multiples of $1,000.

Investing in the Notes involves risks. See Risk Factors beginning on page S-4 of this prospectus supplement and those risk factors incorporated by reference into this prospectus supplement and the accompanying prospectus from our Annual Report on Form 10-K for the fiscal year ended January 30, 2010.

	Per Note	Total
Public offering price(1)	99.565%	$ 497,825,000
Underwriting discount	0.650%	$ 3,250,000
Proceeds, before expenses, to us(1)	98.915%	$ 494,575,000

(1) Plus accrued interest, if any, from April 23, 2010, 2010 if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these Notes 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 Clearstream Banking, société anonyme, and Euroclear Bank S.A./N.V., as operator of the Euroclear System, against payment in New York, New York on April 23, 2010.

Joint Book-Running Managers

Goldman, Sachs & Co. **Morgan Stanley**

Senior Co-Managers

BofA Merrill Lynch **RBS** **US Bancorp** **Wells Fargo Securities**

Co-Managers

Fifth Third Securities, Inc. **Loop Capital Markets**

We have not authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which contains the terms of this offering of Notes. The second part is the accompanying prospectus dated November 28, 2007, which is part of our Registration Statement on Form S-3.

This prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information contained in the documents to which we have referred you in Where You Can Find More Information below.

No person is authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement or the accompanying prospectus and, if given or made, such information or representations must not be relied upon as having been authorized. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement and the accompanying prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, or that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is correct as of any time subsequent to the date of such information.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on our behalf or the underwriters behalf, to subscribe to or purchase any of the Notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

In this prospectus supplement and the accompanying prospectus, unless otherwise stated, references to Nordstrom , we , us , our and the Company refer to Nordstrom, Inc. and its consolidated subsidiaries. With respect to the discussio of the terms of the Notes on the cover page, in the section entitled Summary The Offering and in the section entitled Description of the Notes , the words Nordstrom , we , us , our and the Company refer only to Nordstrom, Inc. a any of its subsidiaries.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC s website at http://www.sec.gov or from Nordstrom s website at http://www.nordstrom.com. The information contained in or connected to our website is not part of this prospectus supplement or the accompanying prospectus. You may also read and copy any document we file at the SEC s Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. You can call the SEC at 1-800-SEC-0330 for further information about the operation of the Public Reference Room.

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Our common stock is listed and traded on the New York Stock Exchange. We will refer to the New York Stock Exchange as the NYSE in this prospectus supplement. You may also inspect the information we file with the SEC at the NYSE, 20 Broad Street, New York, New York 10005.

The SEC allows us to incorporate by reference into this prospectus supplement and the accompanying prospectus the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will automatically update this prospectus supplement and the accompanying prospectus. In other words, in the case of a conflict or inconsistency between the information set forth in this prospectus supplement and the accompanying prospectus and information incorporated by reference into this prospectus supplement and the accompanying prospectus, you should rely on the information contained in the document that was filed later. You should review these filings as they may disclose a change in our business, prospects, financial condition or other affairs after the date of this prospectus supplement. We incorporate by reference the documents listed below, which we have already filed with the SEC, and any future filings we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act) between the date of this prospectus supplement and the date of the completion of the offering:

(1) our annual report on Form 10-K for the fiscal year ended January 30, 2010;

(2) our current reports on Form 8-K filed February 19, 2010, February 26, 2010, March 2, 2010 and March 29, 2010 and Form 8-K/A filed March 16, 2010; and

(3) our proxy statement on Schedule 14A filed on April 8, 2010.

Notwithstanding the foregoing, information furnished under Items 2.02 and 7.01 of any current report on Form 8-K, including the related exhibits under Item 9.01, is not incorporated by reference in this prospectus supplement or the accompanying prospectus.

You may request a copy of these filings (excluding exhibits), at no cost, by writing or calling our Treasurer and Vice President Investor Relations at the following address or telephone number:

Robert E. Campbell
Treasurer and Vice President Investor Relations
Nordstrom, Inc.
1617 Sixth Avenue
Seattle, WA 98101
(206) 303-3290

CAUTIONARY STATEMENTS RELATING TO FORWARD-LOOKING INFORMATION

This prospectus supplement and the accompanying prospectus, and the documents incorporated herein and therein by reference, may contain forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Additionally, we or our representatives may, from time to time, make other written or verbal forward-looking statements. Those statements relate to developments, results, conditions or other events we expect or anticipate will occur in the future. We intend words such as believes , anticipates , may , will , should , could , plans , expects and similar expressions to identify forward-looking statements. Actual future results a trends may differ materially from historical results or current expectations depending upon factors including, but not limited to:

the impact of deteriorating economic and market conditions, trends in personal bankruptcies and bad debt write-offs, each of which may impact consumer spending patterns;

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our compliance with applicable banking and related laws and regulations impacting our ability to extend credit to our customers;

our ability to respond to the business environment and fashion trends;

the impact of proposed legislative changes and financial system reforms;

our ability to maintain our relationships with our employees and to effectively train and develop our future leaders;

our compliance with information security and privacy laws and regulations, employment laws and regulations and other laws and regulations applicable to the company;

our ability to safeguard our brand and reputation;

our ability to control costs;

successful execution of our store growth strategy, including the timely completion of construction associated with newly planned stores, relocations and remodels, all of which may be impacted by the financial health of third parties;

our ability to successfully execute our technology strategy;

our ability to successfully execute our multi-channel strategy;

the competitive pricing environment within the retail sector and the effectiveness of our planned advertising, marketing and promotional campaigns;

the efficient and proper allocation of our capital resources, which may depend on the availability and cost of credit and changes in interest rates;

the effectiveness of our inventory management, including our ability to minimize supply chain disruptions and to maintain positive relationships with our vendors and developers who may be experiencing economic difficulties;

the geographic distribution of our stores, with attendant risks resulting from localized weather conditions and hazards of nature, as well as regional economic factors, all of which may affect consumer traffic and consumers purchasing patterns;

risks relating to public health concerns, which may result in a decrease in consumer spending, supply chain disruption or store closures; and

risks related to fluctuations in world currencies.

These and other factors, including those factors described in Part I, Item 1A. Risk Factors in our annual report on Form 10-K for the fiscal year ended January 30, 2010, which is incorporated by reference into this prospectus supplement and the accompanying prospectus, could affect our financial results and trends and cause actual results and trends to differ materially from those contained in any forward-looking statements we may provide. As a result, while we believe there is a reasonable basis for the forward-looking statements, you should not place undue reliance on those statements. We undertake no obligation to update or revise any forward-looking statements to reflect subsequent events, new information or future circumstances.

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SUMMARY

This is only a summary and therefore does not contain all the information that may be important to you. Before deciding whether or not to purchase the Notes, you should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus carefully, including the Risk Factors section elsewhere in this prospectus supplement, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended January 30, 2010 and our consolidated financial statements and the related notes.

The Company

Founded in 1901 as a shoe store in Seattle, Nordstrom, Inc. is a fashion specialty retailer that offers customers a well-edited selection of designer, luxury and quality fashion brands focused on clothing, shoes and accessories for men, women and children. This breadth of merchandise allows us to serve both the growing affluent customer segment as well as those who appreciate quality products and experiences.

We operate 191 stores in 28 states and strive to offer a superior shopping experience for customers, both in our stores and online, recognizing the importance of serving customers on their terms, whenever and wherever they choose to shop. We continue to grow our presence in top markets and locations across the country. Our executive offices are located at 1617 Sixth Avenue, Seattle, Washington 98101, and our telephone number is (206) 628-2111.

The Offering

The following summary contains basic information about the Notes. It does not contain all the information that may be important to you. For a more complete understanding of the Notes, please refer to the section of this prospectus supplement entitled Description of the Notes and the section of the accompanying prospectus entitled Description of Debt Securities .

Issuer	Nordstrom, Inc.
Notes Offered	$500,000,000 4.75% Notes due 2020.
Maturity Date	The Notes will mature on May 1, 2020.
Interest	Interest on the Notes will accrue from the date of their issuance at the rate set forth on the cover page of this prospectus supplement and will be payable in cash semi-annually in arrears on May 1 and November 1 of each year, commencing November 1, 2010.
Optional Redemption	We may redeem the Notes at our option, at any time in whole or from time to time in part, at a redemption price equal to the greater of:

100% of the principal amount of the Notes being redeemed; and

the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in this prospectus supplement), plus 15 basis points, plus, in

	either case, the accrued and unpaid interest on the Notes being redeemed to the redemption date.
Repurchase at the Option of Holders Upon a Change of Control Repurchase Event	If we experience a Change of Control Repurchase Event (as defined in this prospectus supplement), we will be required, unless we have exercised our right to redeem the Notes, to offer to purchase the Notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the purchase date.
Covenants	The indenture, pursuant to which the Notes will be issued, contains certain covenants that will, among other things, limit our ability and the ability of certain of our subsidiaries to incur certain liens, enter into sale and leaseback transactions or consolidate, merge or transfer our properties and assets as an entirety or substantially as an entirety to any person, in each case subject to important exceptions and qualifications. See Description of Debt Securities in the accompanying prospectus.
Ranking	The Notes will be our unsecured senior obligations and will rank equal in right of payment to our other unsecured and unsubordinated debt from time to time outstanding. The Notes will effectively rank junior to any of our future secured debt to the extent of the value of the assets securing such debt. The Notes will not be guaranteed by any of our subsidiaries and so will be effectively subordinated to all of the debt and other liabilities, including trade payables, of these subsidiaries. As of January 30, 2010, we had approximately $2,613,000,000 of consolidated debt outstanding, of which approximately $850,000,000 consisted of debt of our subsidiaries, all of which is secured debt, and approximately $75,000,000 was our secured debt.
Use of Proceeds	We estimate that the net proceeds from the offering of the Notes will be approximately $491,752,910, after deducting the underwriters discount and estimated offering expenses payable by us. We expect to use all of the net proceeds from this offering for general corporate purposes. See Use of Proceeds .
Further Issues	We may from time to time, without notice to or the consent of the holders of the Notes, create and issue additional Notes having the same terms (except for the issue date, the public offering price and, under certain circumstances, the first interest payment date) and ranking equally and ratably with the Notes offered hereby, as described under Description of the Notes General .
Denomination and Form	We will issue the Notes in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company, or DTC. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as

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	direct and indirect participants in DTC. Clearstream Banking, société anonyme and Euroclear Bank, S.A./N.V., as operator of the Euroclear System, will hold interests on behalf of their participants through their respective U.S. depositaries, which in turn will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this prospectus supplement, owners of beneficial interests in the Notes will not be entitled to have Notes registered in their names, will not receive or be entitled to receive Notes in definitive form and will not be considered holders of Notes under the indenture. The Notes will be issued only in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
Risk Factors	Investing in the Notes involves risks. See Risk Factors for a description of certain risks you should consider before investing in the Notes.
Trustee	Wells Fargo Bank, N.A.
Governing Law	The indenture (as defined in this prospectus supplement) and the Notes will be governed by the laws of New York.

Ratio of Earnings to Fixed Charges

The following table shows our historical ratio of earnings to fixed charges for each of the previous five fiscal years. Our ratio of earnings to fixed charges for each of the periods set forth below has been computed on a consolidated basis and should be read in conjunction with the consolidated financial statements, including the notes to those statements, and other information set forth in the reports filed by us with the SEC.

For purposes of determining the ratio of earnings to fixed charges, earnings consist of income from continuing operations before income tax plus fixed charges, amortization of capitalized interest, less interest capitalized during the period. Fixed Charges represent interest and amortization of deferred financing fees, and the portion of rental expenses on operating leases deemed to be the equivalent of interest.

Fiscal Year Ended				
January 30, 2010	**January 31, 2009**	**February 2, 2008**	**February 3, 2007**	**January 28, 2006**
5.62x	5.32x	11.99x	17.52x	14.17x

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RISK FACTORS

Before you decide to invest in the Notes, you should carefully consider the factors set forth below as well as the risk factors discussed in our annual report on Form 10-K for the fiscal year ended January 30, 2010, which is incorporated by reference in this prospectus supplement and the accompanying prospectus. See Where You Can Find More Information . The information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus includes forward-looking statements that involve risks and uncertainties. We refer you to Cautionary Statements Relating to Forward-Looking Information in this prospectus supplement. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this prospectus supplement and the accompanying prospectus.

The following risks relate specifically to the offering of the Notes. There may be additional risks that are not material or that are not presently known to us. There are also risks within the economy, the industry and the capital markets that affect us generally, which have not been described below.

The Notes are subject to prior claims of any of our secured creditors.

The Notes are our unsecured general obligations, ranking equally with other unsecured and unsubordinated debt but below any secured debt to the extent of the value of the assets constituting the security. The indenture governing the Notes permits us and our subsidiaries to incur secured debt under specified circumstances. If we incur any debt secured by our assets or assets of our subsidiaries, these assets will be subject to the prior claims of our secured creditors.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding, our pledged assets would be available to satisfy obligations of the secured debt before any payment could be made on the Notes. To the extent that such assets cannot satisfy in full our secured debt, the holders of such debt would have a claim for any shortfall that would rank equally in right of payment with the Notes. In that case, we may not have sufficient assets remaining to pay amounts due on any or all of the Notes. At January 30, 2010, we had $925,000,000 aggregate principal amount of consolidated secured debt outstanding.

The Notes are effectively subordinated to the existing and future liabilities of our subsidiaries.

Our equity interest in our subsidiaries is subordinate to any debt and other liabilities and commitments of our subsidiaries to the extent of the value of the assets of such subsidiaries, whether or not secured. The Notes will not be guaranteed by our subsidiaries and we may not have direct access to the assets of our subsidiaries unless these assets are transferred by dividend or otherwise to us. The ability of our subsidiaries to pay dividends or otherwise transfer assets to us is subject to various restrictions under applicable law. Our right to receive assets of any of our subsidiaries upon their bankruptcy, liquidation or reorganization, and therefore the right of the holders of the Notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary s creditors. In addition, even if we are a creditor of any of our subsidiaries, our right as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any debt and other liabilities, including trade payables, of our subsidiaries senior to that held by us. At January 30, 2010, our subsidiaries had $850,000,000 aggregate principal amount of debt outstanding, all of which is secured debt.

Our credit ratings may not reflect all risks of your investment in the Notes.

The credit ratings assigned to the Notes are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of such rating may be obtained from such rating agency. There can be no assurance that such credit ratings will remain in effect for any

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given period of time or that a rating will not be lowered, suspended or withdrawn entirely by the applicable rating agencies, if, in such rating agency s judgment, circumstances so warrant. Agency credit ratings are not a recommendation to buy, sell or hold any security. Each agency s rating should be evaluated independently of any other agency s rating. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the market value of the Notes and increase our corporate borrowing costs.

The indenture does not restrict the amount of additional debt that we may incur.

The Notes and indenture pursuant to which the Notes will be issued do not place any limitation on the amount of unsecured debt that we or our subsidiaries may incur. Our incurrence of additional debt may have important consequences for you as a holder of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes, a loss in the trading value of your Notes, if any, and a risk that the credit rating of the Notes is lowered or withdrawn.

An active trading market may not develop for the Notes.

The Notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the Notes on a national securities exchange. The underwriters have advised us that they presently intend to make a market in the Notes as permitted by applicable law. However, the underwriters are not obligated to make a market in the Notes and may cease their market-making activities at any time at their discretion without notice. In addition, the liquidity of the trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for securities and by changes in the financial performance or our prospects and/or companies in our industry generally. As a result, no assurance can be given (i) that an active trading market will develop or be maintained for the Notes, (ii) as to the liquidity of any market that does develop or (iii) as to your ability to sell any Notes you may own or the price at which you may be able to sell your Notes.

We may not be able to repurchase the Notes upon a change of control.

Upon the occurrence of specific kinds of change of control events, unless we have exercised our right to redeem the Notes, we will be required to make an offer to each holder of Notes to repurchase all or any part of such holder s Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase. If we experience a Change of Control Repurchase Event, there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to repurchase the Notes. Our failure to purchase the Notes as required under the indenture governing the Notes would result in a default under the indenture, which could have material adverse consequences for us and the holders of the Notes. See Description of the Notes Repurchase Upon a Change of Control Repurchase Event.

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USE OF PROCEEDS

The net proceeds to us from the sale of the Notes will be approximately $492 million (after deducting the underwriting discount and our offering expenses). We intend to use all of the net proceeds from the sale of the Notes for general corporate purposes.

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CAPITALIZATION

The following table sets forth, as of January 30, 2010, our consolidated cash and cash equivalents, short-term debt and total long-term debt and shareholders equity on an actual basis and as adjusted to give effect to the sale of the Notes and the application of the net proceeds as described under Use of Proceeds . You should read this table in conjunction with our consolidated financial statements and related notes thereto which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

	At January 30, 2010			
	Actual		As Adjusted	
	(Dollars in millions)			
Cash and cash equivalents	$	795	$	1,287
Short-term debt (commercial paper)				
Long-term debt:				
Series 2007-1 Class A notes, 4.92%, due 2010		326		326
Series 2007-1 Class B notes, 5.02%, due 2010		24		24
Series 2007-2 Class A notes, one-month LIBOR plus 0.06% per year, due 2012		454		454
Series 2007-2 Class B notes, one-month LIBOR plus 0.18% per year, due 2012		46		46
6.75% notes due 2014(A)		399		399
6.25% notes due 2018(A)		647		647
Mortgage payable, 7.68%, due 2020		60		60
Senior debentures, 6.95%, due 2028		300		300
7.00% notes due 2038(A)		343		343
Other		14		14
4.75% notes due 2020 offered hereby(B)				498
Total long-term debt, including current portion		2,613		3,111
Shareholders equity:				
Common stock		1,066		1,066
Retained earnings		525		525
Accumulated other comprehensive loss		(19)		(19)
Total shareholders equity		1,572		1,572
Total capitalization	$	4,185	$	4,683

(A) Net of unamortized discount of $1 million with respect to the 6.75% notes due 2014, $3 million with respect to the 6.25% notes due 2018 and $7 million with respect to the 7.00% notes due 2038.

(B) Net of original issue discount of approximately $2 million with respect to the 4.75% notes due 2020 offered hereby.

DESCRIPTION OF THE NOTES

The following description of the particular terms of the Notes supplements the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus, to which reference is made.

The Notes will be issued under the indenture dated December 3, 2007, between us and Wells Fargo Bank, N.A., as trustee (the indenture). The terms of the Notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended. You may request a copy of the indenture from us as described under Where You Can Find More Information .

General

The Notes will be our unsecured senior obligations and will rank equal in right of payment to our other unsecured and unsubordinated debt from time to time outstanding, but junior to any secured debt to the extent of the value of the assets constituting the security. The Notes will be effectively subordinated to all liabilities, including trade payables, of our subsidiaries to the extent of the value of the assets of such subsidiaries. Since we conduct many of our operations through our subsidiaries, our right to participate in any distribution of the assets of a subsidiary when it winds up its business is subject to the prior claims of the creditors of the subsidiary. This means that your right as a holder of our Notes will also be subject to the prior claims of these creditors if a subsidiary liquidates or reorganizes or otherwise winds up its business. Unless we are considered a creditor of the subsidiary, your claims will be recognized behind these creditors. See Risk Factors The Notes are effectively subordinated to the existing and future liabilities of our subsidiaries . As of January 30, 2010, we had approximately $2,613,000,000 of consolidated debt outstanding, of which approximately $850,000,000 consisted of debt of our subsidiaries, all of which is secured debt, and approximately $75,000,000 was our secured debt.

The indenture does not limit the amount of notes, debentures or other evidences of indebtedness that we may issue under the indenture and provides that notes, debentures or other evidences of indebtedness may be issued from time to time in one or more series. We may from time to time, without giving notice to or seeking the consent of the holders of the Notes, issue additional notes having the same terms (except for the issue date, the public offering price and, under certain circumstances, the first interest payment date) and ranking equally and ratably with the Notes offered hereby. Such additional notes, together with the Notes offered hereby, will constitute a single series of securities under the indenture.

The Notes will be issued only in fully registered form without coupons and in minimum denominations of $2,000 or any whole multiple of $1,000 above that amount.

Principal and interest will be payable, and the Notes will be transferable or exchangeable, at the office or offices or agency maintained by us for these purposes. Payment of interest on the Notes may be made at our option by check mailed to the registered holders.

No service charge will be made for any transfer or exchange of the Notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with a transfer or exchange.

The Notes will be represented by one or more global securities registered in the name of a nominee of DTC. Except as described under Book-Entry Delivery and Settlement , the Notes will not be issuable in certificated form.

Principal Amount; Maturity and Interest

The Notes will initially be limited to $500,000,000 aggregate principal amount and will mature on May 1, 2020. The Notes will bear interest at the rate of 4.75% per annum from the date of original

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issuance, or from the most recent interest payment date to which interest has been paid or provided for.

We will make interest payments on the Notes semi-annually in arrears on May 1 and November 1 of each year, commencing November 1, 2010, to the holders of record at the close of business on the preceding April 15, and October 15, respectively. Interest on the Notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

If an interest payment date or the maturity date with respect to the Notes falls on a day that is not a business day, the payment will be made on the next business day as if it were made on the date the payment was due, and no interest will accrue on the amount so payable for the period from and after that interest payment date or the maturity date, as the case may be, to the date the payment is made.

Optional Redemption

The Notes will be redeemable at our option, at any time in whole or from time to time in part, at a redemption price equal to the greater of:

(i) 100% of the principal amount of the Notes to be redeemed; and

(ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below), plus 15 basis points,

plus, in each case, any accrued and unpaid interest thereon to the date of redemption.

Definitions

Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term (as measured from the date of redemption) 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 the Notes.

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

Quotation Agent means any Reference Treasury Dealer appointed by us.

Reference Treasury Dealer means (i) each of Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated (or their respective affiliates that are Primary Treasury Dealers) and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), we will substitute therefor another Primary Treasury Dealer, and (ii) any other Primary Treasury Dealers selected by us.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such

Reference Treasury Dealer at 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, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the

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Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Notwithstanding the foregoing, installments of interest on 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 according to the Notes and the indenture.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the Notes to be redeemed by us or by the trustee on our behalf; provided that notice of redemption may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Notes. 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. If less than all of the Notes are to be redeemed, the Notes to be redeemed shall be selected by lot by DTC, in the case of Notes represented by a global security, or by the trustee by a method the trustee deems to be fair and appropriate, in the case of Notes that are not represented by a global security.

Sinking Fund

The Notes will not be entitled to any sinking fund.

Repurchase Upon a Change of Control Repurchase Event

If a Change of Control Repurchase Event (as defined below) occurs, unless we have exercised our right to redeem the Notes as described above, we will make an offer to each holder of Notes to repurchase all or any part (no Note of a principal amount of $2,000 or less will be repurchased in part) of that holder s Notes at a repurchase price in cash equal to 101% of the aggregate principal amount of Notes to be repurchased plus any accrued and unpaid interest on such Notes to the date of purchase. Within 30 days following any Change of Control Repurchase Event or, at our option, prior to any Change of Control (as defined below), but after the public announcement of an impending Change of Control, we will mail a notice to each holder, with a copy to the trustee, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase Notes on the payment date specified in the notice, 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 purchase 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 thereunder, to the extent those laws and regulations are applicable in connection with the repurchase of the 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 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 Notes by virtue of such conflict.

On the Change of Control Repurchase Event payment date, we will, to the extent lawfu