

VIRGINIA ELECTRIC & POWER CO
Form 424B2
January 04, 2013
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Filed pursuant to Rule 424(b)(2)

Registration No. 333-178772

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities	Maximum	Amount of
to be Registered	Aggregate Offering Price	Registration Fee ⁽¹⁾⁽²⁾
Senior Debt Securities	\$750,000,000	\$102,300

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

(2) This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in the Company's Registration Statement of Form S-3 (File No. 333-178772) in accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended.

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PROSPECTUS SUPPLEMENT

(To Prospectus Dated December 28, 2011)

\$750,000,000**VIRGINIA ELECTRIC AND POWER COMPANY****\$250,000,000 2013 Series A 1.20% Senior Notes Due 2018****\$500,000,000 2013 Series B 4.0% Senior Notes Due 2043**

The Series A Senior Notes will bear interest at 1.20% per year and will mature on January 15, 2018. The Series B Senior Notes will bear interest at 4.0% per year and will mature on January 15, 2043. We will pay interest on the Senior Notes on January 15 and July 15 of each year, beginning July 15, 2013.

We may redeem all or any of the Series A Senior Notes at any time prior to December 15, 2017, at the make-whole redemption price described in this prospectus supplement and, at any time on or after December 15, 2017, at a redemption price equal to 100% of the principal amount of the Series A Senior Notes being redeemed, in each case plus accrued and unpaid interest. We may redeem all or any of the Series B Senior Notes at any time prior to July 15, 2042, at the make-whole redemption price described in this prospectus supplement and, at any time on or after July 15, 2042, at a redemption price equal to 100% of the principal amount of the Series B Senior Notes being redeemed, in each case plus accrued and unpaid interest.

We will not make application to list the Series A Senior Notes or Series B Senior Notes on any securities exchange or to include them in any automated quotation system.

Investing in the Senior Notes involves risks. For a description of these risks, see Risk Factors on page S-7 of this prospectus supplement, the Risk Factors section of our most recent Annual Report on Form 10-K and in our other reports we file with the Securities and Exchange Commission.

	Public Offering Price(1)	Underwriting Discount	Proceeds to Company Before Expenses(1)
Per Series A Senior Note	99.738%	0.600%	99.138%
Series A Senior Note Total	\$249,345,000	\$1,500,000	\$247,845,000
Per Series B Senior Note	99.600%	0.875%	98.725%
Series B Senior Note Total	\$498,000,000	\$4,375,000	\$493,625,000

(1) Plus accrued interest from January 8, 2013, if settlement occurs after that date.

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

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The Senior Notes will be ready for delivery in book-entry form only through The Depository Trust Company on or about January 8, 2013.

Joint Book-Running Managers

BofA Merrill Lynch

Citigroup

Goldman, Sachs & Co.

Scotiabank

The date of this Prospectus Supplement is January 3, 2013.

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This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the Senior Notes and certain other matters relating to us and our financial condition. The second part, the accompanying base prospectus, gives more general information about securities we may offer from time to time, some of which does not apply to the Senior Notes we are offering at this time. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. To the extent the description of the Senior Notes in this prospectus supplement differs from the descriptions of Senior Debt Securities in the accompanying base prospectus, you should only rely on the information in this prospectus supplement.

You should rely only on the information contained in this document or to which this document refers you, or in other offering materials filed by us with the Securities and Exchange Commission (SEC). We have not authorized anyone, and we have not authorized the underwriters to authorize anyone, to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This document may only be used where it is legal to sell these securities. The information which appears in this document and which is incorporated by reference in this document may only be accurate as of the date of this prospectus supplement or the date of the document in which incorporated information appears. Our business, financial condition, results of operations and prospects may have changed since the date of such information.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, and other information with the SEC. Our file number with the SEC is 001-02255. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file at the SEC's public reference room at 100 F. Street, N.E., Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. You may also read and copy these documents at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to those documents. Our combined filings with the SEC present separate filings by Dominion Resources, Inc. (Dominion) and the Company. Information contained therein relating to an individual registrant is filed by that registrant on its own behalf and each registrant makes no representation as to information relating to the other registrant. The information incorporated by reference is considered to be part of this prospectus supplement and information that we file later with the SEC will automatically update or supersede this information. We incorporate by reference the documents listed below and any future filings made 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), except those portions of filings that relate to Dominion as a separate registrant, until such time as all of the securities covered by this prospectus supplement have been sold:

Annual Report on Form 10-K for the year ended December 31, 2011;

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012, June 30, 2012 and September 30, 2012; and

Current Report on Form 8-K, filed January 12, 2012.

You may request a copy of these filings at no cost, by writing or telephoning us at:

Corporate Secretary

Virginia Electric and Power Company

120 Tredegar Street

Richmond, Virginia 23219

Telephone (804) 819-2000

FORWARD-LOOKING INFORMATION

We have included certain information in this prospectus supplement or other offering materials which is forward-looking information as defined by the Private Securities Litigation Reform Act of 1995. Examples include discussions as to our expectations, beliefs, plans, goals, objectives and future financial or other performance or assumptions concerning matters discussed in this prospectus supplement. This information, by its nature, involves estimates, projections, forecasts and uncertainties that could cause actual results or outcomes to differ substantially from those expressed in the forward-looking statements.

Our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our ability to control. We have identified a number of these factors in our annual and quarterly reports as described under the heading RISK FACTORS and we refer you to that discussion for further information.

These factors include but are not limited to:

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Unusual weather conditions and their effect on energy sales to customers and energy commodity prices;

Extreme weather events and other natural disasters, including hurricanes, high winds, severe storms, and earthquakes that can cause outages and property damage to facilities;

Federal, state and local legislative and regulatory developments;

Changes to federal, state and local environmental laws and regulations, including those related to climate change, the tightening of emission or discharge limits for greenhouse gases and other emissions, more extensive permitting requirements and the regulation of additional substances;

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Cost of environmental compliance, including those costs related to climate change;

Risks associated with the operation of nuclear facilities, including costs associated with the disposal of spent nuclear fuel, decommissioning, plant maintenance and changes in existing regulations governing such facilities;

Unplanned outages of our facilities;

Fluctuations in energy-related commodity prices and the effect these could have on our liquidity position and the underlying value of our assets;

Counterparty credit and performance risk;

Capital market conditions, including the availability of credit and the ability to obtain financing on reasonable terms;

Risks associated with our membership and participation in PJM Interconnection, LLC, including risks related to obligations created by the default of other participants;

Price risk due to investments held in nuclear decommissioning trusts by us;

Fluctuations in interest rates;

Changes in federal and state tax laws and regulations;

Changes in rating agency requirements or credit ratings and their effect on availability and cost of capital;

Changes in financial or regulatory accounting principles or policies imposed by governing bodies;

Employee workforce factors including collective bargaining agreements and labor negotiations with union employees;

Risks of operating businesses in regulated industries that are subject to changing regulatory structures;

Receipt of approvals for, and timing of, closing dates for transactions;

Changes in rules for regional transmission organizations and independent system operators in which we participate, including changes in rate designs and new and evolving capacity models;

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Political and economic conditions, including inflation and deflation;

Domestic terrorism and other threats to our physical and intangible assets, as well as threats to cybersecurity;

Industrial, commercial and residential growth or decline in our service areas and changes in customer growth or usage patterns, including as a result of energy conservation programs;

Potential competition in the construction and ownership of electric transmission facilities in our service territory, in connection with recent Federal Energy Regulatory Commission orders;

Changes in technology, particularly with respect to new, developing or alternative sources of generation and smart grid technologies;

Changes to regulated electric rates collected by us;

Timing and receipt of regulatory approvals necessary for planned construction or expansion projects;

The inability to complete planned construction projects within the terms and time frames initially anticipated; and

Adverse outcomes in litigation matters or regulatory proceedings.

Any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made.

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In this prospectus supplement, the words "Company," "we," "our" and "us" refer to Virginia Electric and Power Company, a Virginia corporation, and its subsidiaries.

The following summary contains basic information about this offering. It may not contain all the information that is important to you. The DESCRIPTION OF THE SENIOR NOTES section of this prospectus supplement and the DESCRIPTION OF DEBT SECURITIES and ADDITIONAL TERMS OF SENIOR DEBT SECURITIES sections of the accompanying base prospectus contain more detailed information regarding the terms and conditions of the Senior Notes. The following summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this prospectus supplement and in the accompanying base prospectus.

THE COMPANY

Virginia Electric and Power Company (Virginia Power), headquartered in Richmond, Virginia and incorporated in Virginia in 1909 as a Virginia public service corporation, is a regulated public utility that generates, transmits and distributes electricity for sale in Virginia and northeastern North Carolina. In Virginia, we conduct business under the name Dominion Virginia Power. In North Carolina, we conduct business under the name Dominion North Carolina Power and serve retail customers located in the northeastern region of the state, excluding certain municipalities. In addition, we sell electricity at wholesale prices to rural electric cooperatives, municipalities and into wholesale electricity markets. All of our common stock is owned by Dominion. Dominion, headquartered in Richmond, Virginia, is one of the nation's largest producers and transporters of energy. Dominion also owns and operates the nation's largest underground natural gas storage system and serves retail energy customers in 15 states.

Our address and telephone number are: Virginia Electric and Power Company, 120 Tredegar Street, Richmond, Virginia 23219, Telephone (804) 819-2000.

Ratio of Earnings to Fixed Charges

Nine Months Ended	Twelve Months Ended	Years Ended December 31,				
		September 30, 2012	September 30, 2012	2011	2010	2009
5.21	4.73	4.77	4.62	2.28	4.98	3.93

THE OFFERING**The Senior Notes**

We are offering \$250,000,000 aggregate principal amount of the Series A Senior Notes and \$500,000,000 aggregate principal amount of the Series B Senior Notes. The Series A Senior Notes will mature on January 15, 2018, and the Series B Senior Notes will mature of January 15, 2043.

Each series of the Senior Notes will be represented by one or more global certificates that will be deposited with and registered in the name of The Depository Trust Company, New York, New York (DTC) or its nominee. This means that you will not receive a certificate for your Senior Notes but, instead, will hold your interest through DTC's book-entry system.

Interest Payment Dates

Interest on each series of the Senior Notes will be payable semi-annually in arrears on January 15 and July 15, beginning July 15, 2013.

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Record Dates

So long as the Senior Notes remain in book-entry only form, the record date for each Interest Payment Date will be the close of business on the business day before the applicable Interest Payment Date.

If the Senior Notes are not in book-entry only form, the record date for each Interest Payment Date will be the close of business on the fifteenth calendar day (whether or not a business day) before the applicable Interest Payment Date.

Optional Redemption

We may redeem, at our option, some or all of the Series A Senior Notes at any time prior to December 15, 2017, at the make-whole redemption price described in DESCRIPTION OF THE SENIOR NOTES Optional Redemption, plus accrued and unpaid interest to the Redemption Date. We may redeem, at our option, some or all of the Series A Senior Notes at any time on or after December 15, 2017 (one month prior to the stated maturity date), at a redemption price equal to 100% of the principal amount of the Series A Senior Notes being redeemed, plus accrued and unpaid interest to the Redemption Date. We may redeem, at our option, some or all of the Series B Senior Notes at any time prior to July 15, 2042, at the redemption price described in DESCRIPTION OF THE SENIOR NOTES Optional Redemption, plus accrued and unpaid interest to the Redemption Date. We may redeem, at our option, some or all of the Series B Senior Notes at any time on or after July 15, 2042 (six months prior to the stated maturity date), at a redemption price equal to 100% of the principal amount of the Series B Senior Notes being redeemed, plus accrued and unpaid interest to the Redemption Date.

The Senior Notes are not redeemable at any time at the option of the holder.

Ranking

Each series of the Senior Notes will rank equally with all of our other senior unsecured indebtedness and will be senior in right of payment to all of our subordinated indebtedness. The Senior Notes will be effectively subordinated to all of our secured debt. The Senior Indenture contains no restrictions on the amount of additional indebtedness that we may incur. The Senior Notes will not be guaranteed by Dominion.

No Listing of the Senior Notes

We do not plan to make application to list the Senior Notes on any securities exchange or to include them in any automated quotation system.

Use of Proceeds

We intend to use the net proceeds from this offering for general corporate purposes, including the repayment of short term debt. See USE OF PROCEEDS on page S-7.

Conflicts of Interest

As described in USE OF PROCEEDS on page S-7, some of the net proceeds of this offering may be used for the repayment of short-term debt, including commercial paper. If more than 5% of the net proceeds of this offering, not including underwriting compensation, will be received by affiliates of any underwriter in this offering, this offering will be conducted in compliance with FINRA Rule 5121, as administered by the Financial Industry Regulatory Authority. Pursuant to that rule, the appointment of a qualified independent underwriter is not necessary in connection with this offering. See UNDERWRITING Conflicts of Interest on page S-19.

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RISK FACTORS

Your investment in the Senior Notes involves certain risks. Our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our control. We have identified a number of these factors under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference in this prospectus supplement, as well as in other information included or incorporated by reference in this prospectus supplement and the accompanying base prospectus. In consultation with your own financial and legal advisers, you should carefully consider, among other matters, the discussions of risks that we have incorporated by reference before deciding whether an investment in the Senior Notes is suitable for you. See WHERE YOU CAN FIND MORE INFORMATION on page S-3.

USE OF PROCEEDS

We intend to use the net proceeds from this offering for general corporate purposes and to repay short-term debt. As of December 31, 2012, the weighted average maturity of our approximately \$992 million of outstanding commercial paper was approximately 18 days and the weighted average interest rate was 0.468%. As of December 31, 2012, we had approximately \$243 million of outstanding intercompany short-term debt payable to Dominion with an annual interest rate of 0.47%.

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The table below shows our capitalization on a consolidated basis as of September 30, 2012. The As Adjusted for this Offering column reflects our capitalization after giving effect to this offering of Senior Notes and the intended use of the net proceeds from this offering. See WHERE YOU CAN FIND MORE INFORMATION on page S-3 and USE OF PROCEEDS on page S-7.

	September 30, 2012	
	Actual	As Adjusted for this Offering (in millions)
Short-term debt ⁽¹⁾	\$ 1,147	\$ 406
Long-term debt:		
Senior notes ⁽²⁾	5,296	6,046
Tax exempt financings	962	962
Total long-term debt	6,258	7,008
Preferred stock ⁽³⁾	257	257
Total common shareholder s equity	9,197	9,197
Total capitalization	\$ 16,859	\$ 16,868

⁽¹⁾ Includes securities due within one year.

⁽²⁾ Includes the net effect of unamortized discount (\$8.7 million) and unamortized premium (\$2.1 million).

⁽³⁾ Includes the effect of preferred stock issuance expenses (\$1.9 million).

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Nine Months Ended	Twelve Months Ended	Years Ended December 31,				
September 30, 2012	September 30, 2012	2011	2010	2009	2008	2007
5.21	4.73	4.77	4.62	2.28	4.98	3.93

For purposes of this ratio, earnings are determined by adding fixed charges (excluding interest capitalized) to income before taxes. These earnings are then divided by total fixed charges. Fixed charges consist of interest charges (without reduction for Allowance for Funds Used During Construction) on long-term and short-term debt, interest capitalized, and the portion of rental expense that is representative of the interest factor.

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DESCRIPTION OF THE SENIOR NOTES

Set forth below is a description of the specific terms of the Senior Notes. The term "Senior Notes" includes both the Series A Senior Notes and the Series B Senior Notes. This description supplements, and should be read together with, the description of the general terms and provisions of the Senior Debt Securities set forth in the accompanying base prospectus under the captions DESCRIPTION OF DEBT SECURITIES and ADDITIONAL TERMS OF SENIOR DEBT SECURITIES. The following description is not complete in every respect and is subject to, and is qualified in its entirety by reference to, the description in the accompanying base prospectus, the Senior Indenture and the supplemental indentures pertaining to the Senior Notes. Capitalized terms used in this DESCRIPTION OF THE SENIOR NOTES that are not defined in this prospectus supplement have the meanings given to them in the accompanying base prospectus, the Senior Indenture or the applicable supplemental indenture. In this DESCRIPTION OF THE SENIOR NOTES, references to the Company, we, us, and our mean Virginia Electric and Power Company, excluding any of its subsidiaries unless otherwise expressly stated or the context otherwise requires.

General

Each series of the Senior Notes will be issued as a series of Senior Debt Securities under the Senior Indenture. The Series A Senior Notes will be initially limited in aggregate principal amount to \$250,000,000. The Series B Senior Notes will be initially limited in aggregate principal amount to \$500,000,000. We may, without the consent of the holders of Senior Notes, issue additional notes having the same ranking and the same interest rate, maturity and other terms as either the Series A Senior Notes or the Series B Senior Notes. Any additional notes having such similar terms, together with any of the Series A Senior Notes or the Series B Senior Notes, as applicable, will constitute a single series of notes under the Senior Indenture.

The entire principal amount of the Series A Senior Notes will mature and become due and payable, together with any accrued and unpaid interest thereon, on January 15, 2018. The entire principal amount of the Series B Senior Notes will mature and become due and payable, together with any accrued and unpaid interest thereon, on January 15, 2043. The Senior Notes are not subject to any sinking fund provision. The Senior Notes are available for purchase in denominations of \$1,000 and any integral multiple of \$1,000.

Interest

The Series A Senior Notes will bear interest at the rate of 1.20% per year from the date of original issuance. The Series B Senior Notes will bear interest at the rate of 4.0% per year from the date of original issuance. Interest is payable semi-annually in arrears on January 15 and July 15 of each year (each, an Interest Payment Date). The initial Interest Payment Date for each of the Series A Senior Notes and the Series B Senior Notes is July 15, 2013. The amount of interest payable will be computed on the basis of a 360-day year of twelve 30-day months. If any date on which interest is payable on the Senior Notes is not a business day, then payment of the interest payable on that date will be made on the next succeeding day which is a business day (and without any interest or other payment in respect of any delay), with the same force and effect as if made on such date.

So long as the Senior Notes remain in book-entry only form, the record date for each Interest Payment Date will be the close of business on the business day before the applicable Interest Payment Date. If the Senior Notes are not in book-entry only form, the record date for each Interest Payment Date will be the close of business on the fifteenth calendar day (whether or not a business day) before the Interest Payment Date. In any case, interest payable at maturity or upon redemption will be payable to the person to whom principal is payable.

Ranking

The Senior Notes will be our direct, unsecured and unsubordinated obligations. The Senior Notes will rank equally with all of our other senior unsecured indebtedness and will be senior in right of payment to all of our subordinated indebtedness, if any. The Senior Notes will be effectively subordinated to all our secured debt, if any.

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Substantially all of our property is subject to the lien of the Indenture of Mortgage (Mortgage Indenture) securing our First and Refunding Mortgage Bonds (Bonds). There are no Bonds outstanding as of the date of this prospectus supplement; however, by leaving the Mortgage Indenture open, we expect to retain the flexibility to issue Bonds in the future. The Mortgage Indenture currently limits the maximum principal amount of Bonds that may be outstanding under the Mortgage Indenture to \$10 million unless otherwise provided in a future supplement. We also have flexibility under the Mortgage Indenture to determine when or if certain newly or recently acquired properties will be pledged as collateral under the Mortgage Indenture.

The Senior Indenture contains no restrictions on the amount of additional indebtedness that we may incur. We expect to incur additional indebtedness from time to time. The Senior Notes will not be guaranteed by Dominion.

Optional Redemption

Prior to December 15, 2017, the Series A Senior Notes are redeemable, in whole or in part, at any time, and at our option, at a redemption price equal to the greater of:

100% of the principal amount of Series A Senior Notes then outstanding to be redeemed, or

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 Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus 10 basis points, as calculated by an Independent Investment Banker,
plus accrued and unpaid interest on the Series A Senior Notes to the Redemption Date.

On or after December 15, 2017 (one month prior to the stated maturity date), the Series A Senior Notes are redeemable, in whole or in part, at any time, and at our option, at a redemption price equal to 100% of the principal amount of the Series A Senior Notes then outstanding to be redeemed, plus accrued and unpaid interest on the Series A Senior Notes to the Redemption Date.

Prior to July 15, 2042, the Series B Senior Notes are redeemable, in whole or in part, at any time, and at our option, at a redemption price equal to the greater of:

100% of the principal amount of Series B Senior Notes then outstanding to be redeemed, or

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 Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus 15 basis points, as calculated by an Independent Investment Banker,
plus accrued and unpaid interest on the Series B Senior Notes to the Redemption Date.

On or after July 15, 2042 (six months prior to the stated maturity date), the Series B Senior Notes are redeemable, in whole or in part, at any time, and at our option, at a redemption price equal to 100% of the principal amount of the Series B Senior Notes then outstanding to be redeemed, plus accrued and unpaid interest on the Series B Senior Notes to the Redemption Date.

We will mail a notice of redemption at least 20 days but no more than 60 days before the Redemption Date to each holder of Senior Notes to be redeemed. If we elect to partially redeem the Senior Notes, the series trustee will select, in a fair and appropriate manner, the Senior Notes to be redeemed.

Unless we default in payment of the redemption price, on and after the Redemption Date, interest will cease to accrue on the Senior Notes or portions thereof called for redemption.

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Adjusted Treasury Rate means, with respect to any Redemption Date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, 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 Adjusted Treasury Rate will be calculated on the third business day preceding the Redemption Date.

Comparable Treasury Issue means the United States Treasury security selected by an Independent Investment Banker as having a remaining term to maturity comparable to the remaining term of the Senior 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 Senior Notes (Remaining Life).

Comparable Treasury Price for any Redemption Date means (1) the average of the five Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

Independent Investment Banker means any of Citigroup Global Markets Inc., Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Scotia Capital (USA) Inc. and their respective successors as selected by us, or if none of such firms is willing or able to serve as such, an independent investment and banking institution of national standing appointed by us.

Reference Treasury Dealer means:

Citigroup Global Markets Inc., Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and The Bank of Nova Scotia, an affiliate of Scotia Capital (USA) Inc., and their respective successors; provided that, if any such firm or its successors ceases to be a primary U.S. Government securities dealer in the United States (Primary Treasury Dealer), we will substitute another Primary Treasury Dealer; and

up to one other Primary Treasury Dealer 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 Independent Investment Banker, 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 Independent Investment Banker at 3:30 p.m., New York City time, on the third business day preceding such Redemption Date.

The Trustee, Series Trustee and Paying Agent

The series trustee and paying agent for each of these series of Senior Notes will be U.S. Bank National Association. The series trustee will administer its corporate trust business and act as paying agent through its offices at U.S. Bank Corporate Trust Services, 1021 East Cary Street, Suite 1850, Richmond, VA 23219. We and certain of our affiliates maintain deposit accounts and banking relationships with U.S. Bank National Association. U.S. Bank National Association and its affiliates have purchased, and are likely to purchase in the future, our securities and securities of our affiliates.

The trustee under the Senior Indenture is The Bank of New York Mellon (successor to JPMorgan Chase Bank, N.A. (formerly known as The Chase Manhattan Bank)). We and certain of our affiliates maintain deposit accounts and banking relationships with The Bank of New York Mellon. The Bank of New York Mellon also serves as trustee under other indentures under which we and certain of our affiliates have issued securities. The Bank of New York Mellon and its affiliates have purchased, and are likely to purchase in the future, our securities and securities of our affiliates.

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BOOK-ENTRY PROCEDURES AND SETTLEMENT

Upon issuance, the Senior Notes will be represented by one or more fully registered global certificates. Each global certificate will be deposited with the series trustee on behalf of DTC and will be registered in the name of DTC or a nominee of DTC. DTC will thus be the only registered holder of these securities.

The following is based on information furnished to us by DTC:

DTC, the world's largest securities depository, 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. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Senior Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Senior Notes on DTC's records. The ownership interest of each actual purchaser of each Senior Note (Beneficial Owner) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Senior Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Senior Notes, except in the event that use of the book-entry system for the Senior Notes is discontinued.

To facilitate subsequent transfers, all of the Senior Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Senior Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Senior Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Senior Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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Redemption notices shall be sent to DTC. If less than all the Senior Notes of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Senior Notes to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Senior Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Company as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Senior Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds on the Senior Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Company or its agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such Participant and not of DTC, the Company or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Company or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Senior Notes at any time by giving reasonable notice to the Company or its agent. Under such circumstances, in the event that a successor depository is not obtained, Senior Note certificates are required to be printed and delivered. The Company may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Senior Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

We have no responsibility for the performance by DTC or its Participants of their respective obligations as described in this prospectus or under the rules and procedures governing their respective operations.

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CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

This discussion summarizes certain U.S. federal income tax considerations relating to the Senior Notes applicable to Non-U.S. Holders (as defined below). This discussion only applies to Senior Notes that are held as capital assets, within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Code), and that are purchased in the initial offering at the initial offering price, by Non-U.S. Holders (as defined below). This discussion is based on interpretations of the Code, Treasury regulations issued thereunder, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any such change may be applied retroactively and may adversely affect the U.S. federal income tax consequences described herein. **This discussion does not deal with all of the U.S. federal income tax consequences that may be relevant to Non-U.S. Holders in light of their particular circumstances or to investors subject to special treatment under U.S. federal income tax laws, nor does it deal with the tax consequences under the laws of any foreign, state or local taxing jurisdictions. Accordingly, prospective investors are urged to consult their own tax advisers with respect to the U.S. federal, state and local tax consequences of investing in the Senior Notes, as well as any consequences arising under the laws of any other taxing jurisdiction to which they may be subject.**

As used in this discussion, the term "Non-U.S. Holder" means a beneficial owner of Senior Notes that is, for U.S. federal income tax purposes:

a nonresident alien individual (but not a U.S. expatriate),

a foreign corporation other than a controlled foreign corporation or a passive foreign investment company,