

SAFEGUARD SCIENTIFICS INC

Form S-3

September 16, 2014

As filed with the Securities and Exchange Commission on September 16, 2014

Registration Statement No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SAFEGUARD SCIENTIFICS, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of
incorporation or organization)

23-1609753

(I.R.S. Employer ID No.)

435 Devon Park Drive

Building 800

Wayne, PA 19087

(610) 293-0600

(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)

BRIAN J. SISKI, ESQ.

Chief Operating Officer, Executive Vice President and Managing Director

Safeguard Scientifics, Inc.

435 Devon Park Drive, Building 800

Wayne, PA 19087-1945

(610) 293-0600

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications to:

JUSTIN W. CHAIRMAN, ESQ.

RICHARD B. ALDRIDGE, ESQ.

Morgan, Lewis & Bockius LLP

1701 Market Street

Philadelphia, PA 19103

(215) 963-5000

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

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If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box:

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box:

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered (1)	Amount to Be Registered (2)	Proposed Maximum Aggregate Offering Price (2)(3)	Amount of Registration Fee (4)
Common Stock, \$.10 par value Warrants(5)	\$150,000,000	\$150,000,000	\$19,320
Debt Securities			

(1) This registration statement also registers such indeterminate amounts of securities as may be issued upon conversion or settlement of, or in exchange for, the securities registered hereunder and, pursuant to Rule 416(a) under the Securities Act of 1933, as amended, such indeterminate number of shares as may be issued upon conversion or exchange as a result of stock splits, stock dividends or similar transactions.

(2) Represents an indeterminate number or aggregate principal amount of the securities being registered for issuance at various times and at indeterminate prices, with an aggregate public offering price not to exceed \$150,000,000.

(3) Such amount represents the issue price rather than the principal amount of any debt securities issued at original issue discount. The securities registered hereby may be sold separately, together, or in units with other securities registered hereby.

(4) Estimated solely for the purpose of computing the registration fee, pursuant to Rule 457(o) under the Securities Act. The proposed maximum offering price per unit will be determined from time to time by the registrant in connection with the issuance by the registrant of the securities registered hereby.

(5) Pursuant to Rule 457(p) under the Securities Act of 1933, as amended, the registration fee of \$19,320 is being partially offset by applying \$10,695 from previously paid registration fees. This amount is from registration fees previously paid in connection with the Company's registration statement on Form S-3 (SEC Registration No. 333-171224) filed with the SEC on December 17, 2010. Accordingly, the registrant is paying a registration fee of \$8,625 with this registration statement.

(6) There are being registered hereby an indeterminate number of warrants entitling the holders thereof to purchase shares of common stock, which may be sold separately, together or in units with other securities registered hereby.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 16, 2014

PROSPECTUS

SAFEGUARD SCIENTIFICS, INC.

Common Stock
Warrants
Debt Securities

We may offer up to \$150,000,000 of our common stock, warrants to purchase our common stock and debt securities, including debt securities convertible into common stock. Our common stock is listed on the New York Stock Exchange under the symbol "SFE."

This prospectus will allow us to issue securities over time and describes some of the general terms that may apply to an offering of such securities. We may offer these securities at prices and on terms to be set forth in one or more supplements to this prospectus. These securities may be offered directly, through agents on our behalf or through underwriters or dealers, on a continuous or delayed basis. If any underwriters are involved in the sale of any securities with respect to which this prospectus is being delivered, the names of such underwriters and any applicable discounts or commissions and over-allotment options will be set forth in a prospectus supplement.

An investment in our securities involves significant risks. You should carefully consider the risk factors referred to on page 6 of this prospectus before investing in our securities.

The securities described in this prospectus have not been approved by the Securities and Exchange Commission or any state securities commission, nor have they determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 201_

TABLE OF CONTENTS	
CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING INFORMATION	3
ABOUT THIS PROSPECTUS	4
WHERE YOU CAN FIND MORE INFORMATION	4
RISK FACTORS	6
OUR COMPANY	6
SECURITIES OFFERED BY THIS PROSPECTUS	7
USE OF PROCEEDS	7
RATIO OF EARNINGS TO FIXED CHARGES	7
DESCRIPTION OF COMMON STOCK	8
DESCRIPTION OF WARRANTS	8
DESCRIPTION OF DEBT SECURITIES	9
PLAN OF DISTRIBUTION	19
LEGAL MATTERS	20
EXPERTS	20

This prospectus incorporates by reference important business and financial information about us that is not included in or delivered with this prospectus. See “Where You Can Find More Information” on page 4 for a list of documents that we have incorporated by reference into this prospectus. These documents are available to you without charge over the Internet at our website at www.safeguard.com, or upon written or oral request made to:

Safeguard Scientifics, Inc.
435 Devon Park Drive, Building 800
Wayne, PA 19087
Attention: Corporate Secretary
Telephone No. (610) 293-0600

To ensure timely delivery of the documents, your request should be made at least five days prior to the date on which you must make your investment decision.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference in this prospectus contain “forward-looking statements” that are based on current expectations, estimates, forecasts and projections about our company, the industries in which we operate and other matters, as well as management’s beliefs and assumptions and other statements regarding matters that are not historical facts. These statements include, in particular, statements about our plans, strategies and prospects, and concern possible or assumed future events, results and business outcomes. Forward-looking statements often include words such as “projects,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “should,” “could,” “will,” “opportunity,” “potential” or “may,” variations of such words or other words that convey uncertainty of future events or outcomes.

As you read and consider this prospectus, you should not place undue reliance on any forward-looking statements. You should understand that these statements involve substantial risk and uncertainty and are not guarantees of future performance or results. They depend on many factors that are discussed further in the section of this prospectus entitled “Risk Factors,” including:

- our ability to make good decisions about the deployment of capital;
- the fact that our partner companies may vary from period to period;
- our substantial capital requirements and absence of liquidity from our partner company holdings;
- fluctuations in the market prices of our publicly traded partner company holdings;
- competition;
- our inability to obtain maximum value for our partner company holdings;
- our ability to attract and retain qualified employees;
- our ability to execute our strategy;
- market valuations in sectors in which our partner companies operate;
- our inability to control our partner companies;
- our need to manage our assets to avoid registration under the Investment Company Act of 1940;
- risks associated with our partner companies and their performance, including the fact that most of our partner companies have a limited history and a history of operating losses, face intense competition and may never be profitable;
- the effect of economic conditions in the business sectors in which our partner companies operate; and
- compliance with government regulation and legal liabilities.

Many of these factors are beyond our ability to predict or control. Changes or developments in any of these areas could affect our financial results or results of operations, and could cause actual results to differ materially from those contemplated by any forward-looking statements.

All forward-looking statements speak only as of the date of this prospectus or the documents incorporated by reference, as the case may be. All forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by this cautionary statement. We do not undertake any duty to update any of these forward-looking statements to reflect events or circumstances after the date of this prospectus, or to reflect the occurrence of unanticipated events.

ABOUT THIS PROSPECTUS

This prospectus describes certain securities of Safeguard Scientifics, Inc., a Pennsylvania corporation. We sometimes refer to Safeguard Scientifics, Inc. using the words “we,” “our” or “us,” or as the “Company.” This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the “SEC”) utilizing a “shelf” registration process, which allows us to offer and sell any combination of the securities described in this prospectus in one or more offerings. Using this prospectus, we may offer up to \$150,000,000 worth of securities.

This prospectus contains a general description of the securities we may offer. We will describe the specific terms of these securities, as necessary, in supplements that we attach to this prospectus for each offering. Each supplement will also contain specific information about the terms of the offering it describes. The supplements may also add, update or change information contained in this prospectus. In addition, as we describe below in the section entitled “Where You Can Find More Information,” we have filed and plan to continue to file other documents with the SEC that contain information about us. Before you decide whether to invest in our securities, you should read this prospectus, the supplement that further describes the offering of those securities and the information we otherwise file with the SEC.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended. Therefore, we file reports, proxy statements and other information with, and furnish other reports to, the SEC. You can read and copy all of these documents at the SEC’s public reference facilities in Washington, D.C., New York, New York and Chicago, Illinois. You may obtain information on the operation of the SEC’s public reference facilities by calling the SEC at 1-800-SEC-0330. We make available on our website, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information on or accessible through our website is not a part of, and is not incorporated by reference in, this prospectus or any related free writing prospectus. You also may obtain the documents we file with the SEC from the SEC’s website on the Internet that is located at <http://www.sec.gov>.

We filed a registration statement on Form S-3 to register with the SEC the securities described in this prospectus. This prospectus is part of that registration statement. As permitted by SEC rules, this prospectus does not contain all of the information contained in the registration statement or the exhibits to the registration statement. You may refer to the registration statement and accompanying exhibits for more information about us and our securities.

We “incorporate by reference” in this prospectus the information we file with the SEC, which means that we can disclose important information to you by referring you to another document we file with the SEC. The information incorporated by reference in this prospectus is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference in this prospectus the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, including filings made (i) after the date of the initial registration statement and prior to effectiveness of the registration statement and (ii) after the date of this prospectus but before the end of this offering, except for information furnished under Items 2.02 or 7.01 of Form 8-K (or corresponding information furnished under Item 9.01 or included as an exhibit), which is not deemed filed and not incorporated herein by reference. Those documents will become part of this prospectus from the date that the documents are filed with the SEC. Information that becomes a part of this prospectus after the date of this prospectus will automatically update and replace information in this prospectus and information previously filed with the SEC.

The documents that we are incorporating by reference are:

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Our Annual Report on Form 10 K for the year ended December 31, 2013 filed with the SEC on March 7, 2014, as amended by our Form 10-K/A filed with the SEC on August 28, 2014;

Our Quarterly Reports on Form 10-Q for the quarter ended March 31, 2014, as filed with the SEC on April 25, 2014, and for the quarter ended June 30, 2014, as filed with the SEC on July 25, 2014;

- 4 -

Our Current Reports on Form 8-K filed with the SEC on January 7, 2014, May 23, 2014 and September 15, 2014; and The description of our common stock that is contained in our registration statements on Form 8-A as filed with the SEC on March 2, 2000, and any amendment or report filed for the purpose of updating such description from time to time.

You should read the information relating to us in this prospectus, together with the information in the documents incorporated by reference in this prospectus.

Any statement contained in a document incorporated by reference in this prospectus, unless otherwise indicated in that document, speaks as of the date of the document. Statements contained in this prospectus may modify or replace statements contained in the documents incorporated by reference. In addition, some of the statements contained in one or more of the documents incorporated by reference may be modified or replaced by statements contained in a document incorporated by reference that is filed thereafter.

You may request a copy of any or all of these filings, at no cost, by writing or telephoning us at Safeguard Scientifics, Inc., 435 Devon Park Drive, Building 800, Wayne, PA 19087, Attention: Corporate Secretary, Telephone: (610) 293-0600. Documents may also be available on our website at www.safeguard.com. We do not intend our website address to be an active link and information contained on our website does not constitute a part of this prospectus.

RISK FACTORS

An investment in our securities involves a high degree of risk. Before purchasing our securities, you should carefully consider the risks described in the SEC filings incorporated by reference in this prospectus, including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2013, as amended by Form 10-K/A, and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014 and June 30, 2014. You should not purchase our securities if you cannot afford the loss of your entire investment.

OUR COMPANY

Safeguard's charter is to build value in growth-stage businesses by providing capital as well as strategic, operational and management resources. Safeguard participates principally in growth and expansion financings and early-stage financings. Our vision is to be the preferred capital source for entrepreneurs and management teams in well-defined industry sectors. Throughout this document, we use the term "partner company" to generally refer to those companies in which we have an equity interest and in which we are actively involved, influencing development through board representation and management support, in addition to the influence we exert through our equity ownership. From time to time, in addition to these partner companies, we also hold relatively small equity interests in other enterprises where we do not exert significant influence and do not participate in management activities. In some cases, these interests relate to former partner companies and in some cases they relate to entities which may later become partner companies.

We strive to create long-term value for our shareholders by helping our partner companies increase their market penetration, grow revenue and improve cash flow. Safeguard focuses principally on companies with initial capital requirements of between \$5 million and \$15 million, and follow-on financing needs of between \$5 million and \$10 million, with a total anticipated deployment up to \$25 million from Safeguard. We will occasionally provide certain early-stage financing in amounts generally up to \$1 million to promising young companies with the goal to provide more capital once certain development milestones are achieved. Safeguard principally targets companies that operate in two sectors:

Healthcare — companies focused on medical technology, including diagnostics and devices; healthcare technology; and specialty pharmaceuticals. Within these areas, Safeguard targets companies that have lesser regulatory risk and have achieved or are near commercialization; and

Technology — companies focused on digital media; financial technology; and Enterprise 3.0, which includes mobile technology, cloud, the "Internet of Things" and big data. Within these areas, Safeguard targets companies that have transaction-enabling applications with a recurring revenue stream.

We incorporated in the Commonwealth of Pennsylvania in 1953. Our corporate headquarters is located at 435 Devon Park Drive, Building 800, Wayne, Pennsylvania 19087.

SECURITIES OFFERED BY THIS PROSPECTUS

Using this prospectus, we may offer from time to time, in one or more series, together or separately, at prices and on terms to be determined at the time of offering:

- shares of common stock, \$0.10 par value;
- warrants to purchase shares of common stock; and
- debt securities, which may be convertible or exchangeable into common stock or other securities, and which will be senior debt, ranking equally with any of our other unsubordinated and unsecured indebtedness.

A prospectus supplement will describe the specific types, amounts, prices and detailed terms of any of these securities.

USE OF PROCEEDS

Unless otherwise provided in the applicable prospectus supplement accompanying this prospectus, the net proceeds, if any, from the sale of the securities offered hereby will be used for general corporate purposes, including working capital, acquisitions, repurchases of common stock, capital expenditures and/or the repayment of indebtedness. As of the date of this prospectus, we have not identified as probable any specific material proposed uses of these proceeds. If, as of the date of any prospectus supplement, we have identified any such uses, we will describe them in the prospectus supplement. The amount of securities offered from time to time pursuant to this prospectus and any prospectus supplement, and the precise amount of the net proceeds we will receive from the sale of such securities, as well as the timing of receipt of those proceeds, will depend upon our funding requirements. If we elect at the time of an issuance of securities to make different or more specific uses of the proceeds than as set forth herein, we will describe those uses in the applicable prospectus supplement.

RATIOS OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to fixed charges for the six months ended June 30, 2014 and the years ended December 31, 2010 and 2009 was 9.9, 9.3 and 27.3, respectively. For years ended December 31, 2013, 2012, and 2011 earnings, as defined, were not sufficient to cover fixed charges. The deficiency of earnings required to attain a ratio of one-to-one in each of such periods was \$22.9 million, \$12.8 million, and \$31.9 million, respectively.

For the purpose of computing the ratio of earnings to fixed charges, earnings consist of net income (loss) from continuing operations before income taxes, less equity income (loss), plus fixed charges. Fixed charges consist of, for both continuing and discontinued operations, interest expense, including the amortization of debt issuance costs and debt discount, plus the portion of rental expense we believe to be representative of the interest factor. We had no capitalized interest in any of the periods presented.

DESCRIPTION OF COMMON STOCK

The following description of our common stock will apply generally to any future common stock that we may offer, but is not complete. We will describe the particular terms of any class or series of these securities in more detail in the applicable prospectus supplement. For more information regarding the common stock that may be offered by this prospectus, please refer to our Second Amended and Restated Articles of Incorporation, as amended, and our Amended and Restated Bylaws, which are filed with the SEC.

The summary below and that contained in any prospectus supplement are not complete and are qualified in their entirety by reference to our Second Amended and Restated Articles of Incorporation, as amended, and our Amended and Restated Bylaws. The terms of these securities also may be affected by the Business Corporation Law of the Commonwealth of Pennsylvania, as amended.

Our authorized common stock consists of 83,333,333 shares of common stock, \$0.10 par value. The holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders. Our stockholders have cumulative voting rights in the election of directors.

Subject to preferences that may be applicable to any outstanding shares of preferred stock, the holders of common stock are entitled to receive ratably such dividends as may be declared by the board of directors out of funds legally available for distribution. Upon our liquidation, dissolution or winding up, holders of our common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock.

Holders of common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to our common stock.

Holders of common stock will have no liability for further calls or assessments and will not be personally liable for the payment of our debts except as they may be liable by reason of their own conduct or acts.

DESCRIPTION OF WARRANTS

We may issue separately, or together with any common stock offered by any prospectus supplement, warrants for the purchase of other shares of common stock (“Warrants”). The Warrants may be issued under warrant agreements (each, a “Warrant Agreement”) to be entered into between us and a bank or trust company, as warrant agent (the “Warrant Agent”), or may be represented by certificates evidencing the Warrants (the “Warrant Certificates”), all as set forth in the prospectus supplement relating to the particular series of Warrants. The following summaries of certain provisions of the Warrants do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of any related Warrant Agreement and Warrant Certificate, respectively, including the definitions therein of certain terms. Wherever defined terms of the Warrant Agreement are summarized herein or in a prospectus supplement, it is intended that such defined terms shall be incorporated herein or therein by reference. In connection with any offering of Warrants, any such Warrant Agreement or a form of any such Warrant Certificate will be filed with the SEC as an exhibit to or incorporated by reference in the registration statement.

General

The prospectus supplement relating to the particular series of Warrants offered thereby will describe the terms of the offered Warrants, any related Warrant Agreements and Warrant Certificates, including the following, to the extent applicable:

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- if the Warrants are offered for separate consideration, the offering price and the currency for which Warrants may be purchased;
- the number of shares of common stock purchasable upon exercise of the Warrants and the price at which such number of shares of common stock may be purchased upon such exercise;
- the date, if any, on and after which the offered Warrants and the related shares of common stock will be separately transferable;
- the date on which the right to exercise the offered Warrants shall commence and the date on which such right shall expire;

- a discussion of the specific U.S. federal income tax, accounting and other considerations applicable to the Warrants, or to any securities purchasable upon the exercise of the Warrants;
- whether the offered Warrants represented by Warrant Certificates will be issued in registered or bearer form, and if registered, where they may be transferred and registered;
- any applicable anti-dilution provisions;
- any applicable redemption or call provisions;
- any applicable book-entry provisions; and
- any other terms of the offered Warrants.

Warrant Certificates will be exchangeable on the terms specified in the related prospectus supplement for new Warrant Certificates of different denominations and Warrants may be exercised, as applicable, at our corporate offices, the corporate trust office of the Warrant Agent or any other office indicated in the prospectus supplement relating thereto. Prior to the exercise of their Warrants, holders of Warrants will not have any of the rights of holders of the shares of common stock purchasable upon such exercise, including the right to receive payments of dividends or distributions of any kind, if any, on the shares of common stock purchasable upon exercise or to exercise any applicable right to vote such shares.

Exercise of Warrants

Each Warrant will entitle the holder thereof to purchase such number of shares of common stock at such exercise price as shall in each case be set forth in, or be determinable from, the prospectus supplement relating to such Warrant, by payment of such exercise price in full in the currency and in the manner specified in such prospectus supplement. Warrants may be exercised at any time up to the close of business on their expiration date(s) (or any later date to which we may extend such expiration date(s)); unexercised Warrants will become null and void.

Upon receipt at the corporate trust office of the Warrant Agent or any other office indicated in the related prospectus supplement of (a) payment of the exercise price and (b) the Warrant Certificate properly completed and duly executed, we will, as soon as practicable, forward the shares of common stock purchasable upon such exercise to the holder of such Warrant. If less than all of the Warrants represented by such Warrant Certificate are exercised, a new Warrant Certificate will be issued for the remaining number of Warrants.

DESCRIPTION OF DEBT SECURITIES

In this section, references to “holders” mean those who own debt securities registered in their own names on the books that we or the trustee maintains for this purpose, and not those who own beneficial interests in debt securities registered in street name or in debt securities issued in book-entry form through one or more depositaries. Owners of beneficial interests in the debt securities should read the section below entitled “Legal Ownership of Debt Securities.”

General

The debt securities offered by this prospectus will be senior debt securities that rank on an equal basis with all our other unsecured debt and unsubordinated debt. We will issue these debt securities under a senior debt indenture between us and a trustee, which we sometimes refer to as the “indenture.” We have filed a form of the indenture with the SEC as an exhibit to the registration statement of which this prospectus forms a part. You can obtain copies of the indenture by following the directions outlined in “Where You Can Find More Information.”

The following summary briefly describes the material provisions of the indenture and the debt securities, other than pricing and related terms, which will be disclosed for a particular issuance in the applicable prospectus supplement. The summary is not complete. You should read the more detailed provisions of the indenture, including the defined

terms, for provisions that may be important to you. The summary below and that contained in any prospectus supplement are qualified in their entirety by reference to the indenture. You should also read the particular terms of a series of debt securities, which will be described in more detail in an applicable prospectus supplement. Throughout the summary we have included parenthetical references to the indenture sections to help you locate the provisions being discussed.

The indenture provides that our unsecured senior debt securities may be issued in one or more series, with different terms, in each case as we authorize from time to time. We also have the right, from time to time, to issue debt securities of any series previously issued. (Section 3.01)

Information in the Prospectus Supplement

The prospectus supplement for any offered series of debt securities will describe the following terms, as applicable:

- the title or designation;
- the aggregate principal amount offered and authorized denominations;
- the initial public offering price;
- the maturity date or dates;
- any sinking fund or other provision for payment of the debt securities prior to their stated maturity;
- whether the debt securities are fixed rate debt securities or floating rate debt securities or original issue discount debt securities;
- if the debt securities are fixed rate debt securities, the yearly rate at which the debt security will bear interest, if any;
- if the debt securities are floating rate debt securities, the method of calculating the interest rate;
- if the debt securities are original issue discount debt securities, their yield to maturity;
- the date or dates from which any interest will accrue, or how such date or dates will be determined, and the interest payment dates and any related record dates;
- if other than in U.S. Dollars, the currency or currency unit in which payment will be made;
- any provisions for the payment of additional amounts for taxes;
- the denominations in which the currency or currency unit of the securities will be issuable if other than denominations of \$1,000 and integral multiples thereof;
- whether the debt securities will be convertible into or exchangeable for other securities and, if so, the terms and conditions upon which such debt securities will be convertible;
- the terms and conditions on which the debt securities may be redeemed at our option;
- any obligation we may have to redeem, purchase or repay the debt securities at the option of a holder upon the happening of any event and the terms and conditions of redemption, purchase or repayment;
- the names and duties of any co-indenture trustees, depositaries, auction agents, authenticating agents, calculation agents, paying agents, transfer agents or registrars for the debt securities;
- any material provisions of the indenture described in this prospectus that do not apply to the debt securities;
- the ranking of the specific series of debt securities relative to other outstanding indebtedness, including subsidiaries' debt;
- the place where we will pay principal and interest;
- additional provisions, if any, relating to the defeasance of the debt securities;
- any U.S. federal income tax consequences relating to the offered securities, if material;
- the dates on which premiums, if any, will be paid;
- our right, if any, to defer payment of interest and the maximum length of this deferral period;
- any listing of the debt securities on a securities exchange; and
- any other specific terms of the debt securities.

We will issue the debt securities only in registered form. (Section 3.02) As currently anticipated, debt securities of a series will trade in book-entry form, and global securities will be issued in physical (paper) form, as described below under "What Is a Global Security?"

In general, the holders of all senior debt securities are first entitled to receive payment of the full amount unpaid on senior indebtedness before the holders of any subordinated debt securities are entitled to receive a payment on account

of the principal or interest on the indebtedness evidenced by the subordinated debt securities in certain events.

“Senior indebtedness” means:

- 10 -

the principal, interest and any other amounts owing in respect of our indebtedness for borrowed money or indebtedness of others that we guarantee and indebtedness evidenced by bonds, notes, debentures or other similar instruments or letters of credit issued by us, including any senior debt securities issued under any senior debt security or letters of credit;