SNAP-ON Inc
Form 424B5
February 20, 2018
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Registration No. 333-208480

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

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS SUPPLEMENT DATED FEBRUARY 20, 2018

PROSPECTUS SUPPLEMENT

(To Prospectus Dated December 11, 2015)

$

SNAP-ON INCORPORATED

% Notes due

The notes will mature on , . Interest on the notes will accrue at the rate of % per year. Interest on the notes will be payable semi-annually on and of each year, beginning on , 2018. We may redeem the notes in whole or in part at any time at the applicable redemption price as described in this prospectus supplement under Description of the Notes Optional Redemption. Upon the occurrence of a change of control repurchase event, the holders of the notes may require us to purchase all or a portion of their notes at the repurchase price described in this prospectus supplement under Description of the Notes Change of Control Repurchase Event. The notes will be our senior unsecured obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness.

See <u>Risk Factors</u> beginning on page S-6 for a discussion of certain risk factors that prospective investors should consider before investing in our notes.

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

	Per Note	Total
Public offering price (1)	%	$
Underwriting discount	%	$
Proceeds, before expenses, to Snap-on Incorporated	%	$

(1) Plus accrued interest from February , 2018, if settlement occurs after such date.

The notes will not be listed for trading on any securities exchange or quoted on any automated dealer quotation system. Currently, there is no public market for the notes.

The notes are expected to be delivered in book-entry only form through the facilities of The Depository Trust Company for the benefit of its participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, S.A., on or about February , 2018.

Joint Book-Running Managers

Citigroup **J.P. Morgan** **US Bancorp**

February , 2018

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Prospectus Supplement

Prospectus

Neither we nor the underwriters have authorized anyone to provide you with any information other than that contained in this prospectus supplement, the accompanying prospectus, the documents we have incorporated by reference or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we nor the underwriters take responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we nor the underwriters are making an offer to sell the notes in any jurisdiction which does not permit their offer or sale. You should not assume that the information provided in this prospectus supplement or the accompanying prospectus, or the information we have previously filed with the Securities and Exchange Commission that we incorporate by reference, is accurate as of any date other than the respective dates of those documents in which such information is contained. If information in this prospectus supplement updates, or is inconsistent with, the information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the prospectus.

For purposes of this prospectus supplement and the accompanying prospectus, unless otherwise specified or the context otherwise indicates, references to Snap-on, us, we, our, ours, or the company are to Snap-on Incorpor including, as appropriate, its subsidiaries.

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FORWARD-LOOKING STATEMENTS

Statements in this document that are not historical facts, including statements that (1) are in the future tense; (2) include the words expects, plans, targets, estimates, believes, anticipates, or similar words that reference S or our management; (3) are specifically identified as forward-looking; or (4) describe Snap-on s or our management s future outlook, plans, estimates, objectives or goals, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We caution the reader that any forward-looking statements included in this document that are based upon assumptions and estimates were developed by management in good faith and are subject to risks, uncertainties or other factors that could cause (and in some cases have caused) actual results to differ materially from those described in any such statement. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results or regarded as a representation by us or our management that the projected results will be achieved. For those forward-looking statements, we caution the reader that numerous important factors, such as the risk factors beginning on page S-6 and the risks identified in the Risk Factors section of our Annual Report on Form 10-K for the fiscal year ended December 30, 2017, which is incorporated herein by reference, could affect our actual results and could cause our actual consolidated results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, Snap-on. We disclaim any responsibility to update any forward-looking statements provided in this document, except as required by law.

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SUMMARY

This summary provides an overview of the company and its subsidiaries and certain key aspects of the offering. This summary is not complete and does not contain all of the information you should consider before purchasing our notes. Before purchasing our notes, you should read carefully all of the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, including Risk Factors and our consolidated financial statements and related notes.

The Company

Snap-on Incorporated, first incorporated in 1920, is a leading global innovator, manufacturer and marketer of tools, equipment, diagnostics, repair information and systems solutions for professional users performing critical tasks.

Our products and services include hand and power tools, tool storage, diagnostics software, information and management systems, shop equipment and other solutions for vehicle dealerships and repair centers, as well as for customers in critical industries, such as aviation and aerospace, agriculture, construction, government and military, mining, natural resources, power generation and technical education. We also derive income from various financing programs designed to facilitate the sales of our products and support our franchise business.

We market our products and brands through multiple sales distribution channels in more than 130 countries. Our largest geographic markets include the United States, Europe, Canada and Asia-Pacific. We reach our customers through our franchisee, company-direct, distributor and internet channels. We originated the mobile tool distribution channel in the automotive repair market.

Our primary customer segments include: (1) commercial and industrial customers, including professionals in critical industries and emerging markets; (2) professional vehicle repair technicians who purchase products through our mobile tool distribution network; and (3) other professional customers related to vehicle repair, including owners and managers of independent and original equipment manufacturer (OEM) dealership service and repair shops (OEM dealerships). In addition, our financial services customer segment includes: (1) franchisees customers, principally professional service and repair vehicle technicians, and certain other customers of Snap-on who require financing for the purchase or lease of tools and diagnostics and equipment products on an extended-term payment plan; and (2) franchisees who require financing for vehicle leases and business loans.

Our business segments are based on the organization structure used by management for making operating and investment decisions and for assessing performance. Our reportable business segments are: (1) the Commercial & Industrial Group; (2) the Snap-on Tools Group; (3) the Repair Systems & Information Group; and (4) Financial Services. The Commercial & Industrial Group consists of our business operations serving a broad range of industrial and commercial customers, including professionals in critical industries and customers in emerging markets, primarily through direct and distributor channels. The Snap-on Tools Group consists of our business operations primarily serving professional vehicle service and repair technicians through our worldwide mobile tool distribution channel. The Repair Systems & Information Group consists of our business operations serving other professional vehicle repair customers worldwide, primarily owners and managers of independent repair shops and OEM dealerships, through direct and distributor channels. Financial Services consists of the business operations of our financial services subsidiaries.

Our headquarters are located at 2801 80th Street, Kenosha, Wisconsin 53143, and our telephone number is (262) 656-5200.

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Recent Developments

Tender Offer for 6.70% Senior Notes due 2019

On February 20, 2018, we commenced an offer to purchase (the Tender Offer) for cash any and all of our outstanding 6.70% Senior Notes due 2019 (the 2019 Notes). We intend to use the net proceeds from this offering to fund the purchase of the 2019 Notes validly tendered and accepted for payment in the Tender Offer. See Use of Proceeds and Capitalization. We cannot assure you that the Tender Offer will be completed on the terms described in this prospectus supplement, or at all. Nothing in this prospectus supplement should be construed as an offer to purchase any of our outstanding notes. The Tender Offer is being made only upon the terms and conditions set forth in the offer to purchase therefor, and related letter of transmittal and notice of guaranteed delivery.

The Tender Offer is scheduled to expire at 5:00 p.m., New York City time, on February 26, 2018, unless extended or earlier terminated. The Tender Offer is subject to the satisfaction of certain conditions, including, but not limited to, the consummation of this offering. This offering is not contingent on the consummation of the Tender Offer.

To the extent that less than all of our outstanding 2019 Notes are tendered in the Tender Offer, we intend, but have not yet definitively determined, to redeem all of the remaining outstanding 2019 Notes, using a portion of the net proceeds of this offering, following the closing of this offering. Nothing herein shall be deemed to constitute a notice of redemption under the indenture governing the 2019 Notes.

Certain of the underwriters or their respective affiliates may hold a portion of the 2019 Notes, for which they will be entitled to receive a *pro rata* portion of the net proceeds of this offering that are used to finance the repurchase or redemption of such notes. See Underwriting Other Relationships.

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The Offering

Issuer	Snap-on Incorporated.
Notes Offered	$ aggregate principal amount of % Notes due .
Maturity	The notes will mature on , .
Interest	The notes will bear interest at % per annum, payable semi-annually in arrears.
Interest Payment Dates	and of each year, beginning , 2018.
Ranking	The notes will be our senior unsecured obligations and will rank equally with all of our other existing and future unsecured and unsubordinated indebtedness. See Description of the Notes General.
Optional Redemption	We may redeem the notes, in whole or in part, at any time at the redemption price described under Description of the Notes Optional Redemption.
Change of Control	Upon the occurrence of a change of control repurchase event (as defined under Description of the Notes Change of Control Repurchase Event), unless we have exercised our right to redeem the notes, each holder of the notes will have the right to require us to purchase all or a portion of such holder s notes at a repurchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase, subject to the rights of holders of the notes on the relevant record date to receive interest due on the relevant interest payment date.
Covenants	The indenture under which the notes will be issued contains limitations on, among other things, our ability to: incur debt secured by certain liens; engage in certain sale and lease-back transactions;

- transfer principal properties to specified subsidiaries; and

- consolidate or merge with or into, or sell substantially all of our assets to, another person.

These covenants are, however, subject to important exceptions. See Description of the Notes Certain Restrictive Covenants and Events of Default in this prospectus supplement and Description of Debt Securities Covenants Applicable to Senior Debt Securities in the accompanying prospectus.

Use of Proceeds

We estimate that the net proceeds to us from this offering will be approximately $, after deducting the underwriting discount and estimated offering expenses payable by us. We anticipate using

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	the net proceeds from the sale of the notes to fund the purchase of any and all of our $200.0 million aggregate principal amount 6.70% Senior Notes due 2019 pursuant to the Tender Offer described above under Recent Developments. To the extent that less than all of our outstanding 2019 Notes are tendered in the Tender Offer, we intend, but have not yet definitively determined, to redeem all of the remaining outstanding 2019 Notes, using a portion of the net proceeds of this offering. We intend to use any remaining net proceeds to repay a portion of our outstanding commercial paper and for general corporate purposes, which may include working capital, capital expenditures and possible acquisitions.
Minimum Denominations	The notes will be issued and may be transferred only in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
Form	The notes are being issued in fully registered form and the notes will be represented by one or more global notes deposited with The Depository Trust Company (DTC) or its nominee and registered in book-entry form in the name of Cede & Co., DTC s nominee. Beneficial interests in the global notes will be shown on, and transfers will only be made through, the records maintained by DTC and its participants.
Further Issues	We may from time to time, without notice to or the consent of the holders of the notes, create and issue additional debt securities under the indenture ranking equally and ratably with the notes in all respects. A separate CUSIP and ISIN will be issued for any additional debt securities unless the additional debt securities are fungible for U.S. federal income tax purposes.
Governing Law	State of New York.
Trustee	U.S. Bank National Association.
Risk Factors	For a discussion of factors you should carefully consider before deciding to invest in the notes, see Risk Factors beginning on page S-6 of this prospectus supplement and the Risk Factors section of our Annual Report on Form 10-K for the fiscal year ended December 30, 2017 incorporated by reference into this prospectus supplement.

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Summary Historical Consolidated Financial Information

Our annual historical information is derived from our audited consolidated financial statements as of and for the five fiscal years ended December 30, 2017, December 31, 2016, January 2, 2016, January 3, 2015 and December 28, 2013. This information is only a summary and should be read in conjunction with the consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 30, 2017, which is incorporated by reference into this prospectus supplement. The historical results included below are not necessarily indicative of our future performance.

	Fiscal year ended				
	2017	2016	2015	2014	2013
			(in millions)		
Net sales	$ 3,686.9	$ 3,430.4	$ 3,352.8	$ 3,277.7	$ 3,056.5
Total revenues (1)	4,000.3	3,711.8	3,593.1	3,492.6	3,237.5
Gross profit	1,824.9	1,709.6	1,648.3	1,584.3	1,472.9
Net earnings	572.2	559.6	490.6	432.1	359.7
Net earnings attributable to Snap-on Incorporated	557.7	546.4	478.7	421.9	350.3
Cash and cash equivalents	92.0	77.6	92.8	132.9	217.6
Total assets	5,249.1	4,723.2	4,331.1	4,162.0	3,994.5
Long-term debt	753.6	708.8	861.7	862.7	858.9
Total shareholders equity attributable to Snap-on Incorporated	2,953.9	2,617.2	2,412.7	2,207.8	2,113.2

(1) Defined as Total net sales plus Financial Services revenue.

Ratio of Earnings to Fixed Charges

Snap-on s ratio of earnings to fixed charges for each of the periods indicated is included in the table below:

	Fiscal year ended				
	2017	2016	2015	2014	2013
Ratio of earnings to fixed charges	16.1	15.8	14.2	12.5	10.1

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RISK FACTORS

You should carefully consider the following risk factors, as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment in our notes. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known or that we currently believe to be immaterial may also adversely affect us.

Risks Related to Our Businesses

For a discussion of risks relating to businesses of Snap-on Incorporated, see Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 30, 2017, and our other filings with the Securities and Exchange Commission that are incorporated by reference into this prospectus supplement.

Risks Related to the Notes

Our financial performance and other factors could adversely impact our ability to make payments on the notes.

Our ability to make scheduled payments with respect to our indebtedness, including the notes, will depend on our financial and operating performance, which is, in turn, subject to prevailing economic conditions and to financial, business and other factors beyond our control.

As the notes pay a fixed rate of interest, an increase in market interest rates could result in a decrease in the value of the notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value because the premium, if any, over market interest rates will decline. Consequently, if you purchase the notes and market interest rates increase, the market value of your notes may decline. We cannot predict the future level of market interest rates.

Ratings of the notes may not reflect all risks of an investment in the notes.

The notes will initially be rated by three nationally recognized statistical rating organizations. The ratings of our notes will primarily reflect our financial strength and will change in accordance with the rating of our financial strength. A rating is not a recommendation to purchase, sell or hold any particular security, including the notes. These ratings do not comment as to market price or suitability for a particular investor. In addition, ratings at any time may be lowered or withdrawn in their entirety. The ratings of the notes may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading value of, the notes.

Changes in credit ratings issued by nationally recognized statistical rating organizations could adversely affect the market price of our securities and our cost of financing.

Credit rating agencies rate our debt securities, including the notes, on factors that include our operating results, actions that we take, their view of the general outlook for our industry and their view of the general outlook for the economy. Actions the rating agencies may take include maintaining, upgrading, or downgrading the current rating or placing us on a watch list for possible future downgrading. Downgrading the credit rating of our debt securities or placing us on a watch list for possible future downgrading would likely have an adverse effect on the market price of our securities, including the notes, increase our cost of financing and limit our access to the capital markets.

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We may not have sufficient cash to repurchase the notes upon the occurrence of a change of control repurchase event.

As described under Description of the Notes Change of Control Repurchase Event, we will be required to offer to repurchase all of the notes upon the occurrence of a change of control repurchase event. We may not, however, have sufficient cash at that time or have the ability to arrange necessary financing on acceptable terms to repurchase the notes under such circumstances. If we are unable to repurchase the notes upon the occurrence of a change of control repurchase event, it would result in an event of default under the indenture.

There may be no public trading market for the notes.

A market for the notes may not develop or, if it does develop, it may not be maintained. If a market develops, the notes could trade at prices that may be higher or lower than the initial offering price or the price at which you purchased the notes, depending on many factors, including prevailing interest rates, our financial performance, the amount of indebtedness we have outstanding, the market for similar securities, the redemption and repayment features of the notes to be sold and the time remaining to maturity of your notes. We have not applied, and do not intend to apply, for listing of the notes on any securities exchange or any automated quotation system. If an active market for the notes fails to develop or be sustained, the trading price and liquidity of the notes could be adversely affected.

The notes do not restrict our ability to incur additional debt or prohibit us from taking other action that could negatively impact holders of the notes.

We are not restricted under the terms of the indenture or the notes from incurring additional indebtedness. The indenture, among other things, limits our ability to secure additional debt without also securing the notes, to enter into sale and leaseback transactions and to transfer certain of our assets to unrestricted subsidiaries, in each case with respect to our principal properties. These limitations are also subject to important exceptions. See Description of the Notes Certain Restrictive Covenants and Events of Default in this prospectus supplement and Description of Debt Securities Covenants Applicable to Senior Debt Securities in the accompanying prospectus. In addition, the notes do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. Our ability to recapitalize, incur additional debt, secure existing or future debt or take a number of other actions that are not limited by the terms of the indenture and the notes could have the effect of diminishing our ability to make payments on the notes when due.

Effective subordination of the notes may reduce amounts available for payment of the notes.

We conduct a significant portion of our operations through our subsidiaries. As a result, our ability to service our debt, including our obligations under the notes and other obligations, is partially dependent upon the earnings of our subsidiaries and the distribution of those earnings or the payment of funds to us in the form of dividends, loans or advances and through repayment of loans or advances from us. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the notes or to make funds available to us, whether in the form of dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances to us by our subsidiaries depend upon the earnings of those subsidiaries, are subject to various business considerations and may be subject to contractual or statutory restrictions.

Holders of the notes will be effectively subordinated to the indebtedness and other liabilities of our subsidiaries, including trade creditors. As of December 30, 2017, our subsidiaries had indebtedness in the aggregate principal amount of $32.2 million. In the event of a default by a subsidiary under any credit arrangement or other indebtedness, its creditors could accelerate such subsidiary s debt prior to such subsidiary distributing to us amounts that we could have used to make payments on the notes.

In addition, the notes will be unsecured and, as a result, the notes will be effectively subordinated to any and all of our secured debt. The holders of any secured debt may foreclose on our assets securing such debt, reducing

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the cash flow from the foreclosed property available for payment of our unsecured debt, including the notes. The holders of any secured debt that we may have also would have priority over unsecured creditors in the event of our liquidation. In the event of our bankruptcy, liquidation or similar proceeding, the holders of secured debt would be entitled to proceed against their collateral, and that collateral would not be available for payment of unsecured debt, including the notes.

We may be unable to refinance our indebtedness.

We may need to refinance all or a portion of our indebtedness, including the notes, before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. There can be no assurance that we will be able to obtain sufficient funds to enable us to repay or refinance our debt obligations on commercially reasonable terms or at all.

We may choose to redeem the notes prior to maturity.

We may redeem some or all of the notes at any time as described under Description of the Notes Optional Redemption. If prevailing interest rates are lower at the time of redemption, you may not be able to reinvest the redemption proceeds in a comparable security at an interest rate as high as the interest rate of the notes being redeemed.

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USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately $, after deducting the underwriting discount and estimated offering expenses payable by us. We anticipate using the net proceeds from the sale of the notes to fund the purchase of any and all of our $200.0 million aggregate principal amount 6.70% Senior Notes due 2019, including any premium and accrued and unpaid interest on the tendered notes, pursuant to the Tender Offer described under Summary Recent Developments. To the extent that less than all of our outstanding 2019 Notes are tendered in the Tender Offer, we intend, but have not yet definitively determined, to redeem all of the remaining outstanding 2019 Notes, using a portion of the net proceeds of this offering. We intend to use any remaining net proceeds to repay a portion of our outstanding commercial paper and for general corporate purposes, which may include working capital, capital expenditures and possible acquisitions. On January 31, 2018, we had approximately $374.5 million of commercial paper borrowings, which had a weighted-average maturity of thirteen days and had a weighted-average annual interest rate of 1.65%.

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CAPITALIZATION

The following table sets forth our consolidated capitalization as of December 30, 2017:

on an actual basis; and

as adjusted to give effect to this offering assuming (1) we use the net proceeds of the offering as described under Use of Proceeds and (2) $200.0 million of our 2019 Notes are tendered prior to or on February 26, 2018 and accepted for purchase in the Tender Offer, which would result in us paying approximately $8.2 million of purchase price premium for such notes and related costs associated with the Tender Offer. For this purpose, we have assumed, based on the terms of the Tender Offer, a purchase price of $1,040.94 per $1,000 principal amount of 2019 Notes to be purchased pursuant to the Tender Offer. The actual purchase price paid for the 2019 Notes in the Tender Offer may be higher or lower than this amount based on the terms of the Tender Offer.

You should read the information in this table together with Use of Proceeds and Management s Discussion and Analysis of Financial Condition and Results of Operations, along with our financial statements and related notes, included elsewhere or incorporated by reference into this prospectus supplement and the accompanying prospectus.

	Actual	As Adjusted
	(in millions, except share data)	
	(unaudited)	
Cash and cash equivalents	$ 92.0	$
Short-term debt (1)	$ 433.2	
Long-term debt:		
Existing notes due 2019	200.0	
Existing notes due 2021	250.0	250.0
Existing notes due 2027	300.0	300.0
Other long-term debt	3.6	3.6
% notes due offered hereby		
Total debt	1,186.8	
Common shareholders equity:		
Common stock authorized 250,000,000 shares, $1 par value; issued 67,407,704 shares	67.4	67.4
Additional paid-in capital	343.2	343.2
Retained earnings	3,772.3	3,772.3
Accumulated other comprehensive loss	(329.0)	(329.0)
Treasury stock at cost	(900.0)	(900.0)
Total shareholders equity attributable to Snap-on Incorporated	2,953.9	2,953.9

Total capitalization (2)	$ 4,140.7	$

(1) Includes $250 million of 4.25% unsecured notes that were repaid on January 16, 2018.
(2) Defined as Total debt plus Total shareholders equity attributable to Snap-on Incorporated.

DESCRIPTION OF THE NOTES

We have summarized the material terms and conditions of the notes below. This summary supplements the description of the general terms and conditions of the debt securities under the caption Description of Debt Securities in the accompanying prospectus and, to the extent that this summary is inconsistent with such description, replaces such description. This summary of provisions of the indenture does not purport to be complete and is subject to all of the provisions of the indenture and the notes. You should read the indenture and the notes, copies of which are available from us upon request.

Capitalized terms used and not defined in this section of this prospectus supplement have the meanings specified in the indenture. References to Snap-on, us, we, our, ours or the company in this section are to Snap-on Incorporated (parent company only) and not its consolidated subsidiaries.

General

We will issue the notes as a separate series of debt securities under the indenture dated as of January 8, 2007, between us and U.S. Bank National Association, as trustee. The indenture is further described in the accompanying prospectus.

We are initially offering the notes in the aggregate principal amount of $. We may, without the consent of the holders of the notes, create and issue additional notes of this series ranking equally with and otherwise similar in all respects to the notes of this series (except for the issue date and, in some cases, the public offering price and the first interest payment date) so that those additional notes will be consolidated and form a single series with the other outstanding notes of this series; provided, however, that a separate CUSIP and ISIN will be issued for any additional notes unless the additional notes and the notes offered under this prospectus supplement are fungible for U.S. federal income tax purposes. The notes will bear interest at a rate of % per annum. The notes will mature on , , unless redeemed prior to that date. See Interest below.

We may redeem the notes at any time at our option as described under Optional Redemption.

The notes will be our senior unsecured obligations and will rank equally with all of our other existing and future unsecured and unsubordinated indebtedness. The notes will effectively rank junior to any secured indebtedness that exists or that we may incur in the future to the extent of the value of the assets securing such indebtedness.

A significant amount of our consolidated assets is held by our subsidiaries. Any right we may have to receive assets of any of our subsidiaries upon their liquidation or reorganization (and the consequent right of the holders of the notes to participate in those assets) will be effectively subordinated to the claims of such subsidiaries creditors, including trade creditors. See Risk Factors Risks Related to the Notes Effective subordination of the notes may reduce amounts available for payment of the notes.

We will issue the notes only in fully registered form, without coupons, in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The notes will not have the benefit of any sinking fund.

We may, subject to compliance with applicable law, at any time, purchase notes in the open market or otherwise.

Interest

The notes will mature on , , unless redeemed or repurchased prior to that date. The notes will bear interest at a rate of % per annum. Interest will accrue on the notes from the most recent interest payment date to or for which interest has been paid or duly provided (or if no interest has been paid or duly provided for, from the issue date of the notes), payable semi-annually in arrears on and of each year, beginning on , 2018. Interest will be paid to the person in whose name the notes are registered at the close of business on the and (whether or not that date is a business day), as the case may be, immediately preceding such interest payment date. We will compute interest on the basis of a 360-day year consisting of twelve 30-day months. We will make payments on the notes at the offices of the trustee by wire transfer for notes held in book-entry form or by check mailed to the address of the person entitled to the payment as it appears in the notes register.

If any interest payment date or maturity, redemption or repurchase date falls on a day that is not a business day, then the payment will be made on the next business day without additional interest and with the same effect as if it were made on the originally scheduled date.

Optional Redemption

Prior to , , we may, at our option, redeem the notes, 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 on the notes being redeemed (not including any portion of such payments of interest accrued to 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 Treasury Rate (as defined below), plus basis points,

plus, in either case, accrued and unpaid interest on the notes being redeemed to the redemption date.

In addition, at any time on or after , , we may, at our option, redeem the notes, in whole or from time to time in part, at a redemption price equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest on the notes being redeemed to, but not including, the redemption date.

Notwithstanding the foregoing, installments of interest payable on the notes being redeemed that are due and payable on interest payment dates falling on 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. The redemption price will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

We will give written notice of any redemption at least 30 days but not more than 60 days prior to the redemption date to each holder of the notes at its address shown in the debt security register for the notes (or, as to notes represented by a global debt security, electronically in accordance with the depository s procedures). The notice of redemption will specify, among other items, the aggregate principal amount of the notes to be redeemed, the redemption date and the redemption price. Once notice of redemption is given, the notes will become due and payable on the redemption date and at the applicable redemption price, plus accrued and unpaid interest, if any, to, but not including, the redemption date. Notwithstanding anything to the contrary in the foregoing, notice of any redemption to the holders of the notes may, in our discretion, be subject to one or more conditions precedent, including completion of a corporate transaction. In such event, the related notice of redemption will describe each such condition and, if applicable, will state that, in our discretion, the date of redemption may be delayed until such time as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the date of redemption, or by the date of redemption as so delayed.

Comparable Treasury Issue means the U.S. Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be

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utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

Comparable Treasury Price means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations, or (3) if only one Reference Treasury Dealer Quotation is received, such Reference Treasury Dealer Quotation.

Independent Investment Banker means one of the Reference Treasury Dealers appointed by us.

Reference Treasury Dealer means (1) each of Citigroup Global Markets Inc., J.P. Morgan Securities LLC and a primary U.S. Government securities dealer in the United States (a Primary Treasury Dealer) selected by U.S. Bancorp Investments, Inc. (or their respective affiliates that are Primary Treasury Dealers) and their respective successors; and (2) two other Primary Treasury Dealers selected by us; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, we will substitute therefor another Primary Treasury Dealer.

Reference Treasury Dealer Quotation 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 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 semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated on the third business day preceding the redemption date.

Change of Control Repurchase Event

If a change of control repurchase event occurs, unless we have exercised our right to redeem all of the notes as described above by giving irrevocable notice of redemption in accordance with the indenture on or prior to the 30th day after the date on which such change of control repurchase event occurs, each holder of the notes will have the right to require us to purchase all or a portion of such holder s notes pursuant to the offer described below, at a repurchase price equal to 101% of the aggregate principal amount of notes repurchased plus any accrued and unpaid interest on the notes repurchased to, but not including, the date of repurchase, subject to the rights of holders of notes on the relevant record date to receive interest due and owing on the relevant interest payment date.

Within 30 days following any change of control repurchase event or, at our option, prior to any change of control, but after the public announcement of the transaction that constitutes or may constitute the change of control, we will give written notice to each holder at its address shown in the security register for the notes (or, as to notes represented by a global debt security, electronically in accordance with the depository s procedures), 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 the 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 on which such notice is given or, if the notice is given prior to the change of control, at least 30 days, but no more than 60 days, from the date on which the change of control repurchase event occurs, other than as may be required by law. The notice, if given prior to the date of consummation of the change of control, will state that the offer to repurchase is conditioned on the change of control repurchase event occurring on or prior to the payment date specified in the notice.

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We must comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations under the Exchange Act 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 compliance.

On the change of control repurchase event payment date, we will, to the extent lawful:

(1) accept or cause a third party to accept for payment all notes or portions of notes properly tendered pursuant to our offer;

(2) deposit or cause a third party to deposit with the paying agent an amount equal to the aggregate purchase price in respect of all notes or portions of notes properly tendered; and