V F CORP
Form 424B5
October 11, 2007

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-146594

PROSPECTUS SUPPLEMENT
(To Prospectus dated October 10, 2007)

$600,000,000

V.F. Corporation

$250,000,000 5.950% Notes due 2017
$350,000,000 6.450% Notes due 2037

The senior notes due 2017 (the 2017 notes) will bear interest at the rate of 5.950% per year and the senior notes due 2037 (the 2037 notes and together with the 2017 notes, the notes) will bear interest at the rate of 6.450% per year. Interest on the notes is payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2008. The 2017 notes will mature on November 1, 2017, and the 2037 notes will mature on November 1, 2037. We may redeem some or all of the notes at any time at the redemption price described under the caption Description of the Notes Optional Redemption.

The notes will be our unsecured obligations and will rank equally with all our other unsecured and unsubordinated indebtedness.

Investing in the notes involves risks. See Risk Factors beginning on page S-6.

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 prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per 2017 Note	Total	Per 2037 Note	Total
Public Offering Price	99.831%	$ 249,577,500	99.391%	$ 347,868,500
Underwriting Discount	0.650%	$ 1,625,000	0.875%	$ 3,062,500
Proceeds to VF Corporation (before expenses)	99.181%	$ 247,952,500	98.516%	$ 344,806,000

Interest on the notes will accrue from October 15, 2007.

The Underwriters expect to deliver the notes on or about October 15, 2007 only in book-entry form through the facilities of The Depository Trust Company for the account of its participants, including Clearstream Banking, société anonyme, and Euroclear Bank S.A./N.V., as operator of the Euroclear System.

Joint Book-Running Managers

Banc of America Securities LLC **Citi**

Lead Manager
Wachovia Securities

Senior Co-Manager
JPMorgan

Co-Managers

ABN AMRO Incorporated	**Goldman, Sachs & Co.**	**HSBC**
ING Financial Markets	**Piper Jaffray**	**PNC Capital Markets LLC**
	Santander Investment	

October 10, 2007

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any state where the offer or sale is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

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Prospectus Supplement

Prospectus

Market data and certain industry forecasts used throughout this prospectus supplement were obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, estimates and market research, while believed to be reliable, have not been independently verified, and we do not make any representation as to the accuracy of such information.

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VF CORPORATION

VF Corporation, organized in 1899, is a worldwide leader in branded lifestyle apparel and related products. Unless the context indicates otherwise, the terms we, us, our and VF used herein refer to VF Corporation and its consolidated subsidiaries.

For over 100 years, VF has grown by offering consumers high quality, high value branded apparel and other products. Our stated vision is: VF will grow by building lifestyle brands that excite consumers around the world. Lifestyle brands are those brands that connect closely with consumers because they are aspirational and inspirational; they reflect consumers specific activities and interests. Lifestyle brands generally extend across multiple product categories and have greater potential for growth. For several years, VF has been implementing a growth plan designed to transform its mix of business to include more higher growth, higher margin lifestyle brands. As part of its growth plan, VF has acquired such lifestyle brands as Nautica®, Vans®, Reef®, Kipling®, Napapijri®, 7 for All Mankind® and lucy®, and has also invested heavily behind several other brands to maximize their growth potential.

We generally target a VF brand to specific groups of consumers within specific channels of distribution. VF s diverse portfolio of brands and products serves consumers shopping in specialty stores, department stores, national chains and mass merchants. In addition, many products are sold directly to consumers through VF-operated retail stores, as well as monobrand retail stores operated by independent parties. A global company, VF derives 26% of its revenues from outside the United States, primarily in Europe, Canada, Latin America and the Far East, with VF products sold in certain geographic areas through our licensees and distributors. To provide these products across numerous channels of distribution in different geographic areas, we have implemented a strategy that combines efficient and flexible internally-owned manufacturing with sourcing of finished goods from independent contractors.

Our principal executive offices are located at 105 Corporate Center Boulevard, Greensboro, North Carolina 27408, and our telephone number is (336) 424-6000. We maintain a website at www.vfc.com where general information about us is available. We are not incorporating the contents of the website into this prospectus.

RECENT DEVELOPMENTS

Potential Refinancing of Revolving Credit Facilities. On September 21, 2007, we received a commitment letter from Banc of America Securities LLC and Citigroup Global Markets Inc., as arrangers for a syndicate of lenders in connection with a $1 billion senior unsecured revolving credit facility. In addition, on October 3, 2007, we received a commitment letter from J.P. Morgan plc, HSBC Bank plc, and ABN AMRO Bank N.V., as arrangers for a syndicate of lenders in connection with a 250 million senior unsecured revolving credit facility. The proceeds from the 250 million revolving credit facility may be used to replace and refinance certain outstanding indebtedness under our existing 175 million revolving credit facility. Proceeds under each facility may be used for general corporate purposes, including, without limitation, acquisitions and repurchases of outstanding shares of common stock. We expect that the maturity date for the $1 billion and 250 million revolving facilities will be five years, in each case subject to two optional one-year extensions. All other terms and conditions governing the $1 billion and 250 million revolving facilities will be substantially similar to the terms and conditions under our existing $750 million and 175 million revolving credit facilities, respectively. There can be no assurance, however, that we will complete either of these transactions on the basis of these terms and conditions or at all.

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SUMMARY

Issuer	VF Corporation
Securities Offered	$250,000,000 aggregate principal amount of 5.950% Notes due 2017. $350,000,000 aggregate principal amount of 6.450% Notes due 2037.
Interest Rate	5.950% per year, in the case of the 2017 notes, and 6.450% per year, in the case of the 2037 notes, in each case accruing from the issue date of the notes.
Interest Payment Dates	November 1 and May 1 of each year, beginning May 1, 2008.
Maturity Date	November 1, 2017, in the case of the 2017 notes, and November 1, 2037, in the case of the 2037 notes.
Optional Redemption	We may redeem the notes, in whole or in part, at any time at a redemption price equal to the greater of: 100% of the principal amount being redeemed, and the sum of the present value of the remaining scheduled payments of principal and interest on the notes being redeemed, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at an adjusted treasury rate (as defined below under Description of the Notes Optional Redemption) plus 20 basis points, in the case of the 2017 notes, and 25 basis points, in the case of the 2037 notes, plus, in either case, accrued and unpaid interest on the notes to the redemption date.
Change of Control	If a Change of Control Repurchase Event occurs with respect to the notes, unless we have exercised our right to redeem all the notes as described above, we will make an offer to each holder of notes to repurchase all or any part (in integral multiples of $1,000) of that holder s notes at a repurchase price in cash equal to 101% of the aggregate principal amount of notes repurchased plus any accrued and unpaid interest on the notes repurchased to the date of repurchase.
Ranking	The notes are our unsecured obligations and will rank equally with all our existing and future unsecured and unsubordinated indebtedness.
Restrictive Covenants	We will issue the notes under an indenture containing covenants for your benefit. These covenants restrict our ability, with certain exceptions, to: incur debt secured by liens, and engage in sale and lease-back transactions.

Events of Default

The term event of default means any of the following:

we do not pay interest on a note within 30 days of its due date;

we do not pay the principal or any premium on a note on its due date;

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	we remain in breach of a restrictive covenant or any other term of the indenture for 60 days after we receive a notice of default stating we are in breach. The notice must be sent by the trustee or holders of 10% of the outstanding aggregate principal amount of the notes; we default on other debt payments totaling $100,000,000 or more in the aggregate, our obligation to repay is accelerated, and this repayment obligation remains accelerated for 10 days after we receive a notice of default under the notes as described in the previous bullet point; or we file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur.
Use of Proceeds	We intend to use the net proceeds from this offering for general corporate purposes, including the repayment of debt outstanding under our existing bridge loan facility.
Form and Denominations	We will issue the notes in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof, in the form of one or more fully registered global notes deposited with or on behalf of DTC and registered in the name of DTC s nominee, Cede & Co. You may hold a beneficial interest in the global notes through DTC, Euroclear Bank S.A./N.V., as operator of the Euroclear System, or Clearstream Banking, *société anonyme*, either directly as a participant in one of those systems or indirectly through organizations that are participants in such systems.
Governing Law	New York.

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RISK FACTORS

You should consider carefully the risk factors identified under the heading Risk Factors, in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 30, 2006, which is incorporated by reference into this Prospectus Supplement and the accompanying Prospectus, together with any other risk factor information contained in the accompanying prospectus, as well as any other information included or incorporated by reference into this Prospectus Supplement and the accompanying Prospectus, before making an investment in the notes. In addition, there may be other risks that a prospective investor should consider that are relevant to its own particular circumstances.

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USE OF PROCEEDS

We intend to use the net proceeds from this offering for general corporate purposes, including the repayment in full of $350 million outstanding under our existing bridge loan facility. The net proceeds we will receive from the sale of the notes are expected to be approximately $592 million after the Underwriters discount and other expenses relating to the offering.

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CAPITALIZATION OF VF CORPORATION

The following table sets forth the unaudited consolidated summary capitalization at June 30, 2007 of VF Corporation (a) on a historical basis and (b) as adjusted to reflect the sale of the notes covered by this prospectus supplement and the use of proceeds therefrom. The table should be read in conjunction with our consolidated financial statements and related notes and other financial data included in our Annual Report on Form 10-K for the fiscal year ended December 30, 2006, and our Quarterly Report on Form 10-Q for the six-month period ended June 30, 2007, each incorporated by reference herein.

	At June 30, 2007 (Unaudited)	As Adjusted*
	(In millions)	
Cash and equivalents	$ 178	$ 178
Short-term debt (including current portion of long-term debt)	205	205
Long-term debt	602	1,202
Total debt	807	1,407
Common shareholders equity		
Common stock, par value $1 per share	110	110
Additional paid-in capital	1,585	1,585
Accumulated other comprehensive loss	(59)	(59)
Retained earnings	1,541	1,541
Total common shareholders equity	3,177	3,177
Total debt and common shareholders equity	$ 3,984	$ 4,584

* This column is adjusted to give effect to this offering. The net proceeds will be used for general corporate purposes, including the repayment of debt.

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DESCRIPTION OF THE NOTES

General

The notes are governed by the indenture, which is a contract between us and The Bank of New York, which acts as trustee. The trustee s main role is to enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described under Events of Default Remedies if an Event of Default Occurs. The indenture and its associated documents, including the notes, contain the full legal text of the matters described in this section. The indenture and the notes are governed by New York law. See Where You Can Find Additional Information for information on how to obtain a copy of the indenture.

The following description of the material provisions of the indenture and the notes is a summary only. More specific terms, as well as the definitions of relevant terms, can be found in the indenture, the Trust Indenture Act of 1939, which is applicable to the indenture, and the notes. We have also included references in parentheses to certain sections of the indenture. Because this section is a summary, it does not describe every aspect of the notes. This summary is subject to and qualified in its entirety by reference to all the provisions of the indenture, including definitions of certain terms used in the indenture.

Principal, Maturity and Interest

The notes will be our general, unsecured obligations. The notes will be initially limited to $600,000,000 aggregate principal amount. However, the indenture does not limit the aggregate principal amount of debt securities we may issue, and we may issue additional notes in amounts that exceed the initial amounts at any time, without your consent and without notifying you. The notes will not be entitled to any sinking fund.

The 2017 notes will mature on November 1, 2017, and the 2037 notes will mature on November 1, 2037. The notes will bear interest at the rate per annum shown on the front cover of this prospectus supplement from October 15, 2007, payable semi-annually in arrears on November 1 and May 1, of each year, commencing May 1, 2008. Interest on the notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Optional Redemption

We may redeem the notes in whole or in part at any time at a redemption price equal to the greater of:

- 100% of the principal amount being redeemed; and
- the sum, as determined by a quotation agent appointed by us, of the present value of the remaining scheduled payments of principal and interest on each series of the notes to be redeemed (excluding any portion of such payments of interest accrued and paid as of the date of redemption) 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 20 basis points, in the case of the 2017 notes, and 25 basis points, in the case of the 2037 notes,

plus, in either case, accrued and unpaid interest to the date of redemption.

The adjusted treasury rate for any redemption date means the rate per year equal to the semi-annual 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 semi-annual equivalent yield to maturity will be computed as of the third business day immediately preceding the redemption date.

The comparable treasury issue is a United States treasury security, selected by the quotation agent, having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized in accordance with customary financial practice in pricing new issues of corporate notes of comparable maturity to the remaining term of the notes.

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The quotation agent is the reference treasury dealer appointed by us. The reference treasury dealer means:

either of Banc of America Securities LLC or Citigroup Global Markets Inc. and its respective successors; provided, however, that if the foregoing shall cease to be a primary U.S. government securities dealer (a primary treasury dealer), the Company shall substitute the reference treasury dealer for another primary treasury dealer; or

any other primary treasury dealer selected by us.

The comparable treasury price for any redemption date means the average of the reference treasury dealer quotations for such redemption date, provided that if three or more reference treasury dealer quotations are obtained, the highest and lowest of such quotations shall be excluded from the calculation.

The reference treasury dealer quotations means, for each reference treasury dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such reference treasury dealer at 5:00 p.m. on the third business day preceding such redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed.

Unless we default in payment of the redemption price on or after the redemption date, interest will cease to accrue on the notes called for redemption on the date of such redemption.

Repurchase upon Change of Control Repurchase Event

If a Change of Control Repurchase Event (as defined below) occurs with respect to the notes, unless we have exercised our right to redeem all the notes as described above, we will make an offer to each holder of notes to repurchase all or any part (in integral multiples of $1,000) of that holder s notes at a repurchase price in cash equal to 101% of the aggregate principal amount of notes repurchased plus any accrued and unpaid interest on the notes repurchased to the date of repurchase. Within 30 days following any Change of Control Repurchase Event or, at our option, prior to any Change of Control (as defined below), but after the public announcement of an impending Change of Control, we will mail a notice to each holder, with a copy to the trustee, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice will, if mailed prior to the date of consummation of the Change of Control, state that the offer to repurchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice.

We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934 (the Exchange Act), and any other securities laws and regulations thereunder, to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Repurchase Event provisions of the notes by virtue of such conflict.

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

accept for payment all notes or portions of notes (in integral multiples of $1,000) properly tendered pursuant to our offer;

deposit with the trustee an amount equal to the aggregate repurchase price in respect of all notes or portions of notes properly tendered; and

deliver or cause to be delivered to the trustee the notes properly accepted, together with an officers certificate stating the aggregate principal amount of notes being purchased by us.

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The trustee will promptly mail to each holder of notes properly tendered the repurchase price for the notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new note equal in principal amount to any unpurchased portion of any notes surrendered; provided, that each new note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof.

We will not be required to make an offer to repurchase the notes upon a Change of Control Repurchase Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us, and such third party purchases all notes properly tendered and not withdrawn under its offer.

We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we would decide to do so in the future. We could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control, but that could increase the amount of debt outstanding at such time or otherwise affect our capital structure or credit ratings.

Definitions

Below Investment Grade Rating Event means that the notes are rated below Investment Grade by each of the Rating Agencies on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of a Change of Control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies); provided, that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Repurchase Event hereunder) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance composed of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Below Investment Grade Rating Event).

Change of Control means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of VF Corporation and its subsidiaries taken as a whole to any person (as that term is used in Section 13(d)(3) of the Exchange Act), other than VF Corporation or one of its subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of VF Corporation s Voting Stock; or (3) the first day on which a majority of the members of VF Corporation s Board of Directors are not Continuing Directors.

Change of Control Repurchase Event means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

Continuing Directors means, as of any date of determination, any member of the Board of Directors of VF Corporation who (1) was a member of such Board of Directors on the date of the issuance of the notes; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of VF Corporation s proxy statement in which such member was named as a nominee for election as a director).

Fitch means Fitch Ratings Ltd.

Investment Grade means a rating of Baa3 or better by Moody s (or its equivalent under any successor rating categories of Moody s); a rating of BBB-or better by S&P (or its equivalent under any successor rating categories of S&P); and a rating of BBB- or better by Fitch (or its equivalent under any successor rating

categories of Fitch); or the equivalent investment grade credit rating from any additional Rating Agency or Rating Agencies selected by us.

Moody s means Moody s Investors Service Inc.

Rating Agency means (1) each of Fitch, Moody s and S&P; and (2) if any of Fitch, Moody s or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us as a replacement agency for Fitch, Moody s or S&P, as the case may be.

S&P means Standard & Poor s Ratings Services, a division of McGraw-Hill, Inc.

Voting Stock means VF Corporation capital stock of any class or kind the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such person, even if the right so to vote has been suspended by the happening of such a contingency.

Modification and Waiver

There are three types of changes that can be made to the indenture and the notes:

Changes requiring your approval. First, the consent of each affected noteholder is required to:

change the stated maturity of the principal or interest on a note;

reduce any amounts due on a note;

reduce the amount of principal payable upon acceleration of the maturity of a note following a default;

change the place or currency of payment on a note;

impair your right to sue for payment;

reduce the percentage of holders of notes whose consent is needed to modify or amend the indenture;

reduce the percentage of holders of notes whose consent is needed to waive compliance with certain provisions of the indenture or to waive certain defaults; or

modify any other aspect of the provisions dealing with modification and waiver of the indenture. *(Section 9.02)*

Changes requiring a majority vote. The second type of change to the indenture and the notes requires a vote in favor by holders of notes owning a majority of the outstanding aggregate principal amount of the series of notes affected. Most changes fall into this category. A majority vote would also be required for us to obtain a waiver of all or part of the restrictive covenants described below, or a waiver of a past default. However, we cannot obtain a waiver of a payment default or any other aspect of the indenture or the notes listed in the first category described above under Changes Requiring Your Approval unless we obtain your individual consent to the waiver. *(Sections 5.13 and 9.02)*

Changes not requiring holder approval. The third type of change does not require any vote by holders of notes. This type is limited to clarifications and certain other changes that would not adversely affect holders of the notes. *(Section 9.01)*

Notes will not be considered outstanding, and therefore will not be eligible to vote on any matter, if we have deposited or set aside in trust for you money for their payment or redemption. Notes will also not be eligible to vote if they have been fully defeased as described later under Full Defeasance.

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding notes that are entitled to vote or take other action under the indenture. In certain limited circumstances, the trustee will be entitled to set a record date for action by holders. If we or the trustee set a

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record date for a vote or other action to be taken by holders of a particular series, that vote or action may be taken only by persons who are holders of outstanding notes of that series on the record date and must be taken within 180 days following the record date. We may shorten or lengthen (but not beyond 180 days) this period from time to time. *(Section 1.04)*

Street name and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the notes or request a waiver of a default.

Covenants

In the indenture, we agree to restrictions that limit our and our subsidiaries ability to create liens or enter into sale and leaseback transactions.

Restrictions on Mortgages and Other Liens

We will not, nor will we permit any Subsidiary to, issue, assume or guarantee any debt secured by a Mortgage (as defined below) upon any Principal Property or on any shares of stock or indebtedness of any Restricted Subsidiary (as each such term is defined below) without providing that the notes (together with, if we so determine, any other indebtedness of or guaranteed by us or such Restricted Subsidiary ranking equally with the notes then existing or thereafter created) will be secured equally and ratably with such debt, except that the foregoing restrictions do not apply to:

(i) Mortgages on property, shares of stock or indebtedness of or guaranteed by any corporation existing at the time such corporation becomes a Restricted Subsidiary;

(ii) Mortgages on property existing at the time of acquisition thereof, or to secure the payment of all or part of the purchase price of such property, or to secure debt incurred or guaranteed for the purpose of financing all or part of the purchase price of such property or construction or improvements thereon, which Debt is incurred or guaranteed prior to, at the time of, or within 120 days after the later of such acquisition, completion of such improvements or construction, or commencement of full operation of such property;

(iii) Mortgages securing debt owing by any Restricted Subsidiary to the Company or another Restricted Subsidiary;

(iv) Mortgages on property of a corporation existing at the time such corporation is merged into or consolidated with us or a Restricted Subsidiary or at the time of a purchase, lease or other acquisition of the property of a corporation or firm as an entirety or substantially as an entirety by us or a Restricted Subsidiary;

(v) Mortgages on our property or that of a Restricted Subsidiary in favor of the United States or any state or political subdivision thereof, or in favor of any other country or political subdivision thereof, to secure certain payments pursuant to any contract or statute or to secure any indebtedness incurred or guaranteed for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such Mortgages (including, but not limited to, Mortgages incurred in connection with pollution control industrial revenue bond or similar financing);

(vi) Mortgages existing on the date of the indenture; and

(vii) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Mortgage referred to in any of the foregoing clauses.

Notwithstanding the above, we or our Subsidiaries may, without securing the notes, issue, assume or guarantee secured debt which would otherwise be subject to the foregoing restrictions, provided that after giving effect thereto the aggregate amount of debt which would otherwise be subject to the foregoing restrictions then outstanding (not including secured debt permitted under the foregoing exceptions) does not

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exceed 15% of the shareholders equity of the Company and its consolidated Subsidiaries as of the end of the previous fiscal year. *(Section 10.08)*

Restrictions on Sale and Leaseback Transactions

Sale and leaseback transactions by us or any Restricted Subsidiary of any Principal Property (whether now owned or hereafter acquired) are prohibited unless:

(i) the Company or such Restricted Subsidiary would be entitled under the indenture to issue, assume or guarantee debt secured by a Mortgage upon such Principal Property at least equal in amount to the Attributable Debt (as defined below) in respect of such transaction without equally and ratably securing the notes, provided that such Attributable Debt shall thereupon be deemed to be debt subject to the provisions described above under Restrictions on Mortgages and Other Liens, or

(ii) the Company applies an amount in cash equal to such Attributable Debt to the retirement of non-subordinated debt of the Company or a Restricted Subsidiary. *(Section 10.09)*

The restrictions described above do not apply to:

(i) such transactions involving leases with a term of up to three years,

(ii) leases between the Company and a Restricted Subsidiary or between Restricted Subsidiaries, or

(iii) leases of any Principal Property entered into within 120 days after the later of the acquisition, completion of construction or commencement of full operation of such Principal Property.

Definitions

Attributable Debt means the present value (discounted at the rate of interest implicit in the terms of the lease) of the obligation of a lessee for net rental payments during the remaining term of any lease.

Mortgage means any mortgage, pledge, lien or other encumbrance.

Principal Property means any manufacturing plant or facility located within the United States (other than its territories and possessions) owned by the Company or any subsidiary, except any such plant or facility which, in the opinion of the board of directors of the Company, is not of material importance to the business conducted by the Company and its Subsidiaries, taken as a whole.

Restricted Subsidiary means a Subsidiary which owns or leases any Principal Property. *(Section 1.01)*

Subsidiary means any corporation, partnership or other legal entity of which, in the case of a corporation, more than 50% of the outstanding voting stock is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries or, in the case of any partnership or other legal entity, more than 50% of the ordinary equity capital interests is directly or indirectly owned or controlled by the Company or by one or more other Subsidiaries or by the Company and one or more other Subsidiaries.

Mergers and Similar Events

We may not consolidate with or merge into any other person (as defined in the indenture) or convey, transfer or lease our properties and assets substantially as an entirety, unless:

(i) the successor person is a corporation, partnership or trust organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia, and expressly assumes our obligations on the notes and under the indenture;

(ii) after giving effect to such transaction, no event of default, and no event which, after notice or lapse of time or both, would become an event of default, would occur and be continuing; and

(iii) after giving effect to such transaction, neither we nor the successor person, as the case may be, would have outstanding indebtedness secured by any mortgage or other encumbrance prohibited by the

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provisions of our restrictive covenant relating to liens or, if so, shall have secured the notes equally and ratably with (or prior to) any indebtedness secured thereby. *(Section 8.01)*

Defeasance

Full Defeasance

If there is a change in federal income tax law, as described below, we can legally release ourselves from any payment or other obligations on the notes (this is called full defeasance) if:

- we deposit in trust for the benefit of all direct holders of the notes a combination of money and U.S. government notes or bonds that will generate enough cash to make interest, principal and any other payments on the notes on their various due dates;
- there is a change in U.S. federal income tax law or an Internal Revenue Service ruling that permits us to make the above deposit without causing you to be taxed on the notes any differently than if we did not make the deposit and simply repaid the notes; and
- we deliver to the trustee a legal opinion of our counsel confirming the tax law change described above. *(Sections 13.02 and 13.04)*

If we accomplished full defeasance, you would have to rely solely on the trust deposit for all payments on the notes. You could not look to us for payment in the event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we became bankrupt or insolvent.

Covenant Defeasance

Under current U.S. federal income tax law, if we make the type of trust deposit described above, we can be released from some of the restrictive covenants in the Indenture. This is called covenant defeasance. In that event, you would lose the benefit of those restrictive covenants but would gain the protection of having money and/or notes or bonds set aside in trust to repay the notes. In order to achieve covenant defeasance, we must:

- deposit in trust for the benefit of all direct holders of the notes a combination of money and U.S. government notes or bonds that will generate enough cash to make interest, principal and any other payments on the notes on their various due dates; and
- deliver to the trustee a legal opinion of our counsel confirming that under current U.S. federal income tax law we may make the above deposit without causing you to be taxed on the notes any differently than if we did not make the deposit and simply repaid the notes.

If we accomplish covenant defeasance, the following provisions of the indenture and the notes would no longer apply:

- our obligations regarding the conduct of our business described above under Covenants, and any other covenants applicable to the notes described in this prospectus supplement;
- the conditions to our engaging in a merger or similar transaction, as described above under Mergers and Similar Events ; and

the events of default relating to breaches of covenants, certain events in bankruptcy, insolvency or reorganization, and acceleration of the maturity of other debt, described below under Events of Default.

If we accomplish covenant defeasance, you can still look to us for repayment of the Notes in the event of a shortfall in the trust deposit. In fact, if one of the remaining events of default occurred (such as our bankruptcy) and the notes become immediately due and payable, such a shortfall could arise. Depending on the event causing the default, you may not be able to obtain payment of the shortfall. *(Sections 13.03 and 13.04)*

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Ranking

The notes are not secured by any of our property or assets. Accordingly, you are an unsecured creditor of the Company. The notes are not subordinated to any of the Company s other debt obligations and therefore rank equally with all of the Company s other unsecured and unsubordinated indebtedness.

Events of Default

You will have special rights if an event of default occurs and is not cured, as described later in this subsection. The term event of default means any of the following:

- we do not pay interest on a note within 30 days of its due date;
- we do not pay the principal or any premium on a note on its due date;
- we remain in breach of a restrictive covenant or any other term of the indenture for 60 days after we receive a notice of default stating we are in breach. The notice must be sent by the trustee or holders of 10% of the outstanding aggregate principal amount of the notes;
- we default on other debt payments totaling $100,000,000 or more in the aggregate, our obligation to repay is accelerated, and this repayment obligation remains accelerated for 10 days after we receive a notice of default under the notes as described in the previous bullet point; or
- we file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur.

Remedies if an Event of Default Occurs

If an event of default has occurred and has not been cured, the trustee or the holders of 25% in outstanding aggregate principal amount of the notes may declare the entire principal amount of all the notes to be due and immediately payable. This is called a declaration of acceleration of maturity. If an event of default occurs because of certain events of bankruptcy, insolvency or reorganization, the principal amount of all outstanding notes will be automatically accelerated, without any action by the trustee or any holder. A declaration of acceleration of maturity may be canceled by the holders of a majority in aggregate outstanding principal amount of the notes. *(Section 5.02)*

Except in cases of default, where the trustee has some special duties, the trustee is not requ