

ASSOCIATED ESTATES REALTY CORP
Form S-3ASR
April 12, 2013

As filed with the Securities and Exchange Commission on April 12, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-3
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

ASSOCIATED ESTATES REALTY CORPORATION
(Exact name of registrant as specified in its charter)

Ohio (State or other jurisdiction of incorporation or organization) 1 AEC Parkway Richmond Heights, Ohio 44143-1467 (216) 261-5000 (Address, including zip code, and telephone number, including area code, of principal executive offices)	34-1747603 (I.R.S. Employer Identification No.)
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Jeffrey I. Friedman
Chairman of the Board, President and Chief Executive Officer
Associated Estates Realty Corporation
1 AEC Parkway
Richmond Heights, Ohio 44143-1550
(216) 261-5000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:
Suzanne K. Hanselman, Esq.
Baker & Hostetler LLP
3200 National City Center
1900 East 9th Street
Cleveland, Ohio 44114-3485
(216) 621-0200

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

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.

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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.

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	Amount to be Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Debt Securities			
Preferred Shares, without par value			
Depository Shares representing Preferred Shares, without par value			
Common Shares, without par value			
Common Share Warrants			
Total	(1)(2)	(1)(2)	(3)

(1) Omitted pursuant to Form S-3 General Instructions II.E.

(2) An indeterminate aggregate offering price or number of the securities of each identified class is being registered as may from time to time be offered at indeterminate prices. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities or that are issued in units or represented by depository shares.

(3) Pursuant to Rules 456(b) and 457(r) of the Securities Act of 1933, the Registrant is deferring payment of all of the registration fee, except for \$17,687 of fees previously paid with respect to \$258,800,013 of securities registered but unsold under the Registrant's registration statement on Form S-3 (File No. 333-22419), which amount is being carried forward in this Registration Statement in accordance with Rule 415(a)(6).

PROSPECTUS

Associated Estates Realty Corporation
Debt Securities, Preferred Shares,
Depository Shares, Common Shares and
Common Share Warrants

Associated Estates Realty Corporation (the “Company”) may from time to time offer and sell in one or more offerings (i) one or more series of its unsecured debt securities (the “Debt Securities”), (ii) whole or fractional preferred shares (collectively, “Preferred Shares”) (iii) Preferred Shares represented by depository shares (“Depository Shares”), (iv) common shares, without par value (“Common Shares”), or (v) warrants to purchase Common Shares (“Common Share Warrants”) on terms to be determined at the time or times of offering. Debt Securities, Preferred Shares, Depository Shares, Common Shares and Common Share Warrants (collectively, the “Offered Securities”) may be offered, separately or together, in separate classes or series, in amounts, at prices and on terms to be set forth in a supplement to this Prospectus (a “Prospectus Supplement”).

The specific terms of the Offered Securities to which this Prospectus relate will be set forth in the applicable Prospectus Supplement and will include, when applicable: (i) in the case of Debt Securities, the specific title, aggregate principal amount, currency, form (which may be registered or bearer, or certificated or global), authorized denominations, maturity, rate (or manner of calculation thereof) and time of payment of interest, terms for redemption at the option of the Company or repayment at the option of the holder thereof, terms for sinking fund payments, terms for conversion into Preferred Shares or Common Shares, and any initial public offering price; (ii) in the case of Preferred Shares, the specific class, series, title and stated value, any dividend, liquidation, redemption, conversion, voting and other rights, and any initial public offering price; (iii) in the case of Depository Shares, the whole or fractional Preferred Shares represented by each such Depository Share; (iv) in the case of Common Shares, any initial public offering price; and (v) in the case of Common Share Warrants, the duration, offering price, exercise price and detachability features. In addition, such specific terms may include limitations on direct or beneficial ownership and restrictions on transfer of the Offered Securities, in each case as may be appropriate to preserve the status of the Company as a real estate investment trust (“REIT”) for federal income tax purposes.

The applicable Prospectus Supplement will also contain information, when applicable, about certain United States federal income tax considerations relating to, and any listing on a securities exchange of, the Offered Securities covered by that Prospectus Supplement.

The Offered Securities may be offered directly, through agents designated from time to time by the Company, or to or through underwriters or dealers. If any agents or underwriters are involved in the sale of any of the Offered Securities, their names and any applicable purchase price, fee, commission or discount arrangement will be set forth in or will be calculable from the information set forth in the applicable Prospectus Supplement. No Offered Securities may be sold without delivery of the applicable Prospectus Supplement describing the method and terms of the offering of those Offered Securities. See “Plan of Distribution” for possible indemnification arrangements with underwriters, dealers and agents.

Our common shares are listed on the New York Stock Exchange and the Nasdaq Global Market under the symbol “AEC.” Subject to certain exceptions, our Second Amended and Restated Articles of Incorporation restrict ownership of more than 4% of our common shares in order to protect our status as a REIT for federal income tax purposes.

Investing in the Offered Securities involves certain risks. See “Risk Factors” beginning on page 4 of this Prospectus and in the reports we file with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the “Exchange Act”) incorporated by reference in this Prospectus, to read about factors you should consider before purchasing any of the Offered Securities.

The Offered Securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus is April 12, 2013

No person has been authorized to give any information or to make any representations in connection with this offering other than those contained or incorporated by reference in this Prospectus or an applicable Prospectus Supplement and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or any underwriter, dealer or agent. This Prospectus and any applicable Prospectus Supplement do not constitute an offer to sell or a solicitation of an offer to buy any securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Neither the delivery of this Prospectus or any Prospectus Supplement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or thereof.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated by reference herein contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Exchange Act. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You can identify forward-looking statements by the use of forward-looking words, such as "expects," "projects," "believes," "plans," "anticipates," "estimates," "may," "will" or "the negative of those words or similar words. Forward-looking statements involve inherent risks and uncertainties regarding events, conditions and financial trends that may affect our future plans of operation, business strategy, results of operations and financial position.

The following factors, among others, could cause actual results to differ from those contemplated in the forward-looking statements:

changes in the economic climate in the markets in which we own and manage properties, including interest rates, the overall level of economic activity, the availability of consumer credit and mortgage financing, unemployment rates and other factors;

elimination of, or limitations on, federal government support for Fannie Mae and/or Freddie Mac that may result in significantly reduced availability of mortgage financing sources, as well as increases in interest rates for mortgage financing;

our ability to refinance debt on favorable terms at maturity;

risks of a lessening of demand for the multifamily units we own;

competition from other available multifamily units, single family units available for rental or purchase, and changes in market rental rates;

the failure of development projects or redevelopment activities to achieve expected results due to, among other causes, construction and contracting risks, unanticipated increases in materials and/or labor, and delays in project completion and/or lease-up that result in increased costs and/or reduce the profitability of a completed project;

increases in property and liability insurance costs;

unanticipated increases in real estate taxes and other operating expenses;

weather conditions that adversely affect operating expenses;

expenditures that cannot be anticipated such as utility rate and usage increases and unanticipated repairs ;

our inability to control operating expenses or achieve increases in revenue;

shareholder ownership limitations that may discourage a takeover otherwise considered favorable by shareholders;

the results of litigation filed or to be filed against us;

changes in tax legislation;

risks of personal injury claims and property damage related to mold claims that are not covered by our insurance;

catastrophic property damage losses that are not covered by our insurance;

our inability to acquire properties at prices consistent with our investment criteria;

risks associated with property acquisitions such as failure to achieve expected results or matters not discovered in due diligence; and

risks related to the perception of residents and prospective residents as to the attractiveness, convenience and safety of our properties or the neighborhoods in which they are located.

We do not undertake any responsibility to update any of these factors or to announce publicly any revisions to forward-looking statements, whether as a result of new information, future events or otherwise.

RISK FACTORS

Before making an investment decision in our Company, you should carefully consider the risks described in our periodic reports filed with the Securities and Exchange Commission pursuant to the Exchange Act, incorporated by reference herein, including the risks described in Item 1A “Risk Factors” in our most recently filed Form 10-K and in Item 1A “Risk Factors” and Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our most recently filed Form 10-Q, and as described in our other filings with the Securities and Exchange Commission. The risks and uncertainties described in such filings are not the only ones facing our Company, and there may be additional risks we do not presently know of or we currently consider to be immaterial. All of these risks could adversely affect our business, financial condition, results of operations and cash flows. As a result, the value of the Offered Securities, including our ability to pay dividends on, and the market price of, our equity securities, may be adversely affected if any of such risks are realized.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available on the Internet at the SEC’s website at sec.gov. You may also read and copy any document we file at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information on the public reference room and its copy charges. You may also inspect our SEC reports and other information at the New York Stock Exchange, 20 Broad Street, New York, New York 10005. We also maintain a website at AssociatedEstates.com. Please note that all references to AssociatedEstates.com in this Prospectus are inactive textual references only and that the information contained on our website is not incorporated by reference into this Prospectus.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

Information that we have previously filed with the SEC can be “incorporated by reference” into this Prospectus. The process of incorporation by reference allows us to disclose important information to you without duplicating that information in this Prospectus. The information we incorporate by reference is considered a part of this Prospectus. The information in this Prospectus, including any information that we incorporate by reference, will be updated and superseded automatically by our filings with the SEC after the date of this Prospectus. We are incorporating by reference the filed information contained in the documents listed below:

- (a) Annual Report on Form 10-K for the fiscal year ended December 31, 2012;
- (b) Current Reports on Form 8-K filed with the SEC on January 2, 2013, January 24, 2013, January 25, 2013 and March 13, 2013; and
- (c) The description of the Company’s Common Shares contained in the Company’s Form 8-A dated October 14, 1993. We are also incorporating by reference any filings we make with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the Offered Securities.

We will furnish without charge to each person (including any beneficial owner) to whom a Prospectus is delivered, upon written or oral request, a copy of any or all of the foregoing documents incorporated herein by reference (other than certain exhibits). Requests for such documents should be made to:

Mail: Associated Estates Realty Corporation
Attention: Investor Relations
1 AEC Parkway
Richmond Heights, Ohio 44143

Telephone: 216-261-5000

Website: AssociatedEstates.com
(under “Investors” select “Contact Info” option)

THE COMPANY

We are a fully-integrated, self-administered and self-managed equity real estate investment trust, or REIT, specializing in multifamily ownership, operation, acquisition, development, construction, disposition and property management activities. As of March 31, 2013, our operating property portfolio consisted of 51 owned apartment communities containing 13,107 units located in the Midwest, Mid-Atlantic, Southeast and Southwest. Additionally, in May 2012, in conjunction with our acquisition of land for development of an apartment community, we acquired an office building in Los Angeles, California containing approximately 78,800 total square feet of office and retail space. We operate as a REIT for federal income tax purposes and own a taxable REIT subsidiary that performs construction services for our own account. Our corporate headquarters is located at 1 AEC Parkway, Richmond Heights, Ohio 44143 and our telephone number is 216-261-5000.

Additional information regarding our Company is set forth in documents on file with the SEC, available at sec.gov, and incorporated by reference in this Prospectus, as described above under the sections entitled “Where You Can Find More Information” and “Incorporation of Certain Documents by Reference.”

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

Our ratio of earnings to fixed charges for the fiscal years ended December 31, 2012, December 31, 2011, December 31, 2010, December 31, 2009 and December 31, 2008 were as follows:

Time Period	Ratio
December 31, 2008	0.68
December 31, 2009	0.69
December 31, 2010	0.69
December 31, 2011	0.65
December 31, 2012	1.05

Our ratio of earnings to combined fixed charges and preferred stock dividends for the fiscal years ended December 31, 2012, December 31, 2011, December 31, 2010, December 31, 2009 and December 31, 2008 were as follows:

Time Period	Ratio
December 31, 2008	0.60
December 31, 2009	0.62
December 31, 2010	0.65
December 31, 2011	0.65
December 31, 2012	1.05

For purposes of computing these ratios, earnings have been calculated by adding fixed charges (excluding capitalized interest) to income from continuing operations before taxes. Fixed charges consist of interest costs (whether expensed or capitalized), the interest component of rental expense, the interest component of ground rent and the amortization of debt discounts and issue costs, whether expensed or capitalized. During the twelve months ended December 31, 2011, 2010, 2009, and 2008, the total dollar amount of the deficiency in the ratio of earnings to fixed charges was \$11.6 million, \$10.1 million, \$10.6 million and \$12.6 million, respectively. During the twelve months ended December 31, 2011, 2010, 2009, and 2008, the total dollar amount of the deficiency in the ratio of earnings to combined fixed charges and preferred dividends was \$11.6 million, \$12.1 million, \$14.8 million and \$17.2 million, respectively.

USE OF PROCEEDS

Unless otherwise described in the applicable Prospectus Supplement, the Company intends to use the net proceeds from the sale of the Offered Securities for general corporate purposes, which may include the acquisition or development of properties, the expansion and improvement of certain properties in the Company’s portfolio and the repayment of indebtedness.

DESCRIPTION OF DEBT SECURITIES

The Company may issue Debt Securities under an indenture (the “Indenture”) to be entered into between the Company and U.S. Bank National Association, as Trustee. A supplemental indenture entered into at the time of an offering will describe the specific terms of each series of Debt Securities to be offered, and together with the Indenture, will constitute the Indenture governing such Debt Securities. The specific terms of Debt Securities offered by any Prospectus Supplement will be detailed in such Prospectus Supplement.

The following is a summary of certain general provisions of the Indenture which does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the Indenture, supplemental indentures and Debt Securities. We have filed the form of Indenture with the SEC as an exhibit to our registration statement, of which this Prospectus is a part, and you should read the Indenture for provisions that may be important to you. See “Where You Can Find More Information” above for information on how to obtain a copy of the form of Indenture. Capitalized terms used but not otherwise defined herein will have the meanings ascribed to them in the Indenture.

General

Debt Securities will be direct, unsecured obligations of the Company. The Indenture provides that Debt Securities issued thereunder may be issued without limit as to aggregate principal amount, in one or more series, in each case as established from time to time in or pursuant to authority granted by a resolution of the Board of Directors of the Company or as established in one or more indentures supplemental to the Indenture. All Debt Securities of one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of the holders of Debt Securities of such series, for issuances of additional Debt Securities of such series. Any Trustee under the Indenture may resign or be removed with respect to one or more series of Debt Securities issued under the Indenture, and a successor Trustee may be appointed to act with respect to such series.

Reference is made to each Prospectus Supplement for the specific terms of the series of Debt Securities being offered thereby, which will include some or all of the following:

- the title of such Debt Securities;
- any limit on the total principal amount of such Debt Securities of the same series;
- the Person to whom any interest on a series of Debt Securities is payable, if other than the Person to whom the Debt Security is registered;
- the date or dates on which principal is payable;
- the rate or rates at which any series of Debt Securities shall bear interest; the date or dates from which interest accrues; the interest payment dates; and the record date for any such interest payable;
- if Debt Securities are floating rate Debt Securities, the interest rate basis; any applicable index currency or index maturity, spread or spread multiplier or initial base rate, maximum rate or minimum rate; the interest reset, determination, calculation and payment dates; the day count convention used to calculate interest payments for any period; the business day convention; and the calculation agent;
- if Debt Securities are indexed Debt Securities, the principal amount, if any, we will pay at maturity, interest payment dates, the amount of interest, if any, we will pay on an interest payment date or the formula we will use to calculate these amounts, if any, and the terms on which such Debt Securities will be exchangeable for or payable in cash, securities or other property;
- if Debt Securities may be converted into or exercised or exchanged for Common Shares, Preferred Shares or other securities of the Company or debt or equity securities of one or more third parties (and/or cash in lieu of such securities), the terms on which conversion, exercise or exchange may occur, including whether conversion, exercise or exchange is mandatory, at the option of the holder or at our option, the period during which conversion, exercise or exchange may occur, the initial conversion, exercise or exchange price or rate and the circumstances or manner in which the amount of Common Shares or Preferred Shares or other securities issuable upon conversion, exercise or exchange may be adjusted;

if Debt Securities are original issue discount Debt Securities, the yield to maturity and provisions relating to the accretion of the principal thereof;

if applicable, the circumstances under which Debt Securities may be redeemed at our option or repaid at the holder's option before the stated maturity, including any redemption commencement date, repayment date(s), redemption price(s) and redemption period(s);

the authorized denominations, if other than \$1,000 and integral multiples of \$1,000;

if applicable, the circumstances under which we will pay additional amounts on any Debt Securities held by a person who is not a United States person for tax purposes and under which we can redeem the debt securities if we have to pay additional amounts;

the names and duties of any co-trustees, depositaries, authenticating agents, paying agents, transfer agents or registrars for Debt Securities, as applicable;

the currency or currencies for principal and interest, if not U.S. dollars;

certain additional terms with respect to declarations of acceleration upon an event of default and defeasibility of Debt Securities;

the depository for Debt Securities, if other than The Depository Trust Company ("DTC"), and any circumstances under which the holder may request securities in non-global form, if we choose not to issue Debt Securities in book-entry form only;

any addition to, elimination of or other change to the provisions of the Indenture, as apply to Debt Securities, with respect to events of default, covenants of the Company and/or actions permitted or required to be taken by the holders of Debt Securities;

any benefits, rights, remedies and claims with respect to Debt Securities that persons other than the Company and the trustee may have, if applicable

any provisions related to subordination of Debt Securities to other indebtedness of the Company (including other series of Debt Securities);

the assets, if any, that will be pledged as security for the payment of Debt Securities; and

any other terms of Debt Securities which could be different from those described in this Prospectus.

Redemption or Repayment

If there are any provisions regarding redemption or repayment applicable to Debt Securities, we will describe them in a Prospectus Supplement.

We or our affiliates may purchase Debt Securities from investors who are willing to sell from time to time, either in the open market at prevailing prices or in private transactions at negotiated prices. Debt Securities that we or they purchase may, at our discretion, be held, resold or canceled.

Mergers and Similar Transactions

We are generally permitted under the Indenture to merge or consolidate with another corporation or other entity. We are also permitted under the Indenture to sell all or substantially all of our assets to another corporation or other entity. With regard to any series of Debt Securities, however, we may not take any of these actions unless all the following conditions, among other things, are met:

If the successor entity in the transaction is not the Company, the successor entity must be organized and validly existing under the laws of the United States, any State thereof or the District of Columbia and must expressly assume our obligations under Debt Securities of that series and the Indenture.

Immediately after the transaction, no default under Debt Securities of that series has occurred and is continuing. For this purpose, "default under Debt Securities of that series" means an event of default with respect to that series or any event that would be an event of default with respect to that series if the requirements for giving us default notice and for our default having to continue for a specific period of time were disregarded. We describe these matters below under "— Default, Remedies and Waiver of Default."

If the conditions described above are satisfied with respect to Debt Securities of any series, we will not need to obtain the approval of the holders of such Debt Securities in order to merge or consolidate or to sell our assets. Also, these conditions will apply only if we wish to merge or consolidate with another entity or sell all or substantially all of our assets to another entity. We will not need to satisfy these conditions if we enter into other types of transactions, including any transaction in which we acquire the stock or assets of another entity, any transaction that involves a change of control of the Company but in which we do not merge or consolidate and any transaction in which we sell less than substantially all our assets.

If we sell all or substantially all of our assets and the purchaser assumes our obligations under Debt Securities of any series and the Indenture with respect to such Debt Securities, we will be released from all our liabilities and obligations under such Debt Securities and the Indenture with respect thereto.

Defeasance, Covenant Defeasance and Satisfaction and Discharge

When we use the term defeasance, we mean discharge from some or all of our obligations under the Indenture. If we deposit with the trustee funds or government securities, or if so provided in the applicable Prospectus Supplement, obligations other than government securities, sufficient to make payments on any series of Debt Securities on the dates those payments are due and payable and other specified conditions are satisfied, then, at our option, either of the following will occur:

- we will be discharged from our obligations with respect to Debt Securities of such series (“legal defeasance”); or
- we will be discharged from any covenants we make in the Indenture for the benefit of such Debt Securities and the related events of default will no longer apply to us (“covenant defeasance”).

If we legally defease any series of Debt Securities, the holders of such Debt Securities will not be entitled to the benefits of the Indenture, except for our obligations to register the transfer or exchange of such Debt Securities, replace stolen, lost or mutilated certificates or maintain paying agencies and hold moneys for payment in trust. In case of covenant defeasance, our obligation to pay principal, premium and interest on the applicable series of Debt Securities will also survive, as may other provisions depending on the nature of the defeasance.

We will be required to deliver to the trustee an opinion of counsel that the deposit and related defeasance would not cause the holders of the applicable series of Debt Securities to recognize gain or loss for federal income tax purposes. If we elect legal defeasance, that opinion of counsel must be based upon a ruling from the United States Internal Revenue Service or a change in law to that effect.

Default, Remedies and Waiver of Default

Unless otherwise specified in the applicable Prospectus Supplement, when we refer to an event of default with respect to any series of Debt Securities, we mean any of the following:

- we do not pay the principal or any premium on any such Debt Securities when due at its stated maturity, upon optional redemption, upon required purchase, upon declaration of acceleration or otherwise;
- we do not pay interest on Debt Securities within 30 days after the due date;
- we remain in breach of our covenants regarding mergers or sales of substantially all of our assets or any other covenant we make in the Indenture for the benefit of such Debt Securities, for a period of 60 days after we receive a notice of default stating that we are in breach and requiring us to remedy the breach within a specified time after receipt of such notice. The notice must be sent by the trustee or the holders of at least 25% in principal amount of the relevant series of Debt Securities;
- we file for bankruptcy or other events of bankruptcy, insolvency or reorganization relating to the Company occur;
- if the applicable Prospectus Supplement states that any additional event of default applies to such Debt Securities, that event of default occurs.

We may change, eliminate, or add to the events of default with respect to any particular series or any particular Debt Securities, as indicated in the applicable Prospectus Supplement.

If an event of default occurs, the trustee will have special duties. In that situation, the trustee will be obligated to use those of its rights and powers under the Indenture, and to use the same degree of care and skill in doing so, that a prudent person would use in that situation in conducting his or her own affairs.

Except as otherwise specified in the applicable Prospectus Supplement, if an event of default has occurred with respect to any series of Debt Securities and has not been cured or waived, the trustee or the holders of not less than 25% in principal amount of all such Debt Securities then outstanding may declare the entire principal amount of such Debt Securities to be due immediately. Except as otherwise specified in the applicable Prospectus Supplement, if the event of default occurs because of events in bankruptcy, insolvency or reorganization relating to the Company, the entire principal amount of Debt Securities of that series will be automatically accelerated, without any action by the trustee or any holder.

Each of the situations described above is called an acceleration of the stated maturity of the affected series of Debt Securities. Except as otherwise specified in the applicable Prospectus Supplement, if the stated maturity of any series is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in principal amount of such Debt Securities may cancel the acceleration for the entire series. These majority holders may also direct the trustee in performing any other action under the Indenture with respect to the debt securities of that series.

Except as described in the prior paragraph, the trustee is not required to take any action under the Indenture at the request of any holders unless the holders offer the trustee protection satisfactory to it from loss, liability or expense.

Before a holder may take steps to enforce its rights or protect its interests relating to Debt Securities, all of the following must occur:

the holder must give the trustee written notice that an event of default has occurred with respect to Debt Securities, and the event of default must not have been cured or waived;

the holders of at least 25% in principal amount of all such Debt Securities must request that the trustee take action because of the default, and they or other holders must offer to the trustee indemnity reasonably satisfactory to the trustee against the cost and other liabilities of taking that action;

the trustee must not have taken action for 60 days after the above steps have been taken; and

during those 60 days, the holders of a majority in principal amount of such Debt Securities must not have given the trustee directions that are inconsistent with such request.

Book-entry and other indirect owners should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration of the maturity.

Waiver of Default

The holders of a majority in principal amount of Debt Securities may by notice to the trustee waive an existing default and its consequences for all Debt Securities of that series except (i) a default in the payment of the principal of or interest on Debt Securities (ii) a default arising from the failure to redeem or purchase Debt Securities when required pursuant to the Indenture or (iii) a default in respect of a provision that under the Indenture cannot be amended without the consent of each affected security holder. If this happens, the default is deemed cured, but no such waiver shall extend to any subsequent or other default or impair any consequent right.

Annual Information about Defaults to the Trustee

We will furnish to the trustee within 120 days after the end of each fiscal year a certificate indicating whether the signers thereof know of any default that occurred in the previous year.

Modifications and Waivers

Changes Requiring Each Holder's Approval

We and the trustee may amend the Indenture or a series of Debt Securities with the written consent of the holders of at least a majority in principal amount of such of Debt Securities then outstanding. However, without the consent of each holder affected thereby, an amendment or waiver may not:

- change the stated maturity of, or any installment of principal of or interest on, Debt Securities, or reduce the principal amount of, the rate of interest on or any premium payable upon the redemption of Debt Securities;
- permit redemption of Debt Securities if not previously permitted;
- change the location for, or currency of, any payment on Debt Securities;
- change the ranking or priority of Debt Securities that would adversely affect the holders;
- impair the right of any holder to institute suit for the enforcement of any payment on or with respect to such holder's Debt Securities;
- reduce the amount of Debt Securities whose holders must consent to an amendment; or
- change the amendment provisions which require each holder's consent or the waiver provisions.

Changes Not Requiring Approval

We and the trustee may amend the Indenture or Debt Securities without notice to or consent of any holder:

- to cure any ambiguity, omission, defect or inconsistency;
- to provide for the assumption by a successor corporation of the obligations of the Company under the Indenture;
- to add to the covenants of the Company for the benefit of the holders of Debt Securities or to surrender any right or power conferred upon the Company;
- to add additional events of default for the benefit of the holders of Debt Securities;
- to provide for uncertificated Debt Securities in addition to or in place of certificated Debt Securities;
- to secure Debt Securities;
- to establish the form or terms of any series of Debt Securities as permitted under the Indenture;
- to evidence and provide for the acceptance of appointment by a successor trustee or to facilitate the administration of the trusts under the Indenture by more than one trustee, pursuant to the requirements of the Indenture;
- to facilitate the issuance, payment or conversion of Debt Securities that by their terms may be converted into securities or other property other than securities of the same series;
- to comply with any requirement of the SEC in connection with the qualification of the Indenture under the Trust Indenture Act;
- to make any amendment to the provisions of the Indenture relating to the transfer and legending of Debt Securities; provided, however, that (a) compliance with the Indenture as so amended would not result in Debt Securities being transferred in violation of the Securities Act or any other applicable securities law and (b) such amendment does not materially and adversely affect the rights of holders to transfer Debt Securities; or
- to make any other change that does not adversely affect the rights of any holder of Debt Securities in any material respect.

Changes Requiring Majority Approval

Any other change to the Indenture as it relates to a series of Debt Securities and would require the approval by the holders of a majority in principal amount of all such Debt Securities.

Special Rules for Action by Holders

Only holders of outstanding Debt Securities of the applicable series will be eligible to take any action under the Indenture, such as giving a notice of default, declaring an acceleration, approving any change or waiver or giving the trustee an instruction with respect to such Debt Securities. Also, we will count only outstanding Debt Securities in determining whether the various percentage requirements for taking action have been met. Any Debt Securities owned by us or any of our affiliates or surrendered for cancellation or for payment or redemption of which money has been set aside in trust are not deemed to be outstanding. Any required approval or waiver must be given by written consent.

In some situations, we may follow special rules in calculating the principal amount of Debt Securities that are to be treated as outstanding for the purposes described above. This may happen, for example, if the principal amount is payable in a non-U.S. dollar currency, increases over time or is not to be fixed until maturity.

We will generally be entitled to set any day as a record date for the purpose of determining the holders that are entitled to take action under the Indenture. In certain limited circumstances, only the trustee will be entitled to set a record date for action by holders. If we or the trustee sets a record date for an approval or other action to be taken by holders, that vote or action may be taken only by persons or entities who are holders on the record date and must be taken during the period that we specify for this purpose, or that the trustee specifies if it sets the record date. We or the trustee, as applicable, may shorten or lengthen this period from time to time. This period, however, may not extend beyond the 180th day after the record date for the action. In addition, record dates for any global Debt Security may be set in accordance with procedures established by the depositary from time to time. Accordingly, record dates for global Debt Securities may differ from those for other Debt Securities.

Form, Exchange and Transfer

If any Debt Securities cease to be issued in registered global form, they will be issued:

• only in fully registered form;

• without interest coupons; and

• unless we indicate otherwise in the applicable Prospectus Supplement, in denominations of \$1,000 and integral multiples of \$1,000.

Holders may exchange their Debt Securities for Debt Securities of smaller denominations or combined into fewer Debt Securities of larger denominations, as long as the total principal amount is not changed. Holders may not exchange Debt Securities for securities of a different series or having different terms, unless permitted by the terms of that series and described in the applicable Prospectus Supplement.

Holders may exchange or transfer their Debt Securities at the office of the trustee. They may also replace lost, stolen, destroyed or mutilated Debt Securities at that office. We have appointed the trustee to act as our agent for registering Debt Securities in the names of holders and transferring and replacing Debt Securities. We may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange Debt Securities, but they may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange, and any replacement, will be made only if our transfer agent is satisfied with the holder's proof of legal ownership. The transfer agent may require an indemnity before replacing any Debt Securities.

If we have designated additional transfer agents for Debt Securities, they will be named in the applicable Prospectus Supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If Debt Securities of any series are redeemable and we redeem less than all such Debt Securities, we may block the transfer or exchange of such Debt Securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers of or exchange Debt Securities selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of Debt Securities being partially redeemed.

If Debt Securities are issued as a global Debt Securities, only DTC or another depository will be entitled to transfer and exchange such Debt Securities as described in this subsection, because the depository will be the sole holder of Debt Securities.

The rules for exchange described above apply to exchange of Debt Securities for other Debt Securities of the same series and kind. If Debt Securities are convertible, exercisable or exchangeable into or for a different kind of security, such as one that we have not issued, or for other property, the rules governing that type of conversion, exercise or exchange will be described in the applicable Prospectus Supplement.

Payments

We will pay interest, principal and other amounts payable with respect to Debt Securities of any series to the holders of record of such Debt Securities as of the record dates and otherwise in the manner specified below or in the Prospectus Supplement.

We will make payments on a global Debt Securities in accordance with the applicable policies of the depository as in effect from time to time. Under those policies, we will pay directly to the depository, or its nominee, and not to any indirect owners who own beneficial interests in the global Debt Securities. An indirect owner's right to receive payments will be governed by the rules and practices of the depository and its participants.

For non-global Debt Securities in registered form, we will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at his or her address shown on the trustee's records as of the close of business on the regular record date. We will make all other payments by check at the paying agent described below, against surrender of Debt Securities. All payments by check will be made in next-day funds — i.e., funds that become available on the day after the check is cashed.

Alternatively, if any non-global Debt Securities has a face amount of at least \$1,000,000 and the holder asks us to do so, we will pay any amount that becomes due on Debt Securities by wire transfer of immediately available funds to an account at a bank in New York City, on the due date. To request wire payment, the holder must give the paying agent appropriate wire transfer instructions at least five business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person or entity who is the holder on the relevant regular record date. In the case of any other payment, payment will be made only after Debt Securities is surrendered to the paying agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

Book-entry and other indirect owners should consult their banks or brokers for information on how they will receive payments on Debt Securities.

Regardless of whom acts as paying agent, all money paid by us to a paying agent that remains unclaimed at the end of two years after the amount is due to a holder will be repaid to us. After that two-year period, the holder may look only to us for payment and not to the trustee, any other paying agent or anyone else.

Paying Agents

We may appoint one or more financial institutions to act as our paying agents, at whose designated offices Debt Securities in non-global entry form may be surrendered for payment at maturity. We call each of those offices a paying agent. We may add, replace or terminate paying agents from time to time. We may also choose to act as our own paying agent. We will specify in the applicable Prospectus Supplement the initial location of each paying agent for Debt Securities. We must notify the trustee of changes in the paying agents.

Notices

Notices to be given to holders of global Debt Securities will be given only to the depository, in accordance with its applicable policies as in effect from time to time. Notices to be given to holders of Debt Securities not in global form will be sent by mail to the respective addresses of such holders as they appear in the trustee's records, and will be deemed given when mailed. Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

Book-entry and other indirect owners should consult their banks or brokers for information on how they will receive notices.

Our Relationship With the Trustee

The applicable Prospectus Supplement will describe any material relationships we may have with the trustee with respect to Debt Securities.

Governing Law

The Indenture and Debt Securities will be governed by New York law.

Form of Debt Securities

Debt Securities will be represented by either one or more global Debt Securities registered in the name of The Depository Trust Company, as Depository (the "Depository"), or a nominee (we will refer to Debt Securities represented by a global debt security as "book-entry Debt Securities"), or a certificate issued in definitive registered form (we will refer to Debt Securities represented by a certificated security as "certificated Debt Securities") as set forth in the applicable Prospectus Supplement. Except as set forth under the heading "— Global Debt Securities and Book-Entry System," below, book-entry Debt Securities will not be issuable in certificated form.

Global Debt Securities and Book-Entry System

Each global debt security representing book-entry Debt Securities will be issued to the Depository or a nominee and registered in the name of the Depository or a nominee.

The Depository has indicated it intends to follow the following procedures with respect to book-entry Debt Securities.

Ownership of beneficial interests in book-entry Debt Securities will be limited to persons that have accounts with the Depository for the related global Debt Securities ("participants") or persons that may hold interests through participants. Upon the issuance of the global Debt Securities, the Depository will credit, on its book-entry registration and transfer system, the participants' accounts with the respective principal amounts of book-entry Debt Securities represented by such global debt security beneficially owned by such participants.

The accounts to be credited will be designated by any dealers, underwriters or agents participating in the distribution of the book-entry Debt Securities. Ownership of book-entry Debt Securities will be shown on, and the transfer of such ownership interests will be effected only through, records maintained by the Depository for the related global Debt Securities (with respect to interests of participants) and on the records of participants (with respect to interests of persons holding through participants). The laws of some states may require that certain purchasers of Debt Securities take physical delivery of such Debt Securities in definitive form. These laws may impair the ability to own, transfer or pledge beneficial interests in book-entry Debt Securities.

So long as the Depository for global Debt Securities, or its nominee, is the registered owner of that global Debt Securities, the Depository or its nominee, as the case may be, will be considered the sole owner or holder of book-entry Debt Securities represented by such global Debt Securities for all purposes under the Indenture. Except as described below, beneficial owners of book-entry Debt Securities will not be entitled to have securities registered in their names, will not receive or be entitled to receive physical delivery of a certificate in definitive form representing securities and will not be considered the owners or holders of those securities under the Indenture. Accordingly, each person beneficially owning book-entry Debt Securities must rely on the procedures of the Depository for related global Debt Securities and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the Indenture.

We understand, however, that under existing industry practice, the Depository will authorize the persons on whose behalf it holds global Debt Securities to exercise certain rights of holders of Debt Securities, and the Indenture provides that we, the trustee and our respective agents will treat as the holder of a Debt Securities the persons specified in a written statement of the Depository with respect to such global Debt Securities for purposes of obtaining any consents, declarations, waivers or directions required to be given by holders of the Debt Securities pursuant to the Indenture.

We will make payments of principal of, and premium and interest, if any, on book-entry Debt Securities to the Depository or its nominee, as the case may be, as the registered holder of related global Debt Securities. The Company, the trustee and any other agent of ours or agent of the trustee will not have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in global Debt Securities or for maintaining, supervising or reviewing any records relating to beneficial ownership interests.

We expect that the Depository, upon receipt of any payment of principal of, premium or interest, if any, on global Debt Securities, will immediately credit participants' accounts with payments in amounts proportionate to the respective amounts of book-entry Debt Securities held by each participant as shown on the records of the Depository. We also expect that payments by participants to owners of beneficial interests in book-entry Debt Securities held through those participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of those participants.

We will issue certificated Debt Securities in exchange for global Debt Securities only if (i) the Depository notifies us that it is unwilling or unable to continue as Depository for such global Debt Securities or if at any time such Depository ceases to be a clearing agency registered under the Exchange Act, and, in either case, we fail to appoint a successor Depository registered as a clearing agency under the Exchange Act within 90 days of such event or (ii) we execute and deliver to the trustee an officers' certificate to the effect that such global Debt Securities shall be so exchangeable. Any certificated Debt Securities issued in exchange for global Debt Securities will be registered in such name or names as the Depository shall instruct the trustee. We expect that such instructions will be based upon directions received by the Depository from participants with respect to ownership of book-entry Debt Securities relating to such global Debt Securities.

We have obtained the foregoing information concerning the Depository and the Depository's book-entry system from sources we believe to be reliable, but we take no responsibility for the accuracy of this information.

DESCRIPTION OF COMMON SHARES

General

The Second Amended and Restated Articles of Incorporation of the Company, as amended and supplemented to date (the "Articles") authorize the issuance of up to 91,000,000 Common Shares, without par value. As of April 2, 2013, there were 50,368,193 Common Shares issued and outstanding. In addition, up to 600,020 Common Shares have been reserved for issuance upon the exercise of options under the Company's employee share option plans of which zero Common Shares have been reserved for issuance upon the exercise of options granted to the Company's independent directors. Furthermore, as of April 2, 2013, 296,492 Common Shares have been reserved for issuance under the executive deferred compensation plan and 255,309 Common Shares have been reserved for issuance under the directors' deferred compensation plan. Common Shares are listed on the NYSE and the Nasdaq Global Market under the symbol "AEC." Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A. is the transfer agent and registrar of Common Shares.

The following description of Common Shares sets forth certain general terms and provisions of Common Shares to which any Prospectus Supplement may relate, including a Prospectus Supplement providing that Common Shares will be issuable upon conversion of Debt Securities or Preferred Shares or upon the exercise of Common Share Warrants. The statements below describing Common Shares are in all respects subject to and qualified in their entirety by reference to the applicable provisions of the Articles and the Company's Amended and Restated Code of Regulations (the "Code of Regulations").

Holders of Common Shares are entitled to receive dividends, when, as and if declared by the Board of Directors of the Company, out of funds legally available therefore. The payment and declaration of dividends on Common Shares and purchases thereof by the Company will be subject to certain restrictions if the Company fails to pay dividends on any

outstanding Preferred Shares. See "Description of Preferred Shares." The holders of Common

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Shares, upon any liquidation, dissolution or winding-up of, or any distribution of the assets of the Company, are entitled to receive ratably any assets remaining after payment in full of all liabilities of the Company, including the preferential amounts owing with respect to any Preferred Shares. Common Shares possess ordinary voting rights, with each share entitling the holder thereof to one vote. Holders of Common Shares do not have cumulative voting rights in the election of directors and do not have preemptive rights.

All Common Shares now outstanding are, and any Common Shares offered hereby when issued will be, fully paid and nonassessable. The Articles provide that, except in certain specified instances, no director of the Company will be personally liable to the Company or any of its shareholders for monetary damages for breach of any fiduciary duty as a director. However, this provision may not limit the availability of monetary relief for violations of securities laws, and does not limit the availability of non-monetary relief.

Restrictions on Ownership

With certain limited exceptions, the Articles prohibit the ownership of more than 4% of our outstanding Common Shares and more than 9.8% of the shares of any series of any class of outstanding Preferred Shares by any person, unless we grant a waiver. See “Risk Factors” and Article IV of the Articles for further information.

Shareholder Rights Plan

Each Common Share trades with a Preferred Share purchase right pursuant to the shareholder rights agreement between the Company and Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A. Each Preferred Share purchase right entitles the holder to purchase a unit consisting of one one-thousandth of a Class B Series I Cumulative Preferred Share. The rights are not currently exercisable, but will become exercisable if any person or group becomes the beneficial owner of, or announces an offer to acquire, 15% or more of our outstanding Common Shares.

DESCRIPTION OF COMMON SHARE WARRANTS

The Company may issue Common Share Warrants for the purchase of Common Shares. Common Share Warrants may be issued independently or together with any other Offered Securities, and may be attached to or separate from such Offered Securities. Each series of Common Share Warrants will be issued under a separate warrant agreement (each, a “Warrant Agreement”) to be entered into between the Company and a warrant agent specified in the applicable Prospectus Supplement (the “Warrant Agent”). The Warrant Agent will act solely as an agent of the Company in connection with Common Share Warrants, and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of Common Share Warrants. The following sets forth certain general terms and provisions of Common Share Warrants offered hereby. Further terms of Common Share Warrants and the applicable Warrant Agreements will be set forth in the applicable Prospectus Supplement.

The applicable Prospectus Supplement will describe the terms of Common Share Warrants in respect of which this Prospectus is being delivered, including, when applicable, the following: (1) the title of such Common Share Warrants; (2) the aggregate number of such Common Share Warrants; (3) the price or prices at which such Common Share Warrants will be issued; (4) the number of Common Shares purchasable upon exercise of such Common Share Warrants; (5) the designation and terms of the other Offered Securities with which such Common Share Warrants are issued and the number of such Common Share Warrants issued with each of such Offered Securities; (6) the date, if any, on and after which such Common Share Warrants and the related Common Shares will be separately transferable; (7) the price at which each Common Share purchasable upon exercise of such Common Shares Warrants may be purchased; (8) the date on which the right to exercise such Common Share Warrants shall commence and the date on which such right shall expire; (9) the minimum or maximum amount of such Common Share Warrants which may be exercised at any one time; (10) information with respect to book-entry procedures, if any; (11) a discussion of certain federal income tax considerations; and (12) any other terms of such Common Share Warrants, including terms, procedures and limitations relating to the exchange and exercise of such Common Share Warrants.

Reference is made to the section captioned “Description of Common Shares” for a general description of Common Shares to be acquired upon the exercise of Common Share Warrants, including a description of certain restrictions on the ownership of Common Shares. Common Shares that may be acquired upon the exercise of Common Share Warrants directly or constructively held by an investor, but not Common Shares issuable with respect to the exercise of Common Share Warrants held by others, are deemed to be outstanding (a) at the time of

acquisition of Common Share Warrants, and (b) prior to the exercise of Common Share Warrants, for purposes of determining the percentage ownership of Common Shares held by such investor.

DESCRIPTION OF PREFERRED SHARES

The Articles authorize the issuance of up to (i) 3,000,000 Class A Cumulative Preferred Shares, without par value (the "Class A Shares"), (ii) 3,000,000 Class B Cumulative Preferred Shares, without par value (the "Class B Shares"), and (iii) 3,000,000 Noncumulative Preferred Shares, without par value (the "Noncumulative Shares") (the Class A Shares, the Class B Shares and the Noncumulative Shares, collectively the "Preferred Shares"). The following descriptions of Preferred Shares set forth certain general terms and provisions of each class of Preferred Shares to which any Prospectus Supplement may relate. The statements below describing Preferred Shares are in all respects subject to and qualified in their entirety by reference to the applicable provisions of the Articles, which will be further amended by the Board of Directors in connection with the fixing by the Board of Directors of certain terms of Preferred Shares as provided below.

General

The Class A Shares, the Class B Shares and the Noncumulative Shares rank on a parity with each other and are identical to each other, except (1) dividends on the Class A Shares and the Class B Shares will be cumulative, while dividends on the Noncumulative Shares will not be cumulative, and (2) in respect of the following matters and the matters enumerated below, pursuant to the terms of the Articles and subject to Ohio law, such matters may be fixed by the Board of Directors with respect to each series of each class of Preferred Shares prior to the issuance thereof:

(a) the designation of the series which may be by distinguishing number, letter or title, (b) the authorized number of shares of the series, which number the Board of Directors may (except when otherwise provided in the creation of the series) increase or decrease from time to time before or after the issuance thereof (but not below the number of shares thereof then outstanding), (c) the dividend rate or rates of the series, including the means by which such rates may be established, (d) with respect to the Class A Shares and the Class B Shares, the date or dates from which dividends shall accrue and be cumulative and, with respect to all Preferred Shares, the date on which and the period or periods for which dividends, if declared, shall be payable, including the means by which such dates and periods may be established, (e) redemption rights and prices, if any, (f) the terms and amounts of the sinking fund, if any, (g) the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, (h) whether the shares of the series shall be convertible into Common Shares or shares of any other class and, if so, the conversion rate or rates or price or prices, any adjustments thereof and all other terms and conditions upon which such conversion may be made, and (i) restrictions on the issuance of shares of the same or any other class or series.

Reference is made to the Prospectus Supplement relating to the Preferred Shares offered thereby for specific terms, including:

- (1) The class, series and title of such Preferred Shares;
- (2) The number of shares of such Preferred Shares offered, the liquidation preference per share and the offering price of such Preferred Shares;
- (3) The dividend rate or rates, period or periods and payment date or dates or method of calculation thereof applicable to such Preferred Shares;
- (4) The date from which dividends on such Preferred Shares shall accumulate, if applicable;
- (5) The procedures for any auction or remarketing of such Preferred Shares;
- (6) The provision for any sinking fund for such Preferred Shares;
- (7) The provision for redemption, if applicable, of such Preferred Shares;
- (8) Any listing of such Preferred Shares on any securities exchange;
- (9) Any terms and conditions upon which such Preferred Shares will be convertible into Common Shares, including the conversion price (or manner of calculation thereof);
- (10) Whether interests in such Preferred Shares will be represented by Depositary Shares;
- (11) Any other specific terms, preferences, rights, limitations or restrictions of or on such Preferred Shares;

- (12) A discussion of federal income tax considerations applicable to such Preferred Shares;
- (13) The relative ranking and preferences of such Preferred Shares as to dividend rights and rights upon liquidation, dissolution or winding up of the affairs of the Company;
- (14) Any limitations on issuance of securities ranking senior to or on a parity with such Preferred Shares as to dividend rights and rights upon liquidation, dissolution or winding up of the affairs of the Company; and
- (15) Any limitations on direct or beneficial ownership and restrictions on transfer, in each case as may be appropriate to preserve the status of the Company as a REIT.

The Preferred Shares will, when issued, be fully paid and nonassessable and will have no preemptive rights.

Rank

All Preferred Shares will, when issued, rank (i) on a parity with all other Preferred Shares with respect to dividend rights (subject to dividends on Noncumulative Shares being noncumulative) and rights upon liquidation, dissolution or winding up of the Company, (ii) senior to all classes of Common Shares and to all other equity securities ranking junior to such Preferred Shares with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Company; (iii) on a parity with all equity securities issued by the Company the terms of which specifically provide that such equity securities rank on a parity with Preferred Shares with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Company; and (iv) junior to all equity securities issued by the Company the terms of which specifically provide that such equity securities rank senior to Preferred Shares with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Company.

Dividends

The holders of each series of each class of Preferred Shares are entitled to receive, if, when and as declared, out of funds legally available therefore, dividends in cash at the rate determined for such series and no more, payable on the dates fixed for such series, in preference to the holders of Common Shares and of any other class of shares ranking junior to Preferred Shares. With respect to each series of Class A Shares and Class B Shares, such dividends will be cumulative from the dates fixed for the series. With respect to each series of Noncumulative Preferred Shares, dividends will not be cumulative (i.e., if the Board of Directors fails to declare a dividend payable on a dividend payment date on any Noncumulative Shares, the holders of such series of Noncumulative Shares will have no right to receive a dividend in respect of the dividend period ending on such dividend payment date, and the Company will have no obligation to pay any dividend for such period, whether or not dividends on such series of Noncumulative Shares would be declared to be payable on any future dividend payment date). Each such dividend will be payable to holders of record as they appear on the stock transfer books of the Company on such record dates as shall be fixed by the Board of Directors of the Company.

If Preferred Shares of any series of any class are outstanding, no dividends may be paid upon or declared or set apart for any series of Preferred Shares for any dividend period unless at the same time (i) a like proportionate dividend for the dividend periods terminating on the same or any earlier date for all shares of all series of such class then issued and outstanding and entitled to receive such dividend (but, if such series are series of Noncumulative Shares, then only with respect to the then current dividend period), ratably in proportion to the respective annual dividend rates fixed therefore, shall have been paid upon or declared or set apart and (ii) the dividends payable for the dividend periods terminating on the same or any earlier date for all other classes of Preferred Shares then issued and outstanding and entitled to receive such dividends (but, with respect to Noncumulative Shares, only with respect to the then current dividend period), ratably in proportion to the respective dividend rates fixed therefore, shall have been paid upon or declared or set apart.

So long as any series of Preferred Shares is outstanding, no dividend, except a dividend payable in Common Shares or other shares ranking junior to such series of Preferred Shares, shall be paid or declared or any distribution made, except as aforesaid, in respect of Common Shares or any other shares ranking junior to such series of Preferred Shares, nor shall any Common Shares or any other shares ranking junior to such series of Preferred Shares be purchased, retired or otherwise acquired by the Company, except out of the proceeds of the sale of Common Shares or other shares of the Company ranking junior to such series of Preferred Shares received by the Company subsequent to the date of first issuance of such series of Preferred Shares, unless (i) all accrued and unpaid dividends on all classes of Preferred Shares then outstanding, including the full dividends for all current dividend periods (except, with respect to Noncumulative Shares, for the then current dividend period only), shall have been declared

and paid or a sum sufficient for payment thereof set apart, and (ii) there shall be no arrearages with respect to the redemption of any series of any class of Preferred Shares from any sinking fund provided for such class in accordance with the Articles.

The foregoing restrictions on the payment of dividends or other distributions on, or on the purchase, redemption, retirement or other acquisition of, Common Shares or any other shares ranking on a parity with or junior to any class of Preferred Shares will be inapplicable to (i) any payments in lieu of issuance of fractional shares, whether upon any merger, conversion, stock dividend or otherwise, (ii) the conversion of Preferred Shares into Common Shares, or (iii) the exercise by the Company of its rights to repurchase shares of its capital stock in order to preserve its status as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"). When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon Preferred Shares of any series and the shares of any other series of Preferred Shares ranking on a parity as to dividends with such series, all dividends declared upon Preferred Shares of such series and any other series of Preferred Shares ranking on a parity as to dividends with such series shall be declared pro rata so that the amount of dividends declared per share on the shares of such series of Preferred Shares shall in all cases bear to each other the same ratio that accrued dividends per share on the Preferred Shares of such series (which shall not include any accumulation in respect of unpaid dividends for prior dividend periods for Noncumulative Shares) and such other series bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on Preferred Shares of such series which may be in arrears.

Any dividend payment made on Preferred Shares will first be credited against the earliest accrued but unpaid dividend due with respect to such Preferred Shares which remains payable.

Redemption

If so described in the applicable Prospectus Supplement, a series of a class of Preferred Shares will be subject to mandatory redemption or redemption at the option of the Company, as a whole or in part, in each case upon the terms, at the times and at the redemption prices set forth in such Prospectus Supplement.

The Prospectus Supplement relating to a series of Preferred Shares that is subject to mandatory redemption will specify the number of such Preferred Shares that shall be redeemed by the Company in each year commencing after a date to be specified, at a redemption price per share to be specified, together with an amount equal to all accrued and unpaid dividends thereon (which, in the case of Noncumulative Shares, includes only unpaid dividends for the then current dividend period) to the date of redemption. The redemption price may be payable in cash or other property, as specified in the applicable Prospectus Supplement.

Except in connection with the repurchase by the Company of shares of its capital stock in order to maintain its qualification as a REIT for federal income tax purposes, the Company may not purchase or redeem (for sinking fund purposes or otherwise) less than all of a class of Preferred Shares then outstanding, except in accordance with a stock purchase offer made to all holders of record of such class, unless all dividends on all Preferred Shares of that class then outstanding for previous and current dividend periods (except, in the case of Noncumulative Shares, dividends for the then current dividend period only) shall have been declared and paid or funds therefore set apart and all accrued sinking fund obligations applicable thereto shall have been complied with.

Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of record of Preferred Shares to be redeemed at the address shown on the stock transfer books of the Company. If fewer than all Preferred Shares of any series are to be redeemed, the notice mailed to each such holder thereof shall also specify the number of Preferred Shares to be redeemed from each holder. If notice of redemption of any Preferred Shares has been given and if the funds necessary for such redemption have been set aside by the Company in trust for the benefit of the holders of Preferred Shares so called for redemption, then from and after the redemption date dividends will cease to accrue on such Preferred Shares, and such holders will cease to be shareholders with respect to such Preferred Shares and such holders shall have no right or claim against the Company with respect to such Preferred Shares, except only the right to receive the redemption price without interest or to exercise before the redemption date any unexercised privileges of conversion.

Liquidation Preference

In the event of any voluntary liquidation, dissolution or winding up of the affairs of the Company, the holders of any series of any class of Preferred Shares shall be entitled to receive in full out of the assets of the Company, including its

capital, before any amount shall be paid or distributed among the holders of Common Shares or any other shares ranking junior to such series, the amounts fixed by the Board of Directors with respect to such series

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and set forth in the applicable Prospectus Supplement, plus an amount equal to all dividends accrued and unpaid thereon (except, with respect to Noncumulative Shares, dividends for the then current dividend period only) to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up the affairs of the Company. After payment to the holders of Preferred Shares of the full preferential amounts to which they are entitled, the holders of Preferred Shares, as such, shall have no right or claim to any of the remaining assets of the Company.

If liquidating distributions shall have been made in full to all holders of Preferred Shares, the remaining assets of the Company shall be distributed among the holders of any other classes or series of capital stock ranking junior to Preferred Shares upon liquidation, dissolution or winding up, according to their respective rights and preferences and in each case according to their respective numbers of shares. The merger or consolidation of the Company into or with any other corporation, or the sale, lease or conveyance of all or substantially all of the assets of the Company shall not constitute a dissolution, liquidation or winding up of the Company.

Voting Rights

Holders of Preferred Shares will not have any voting rights, except as set forth below and as from time to time required by law.

If and when the Company is in default in the payment of (or, with respect to Noncumulative Shares, has not paid or declared and set aside a sum sufficient for the payment of) dividends on any series of any class of Preferred Shares at the time outstanding, for a number of consecutive dividend payment periods which in the aggregate contain at least 540 days, all holders of shares of such class, voting separately as a class, together and combined with all other Preferred Shares upon which like voting rights have been conferred and are exercisable, will be entitled to elect a total of two members of the Board of Directors, which voting right shall be vested (and any additional directors shall serve) until all accrued and unpaid dividends (except, with respect to Noncumulative Shares, only dividends for the then current dividend period) on such Preferred Shares then outstanding shall have been paid or declared and a sum sufficient for the payment thereof set aside for payment.

The affirmative vote of the holders of at least two-thirds of a class of Preferred Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose, shall be necessary to effect either of the following:

- (1) The authorization, creation or increase in the authorized number of any shares, or any security convertible into shares, in either case ranking prior to such class of Preferred Shares; or
- (2) Any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Articles or the Code of Regulations which affects adversely and materially the preferences or voting or other right of the holders of such class of Preferred Shares which are set forth in the Articles; provided, however, neither the amendment of the Articles so as to authorize, create or change the authorized or outstanding number of a class of Preferred Shares or of any shares ranking on a parity with or junior to such class of Preferred Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Company shall be deemed to affect adversely and materially preferences or voting or other rights of the holders of such class of Preferred Shares.

Without limiting the provisions described above, under Ohio law, holders of each class of Preferred Shares will be entitled to vote as a class on any amendment to the Articles, whether or not they are entitled to vote thereon by the Articles, if the amendment would (i) increase or decrease the par value of Preferred Shares of such class, (ii) change the issued Preferred Shares of such class into a lesser number of Preferred Shares of such class or into the same or different number of shares of another class, (iii) change the express terms or add express terms of Preferred Shares of the class in any manner substantially prejudicial to the holders of such class, (iv) change the express terms of issued shares of any class senior to the particular class in any manner substantially prejudicial to the holders of Preferred Shares of the particular class, (v) authorize shares of another class that are convertible into, or authorize the conversion of shares of another class into, Preferred Shares of the particular class, or authorize the directors to fix or alter conversion rights of shares of another class that are convertible into Preferred Shares of the particular class, (vi) reduce or eliminate the stated capital of the Company, (vii) substantially change the purposes of the Company, or (viii) change the Company into a nonprofit corporation.

If, and only to the extent, that (i) a class of Preferred Shares is issued in more than one series and (ii) Ohio law permits the holders of a series of a class of capital stock to vote separately as a class, the affirmative vote of the holders of at least two-thirds of each series of such class of Preferred Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose of voting on such matters, shall be required for any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Articles or the Code of Regulations which affects adversely and materially the preferences or voting or other rights of the holders of such series which are set forth in the Articles; provided, however, neither the amendment of the Articles so as to authorize, create or change the authorized or outstanding number of a class of Preferred Shares or of any shares ranking on a parity with or junior to such class of Preferred Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Company shall be deemed to affect adversely and materially the preference or voting or other rights of the holders of such series.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would be required shall be effected, all outstanding shares of such series of Preferred Shares shall have been redeemed or called for redemption and sufficient funds shall have been deposited in trust to effect such redemption.

Conversion Rights

The terms and conditions, if any, upon which shares of any series of any class of Preferred Shares are convertible into Common Shares will be set forth in the applicable Prospectus Supplement. Such terms will include the number of Common Shares into which Preferred Shares are convertible, the conversion price (or manner of calculation thereof), the conversion period, provisions as to whether conversion will be at the option of the holders of such Preferred Shares or the Company, the events requiring an adjustment of the conversion price, and provisions affecting conversion upon the occurrence of certain events.

Restrictions on Ownership

With certain limited exceptions, the Articles prohibit the ownership of more than 4% of outstanding Common Shares and more than 9.8% of the shares of any series of any class of Preferred Shares by any person, unless we grant a waiver. See "Risk Factors" and Article IV of our Articles for further information.

DESCRIPTION OF DEPOSITARY SHARES

General

The Company may issue receipts ("Depositary Receipts") for Depositary Shares, each of which will represent a fractional interest or a share of a particular series of a class of Preferred Shares, as specified in the applicable Prospectus Supplement. Preferred Shares of each series of each class represented by Depositary Shares will be deposited under a separate Deposit Agreement (each, a "Deposit Agreement") among the Company, the depositary named therein (such depositary or its successor, the "Preferred Shares Depositary") and the holders from time to time of Depositary Receipts. Subject to the terms of the Deposit Agreement, owners of Depositary Receipts will be entitled, in proportion to the fractional interest of a share of the particular series of a class of Preferred Shares represented by Depositary Shares evidenced by the applicable Depositary Receipts, to all the rights and preferences of Preferred Shares represented by such Depositary Shares (including dividend, voting, conversion, redemption and liquidation rights).

Depositary Shares will be evidenced by Depositary Receipts issued pursuant to the applicable Deposit Agreement. Immediately following the issuance and delivery of Preferred Shares by the Company to the Preferred Shares Depositary, the Company will cause the Preferred Shares Depositary to issue, on behalf of the Company, Depositary Receipts therefor. Copies of the applicable form of Deposit Agreement and Depositary Receipt may be obtained from the Company upon request, and the following summary of the form thereof filed as an exhibit to the Registration Statement of which this Prospectus is a part is qualified in its entirety by reference thereto.

Dividends and Other Distributions

The Preferred Shares Depositary will distribute all cash dividends or other cash distributions received in respect of Preferred Shares to the record holders of Depositary Receipts evidencing the related Depositary Shares in proportion to the number of such Depositary Receipts owned by such holders, subject to certain obligations of

holders to file proofs, certificates and other information and to pay certain charges and expenses to the Preferred Shares Depository.

In the event of a distribution other than in cash, the Preferred Shares Depository will distribute property received by it to the record holders of Depository Receipts entitled thereto, subject to certain obligations of holders to file proofs, certificates and other information and to pay certain charges and expenses to the Preferred Shares Depository, unless the Preferred Shares Depository determines that it is not feasible to make such distribution, in which case the Preferred Shares Depository may, with the approval of the Company, sell such property and distribute the net proceeds from such sale to such holders.

Withdrawal of Shares

Upon surrender of Depository Receipts at the corporate trust office of the Preferred Shares Depository (unless the related Depository Shares have previously been called for redemption), the holders thereof will be entitled to delivery at such office, to or upon such holder's order, of the number of whole or fractional Preferred Shares and any money or other property represented by Depository Shares evidenced by such Depository Receipts. Holders of Depository Receipts will be entitled to receive whole or fractional shares of the related Preferred Shares on the basis of the proportion of Preferred Shares represented by each Depository Share as specified in the applicable Prospectus Supplement, but holders of such Preferred Shares will not thereafter be entitled to receive Depository Shares therefor. If Depository Receipts delivered by the holder evidence a number of Depository Shares in excess of the number of Depository Shares representing the number of Preferred Shares to be withdrawn, the Preferred Shares Depository will deliver to such holder at the same time a new Depository Receipt evidencing such excess number of Depository Shares.

Redemption of Depository Shares

Whenever the Company redeems Preferred Shares held by the Preferred Shares Depository, the Preferred Shares Depository will redeem as of the same redemption date the number of Depository Shares representing Preferred Shares so redeemed, provided the Company shall have paid in full to the Preferred Shares Depository the redemption price of Preferred Shares to be redeemed plus an amount equal to any accrued and unpaid dividends (except, with respect to Noncumulative Shares, dividends for the then current dividend period only) thereon to the date fixed for redemption. The redemption price per Depository Share will be equal to the redemption price and any other amounts per share payable with respect to Preferred Shares. If less than all Depository Shares are to be redeemed, Depository Shares to be redeemed will be selected by the Preferred Shares Depository by lot.

After the date fixed for redemption, Depository Shares so called for redemption will no longer be deemed to be outstanding, and all rights of holders of Depository Receipts evidencing such Depository Shares will cease, except the right to receive any moneys payable upon such redemption and any money or other property to which the holders of such Depository Receipts were entitled upon such redemption upon surrender thereof to the Preferred Shares Depository.

Voting of the Underlying Preferred Shares

Upon receipt of notice of any meeting at which the holders of Preferred Shares are entitled to vote, the Preferred Shares Depository will mail the information contained in such notice of meeting to the record holders of Depository Receipts evidencing Depository Shares which represent such Preferred Shares. Each record holder of Depository Receipts evidencing Depository Shares on the record date (which will be the same date as the record date for Preferred Shares) will be entitled to instruct the Preferred Shares Depository as to the exercise of the voting rights pertaining to the amount of Preferred Shares represented by such holder's Depository Shares. The Preferred Shares Depository will vote the amount of Preferred Shares represented by such Depository Shares in accordance with such instructions, and the Company will agree to take all reasonable action which may be deemed necessary by the Preferred Shares Depository in order to enable the Preferred Shares Depository to do so. The Preferred Shares Depository will abstain from voting the amount of Preferred Shares represented by such Depository Shares to the extent it does not receive specific instructions from the holders of Depository Receipts evidencing such Depository Shares.

Liquidation Preference

In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, each holder of Depository Receipts will be entitled to the fraction of the liquidation preference accorded Preferred Shares

represented by Depositary Shares evidenced by such Depositary Receipts, as set forth in the applicable Prospectus Supplement.

Conversion of Preferred Shares

Depositary Shares, as such, are not convertible into Common Shares or any other securities or property of the Company. Nevertheless, if so specified in the applicable Prospectus Supplement, Depositary Receipts may be surrendered by holders thereof to the Preferred Shares Depositary with written instructions to the Preferred Shares Depositary to instruct the Company to cause conversion of Preferred Shares represented by Depositary Shares evidenced by such Depositary Receipts into whole Common Shares, other Preferred Shares or other shares of capital stock, and the Company has agreed that upon receipt of such instructions and any amounts payable in respect thereof, it will cause the conversion thereof utilizing the same procedures as those provided for delivery of Preferred Shares to effect such conversion. If Depositary Shares evidenced by Depositary Receipts are to be converted in part only, one or more new Depositary Receipts will be issued for any Depositary Shares not to be converted. No fractional Common Shares will be issued upon conversion, and if such conversion will result in a fractional share being issued, an amount will be paid in cash by the Company equal to the value of the fractional interest based upon the closing price of Common Shares on the last trading day prior to the conversion.

Amendment and Termination of the Deposit Agreement