JEFFERIES GROUP INC /DE/
Form 424B2
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of debt securities has been transmitted to the SEC
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Prospectus Supplement
(To prospectus dated October 20, 2009)

$300,000,000

Jefferies Group, Inc.

3.875% Convertible Senior Debentures due 2029

We are offering $300,000,000 aggregate principal amount of our 3.875% Convertible Senior Debentures due 2029. The debentures will be our senior and unsecured obligations and will rank equally with all of our other existing and future senior and unsecured indebtedness. We will pay interest on the debentures in cash semi-annually in arrears on May 1 and November 1 of each year, beginning May 1, 2010. The debentures will mature on November 1, 2029, unless earlier redeemed, repurchased or converted. In addition to ordinary interest on the debentures, beginning with the semi-annual interest period commencing on November 1, 2017, contingent interest will accrue during any semi-annual interest period in which the average trading price of a debenture for the five trading days ending on the third trading day immediately preceding the first day of the relevant semi-annual period is equal to or greater than $1,200 per $1,000 principal amount of the debentures.

Holders may convert their debentures at their option at any time beginning on August 1, 2029, and ending at the close of business on the second business day immediately preceding November 1, 2029. In addition, holders may also convert their debentures at their option under the following circumstances: (1) during any fiscal quarter if the last reported sale price of our common stock for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price; (2) during any five business-day period after any ten consecutive trading-day period in which the trading price per debenture was less than 95% of the product of the last reported sale price of our common stock and the conversion rate on such day; (3) if the debentures have been called for redemption; or (4) upon the occurrence of specified corporate transactions. Upon conversion, holders will receive, at our election, cash, shares of our common stock or a combination thereof, as described in this prospectus supplement.

The conversion rate will initially be 25.5076 shares of common stock per $1,000 principal amount of debentures (equivalent to a conversion price of approximately $39.20 per share of common stock). The conversion rate will be subject to adjustment in some events but will not be adjusted for accrued interest. In addition, following certain corporate transactions that occur prior to November 1, 2017 and that constitute a make-whole fundamental change, as described in this prospectus supplement, we will increase the conversion rate for a holder who elects to convert its debentures in connection with such corporate transaction in certain circumstances.

We may not redeem the debentures prior to November 1, 2012. We may redeem for cash some or all of the debentures at any time, and from time to time, on or after November 1, 2012 and prior to November 1, 2017 if the last reported sale price of our common stock for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day prior to the date we provide the notice of redemption is greater than or equal to 130% of the conversion price in effect on each such trading day. On or after November 1, 2017, we may redeem for cash some or all of the debentures at our election. In each case, the redemption price will equal the sum of 100% of the principal amount of the debentures to be redeemed, plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the redemption date.

Holders may require us to repurchase in cash all or a portion of their debentures on November 1, 2017, 2019 and 2024 at 100% of the principal amount of the debentures, plus accrued and unpaid interest (including contingent interest and additional interest, if any). If we undergo a fundamental change, holders may require us to repurchase the debentures in whole or in part for cash at a price equal to 100% of the principal amount of the debentures to be purchased plus any accrued and unpaid interest (including contingent interest and additional interest, if any) to, but excluding, the repurchase date.

The debentures will be treated as contingent payment debt instruments that will be subject to special U.S. federal income tax rules. For discussion of the special tax rules governing contingent payment debt instruments, see Material U.S. Federal Income Tax Considerations.

Our common stock is listed on the New York Stock Exchange under the symbol JEF . The last reported sale price of our common stock on the New York Stock Exchange on October 20, 2009 was $29.04 per share. The debentures will not be listed on any securities exchange. Currently there is no public market for the debentures.

Investing in the debentures involves risks that are described in the Risk Factors section beginning on page S-11 of this prospectus supplement.

	PER CONVERTIBLE DEBENTURE	TOTAL
Public Offering Price[1]	100.00%	$ 300,000,000
Underwriting Discounts and Commissions	2.25%	$ 6,750,000
Proceeds to Jefferies (Before Expenses)	97.75%	$ 293,250,000

(1) Plus accrued interest from October 26, 2009 if settlement occurs after that date.

We have granted the underwriters a 30-day option to purchase up to an additional $45.0 million in aggregate principal amount of the debentures from us on the same terms and conditions as set forth above to cover over-allotments.

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

The underwriters expect to deliver the debentures in book-entry form only through The Depository Trust Company against payment in New York, New York on October 26, 2009.

Jefferies & Company **Citi** **J.P. Morgan**

BNY Mellon Capital Markets, LLC
U.S. Bancorp Investments, Inc.
BNP PARIBAS
Deutsche Bank Securities
Keefe, Bruyette & Woods

The date of this prospectus supplement is October 21, 2009.

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

Important Notice About Information in this Prospectus Supplement and the Accompanying Prospectus

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the debentures being offered. The second part, the base prospectus, gives more general information, some of which may not apply to the debentures being offered. Generally, when we refer only to the prospectus, we are referring to both parts combined, and when we refer to the accompanying prospectus, we are referring to the base prospectus.

If the description of the debentures varies between the prospectus supplement and the accompanying prospectus, you should rely on the information in the prospectus supplement.

Special Note on Forward-Looking Statements

This prospectus supplement and the accompanying prospectus contain or incorporate by reference forward-looking statements within the meaning of the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are not statements of historical fact and represent only our belief as of the date hereof. There are a variety of factors, many of which are beyond our control, which affect our operations, performance, business strategy and results and could cause actual reported results and performance to differ materially from the performance and expectations expressed in these forward-looking statements. These factors include, but are not limited to, financial market volatility, actions and initiatives by current and future competitors, general economic conditions, controls and procedures relating to the close of the quarter, the effects of current, pending and future legislation or rulemaking by regulatory or self-regulatory bodies, regulatory actions, and the other risks and uncertainties that are outlined in our Annual Report on Form 10-K for the year ended December 31, 2008 filed with the U.S. Securities and Exchange Commission, or the SEC, on February 27, 2009. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made. We do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date of the forward-looking statements.

Explanatory Note Regarding Financial Statements

The FASB has issued its Accounting Standards Codification. This Explanatory Note Regarding Financial Statements conforms to reflect how generally accepted accounting principles are now currently organized and presented.

We adopted the FASB s changes to Accounting Standards Codification (ASC) 810, Consolidation, which establishes standards for the accounting and reporting of noncontrolling interests in subsidiaries on January 1, 2009. Prior to January 1, 2009, we reported minority interest within liabilities on our Consolidated Statements of Financial Condition. The changes to ASC 810 require an entity to clearly identify and present ownership interests in subsidiaries held by parties other than the entity in the consolidated financial statements within the equity section but separate from the entity s equity and, accordingly, we now present non-controlling interests within stockholders equity, separately from our own equity. The changes to ASC 810 also require that revenues, expenses, net income or loss, and other comprehensive income or loss be reported in the consolidated financial statements at the consolidated amounts, which include amounts attributable to both owners of the parent and noncontrolling interests. Net income or loss and other comprehensive income or loss shall then be attributed to the parent and noncontrolling interests. Prior to January 1, 2009, we recorded minority interest in earnings (loss) of consolidated subsidiaries in the determination of net earnings (loss). These changes were reflected in the financial statements included in our Quarterly Report on Form 10-Q for the first quarter of 2009, filed with the SEC on May 8, 2009 and our Quarterly Report on Form 10-Q, for the second quarter ended June 30, 2009, filed with the SEC on August 6, 2009, both of which are incorporated herein by reference.

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In connection with the filing of the registration statement of which this prospectus is a part, we have recast our prior financial statements to retrospectively reflect the adoption of the changes to ASC 810. In addition, these recast financial statements reflect the retrospective application of the FASB s changes to ASC 260, Earnings Per Share, also adopted on January 1, 2009. As of January 1, 2009, net earnings are allocated among common shareholders and participating securities based on their right to share in earnings. The adoption of these changes reduced previously reported earnings per share.

These recast financial statements, together with the related recast management s discussion and analysis of financial condition and results of operations and selected financial information for the five years ended December 31, 2008, have been filed with the SEC on a Current Report on Form 8-K, filed June 25, 2009, and incorporated herein by reference. The financial statements, management s discussion and analysis of financial condition and results of operations and selected financial information included in the Current Report on Form 8-K supersede those included in our Annual Report on Form 10-K for 2008, filed on February 27, 2009, and incorporated herein by reference. See Note 12 to the recast financial statements filed with the Current Report on Form 8-K for an explanation of the calculation of earnings per share under ASC 260.

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Prospectus Supplement Summary

In this prospectus supplement, we refer to our subsidiaries Jefferies & Company, Inc. as Jefferies, Jefferies Execution Services, Inc. as Jefferies Execution, Jefferies Financial Products LLC as JFP, Jefferies International Limited as JIL and Jefferies High Yield Trading, LLC as JHYT.

The Company

Jefferies Group, Inc. and its subsidiaries (we, us or our) operate as an independent, full-service global securities and investment banking firm serving companies and their investors. We offer companies capital markets, merger and acquisition, restructuring and other financial advisory services. We provide investors fundamental research and trade execution in equity, equity-linked, and fixed income securities, including corporate bonds, government and agency securities, repo finance, mortgage- and asset-backed securities, municipal bonds, whole loans, emerging markets debt and convertible securities, as well as commodities and derivatives. We also provide asset management services and products to institutions and other investors. Effective June 18, 2009, Jefferies was designated as a primary dealer by the Federal Reserve Bank of New York.

Our principal operating subsidiary, Jefferies, was founded in 1962. Since 2000, we have pursued a strategy of continued growth and diversification, whereby we have sought to increase our share of the business in each of the markets we serve, while at the same time expanding the breadth of our activities in an effort to mitigate the cyclical nature of the financial markets in which we operate. Our growth plan has been achieved through internal growth supported by the ongoing addition of experienced personnel in targeted areas, as well as the acquisition from time to time of complementary businesses.

As of June 30, 2009, we had 2,307 employees. We maintain offices in more than 25 cities throughout the world and have our executive offices located at 520 Madison Avenue, New York, New York 10022, and our telephone number there is (212) 284-2550.

Recent Developments

On October 20, 2009, we announced our financial results for the third quarter of 2009 as follows.

For the third quarter ended September 30, 2009:

Total net revenues rose 155.1% to $700.4 million, versus $274.6 million for the third quarter of 2008.

Earnings before income taxes increased 425.9% to $175.0 million, compared to a loss of $53.7 million for the third quarter of 2008.

Net earnings to Common Shareholders grew 375.7% to $86.3 million, compared to a loss of $31.3 million for the third quarter of 2008.

Equities revenues were $149.4 million; Fixed Income and Commodities revenues were $312.7 million; High Yield revenues were $94.9 million; Investment banking revenues were $122.5 million; and Asset Management fees and investment income revenues were $21.0 million.

For the nine months ended September 30, 2009:

Total net revenues rose 88.1% to $1,632.6 million, versus $867.9 million for the nine months ended September 30, 2008.

Earnings before income taxes increased 292.0% to $346.5 million, compared to a loss of $180.5 million for the nine months ended September 30, 2008.

Net earnings to Common Shareholders grew 293.9% to $186.5 million, compared to a loss of $96.2 million for the nine months ended September 30, 2008.

Equities revenues were $381.9 million; Fixed Income and Commodities revenues were $792.6 million; High Yield revenues were $148.5 million; Investment banking revenues were $280.4 million; and Asset Management fees and investment income revenues were $21.5 million.

Our financial results for interim periods are not necessarily indicative of our results for the full year.

The Offering

The summary below describes the principal terms of the debentures. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of the Debentures section of this prospectus supplement contains a more detailed description of the terms and conditions of the debentures. Unless otherwise specified, this prospectus supplement assumes no exercise of the underwriters over-allotment option. As used in this section, the Company, we, our and us refer only to Jefferies Group, Inc. and not to its consolidated subsidiaries.

Issuer	Jefferies Group, Inc., a Delaware corporation.
Debentures	$300.0 million aggregate principal amount of 3.875% Convertible Senior Debentures due 2029 (plus up to an additional $45.0 million aggregate principal amount to cover over-allotments, if any).
Maturity	November 1, 2029 unless earlier redeemed, repurchased or converted.
Issue Date	October 26, 2009
Interest	3.875% per year. Interest (and contingent interest, if any) will accrue from the issue date and will be payable semiannually in arrears on May 1 and November 1 of each year, beginning May 1, 2010.
Contingent Interest	Beginning with the six-month interest period commencing November 1, 2017, we will pay contingent interest during any six-month interest period if the average trading price, as defined under Description of the Debentures Contingent Interest , of a debenture for the five trading days ending on and including the third trading day immediately preceding the first day of such six-month interest period equals or exceeds $1,200 per $1,000 of the principal amount of such debenture. The contingent interest payable per $1,000 principal amount of a debenture in respect of any six-month interest period in which contingent interest is payable will be equal to 0.375% per annum of the average trading price per $1,000 principal amount of such debenture for the applicable five trading day reference period ending on and including the third trading day immediately preceding the first day of such six-month interest period.
Ranking	The debentures will be our senior unsecured obligations and will rank equally in right of payment to all of our other senior unsecured indebtedness. The debentures will be effectively subordinated to all of our existing and future secured debt, if any, and to the indebtedness and other liabilities of our subsidiaries. The indenture governing the debentures does not limit the nature or amount of debt that we or our subsidiaries may incur.
Conversion Rights	Prior to the close of business on the business day immediately preceding August 1, 2029, holders may convert their debentures only under the

following circumstances:

during any fiscal quarter commencing after December 31, 2009, if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is greater than or equal to 130% of the conversion price on each such trading day;

during the five business-day period after any ten consecutive trading-day period (the measurement period) in which the trading price (as defined under Description of the Debentures Conversion Rights Conversion upon Satisfaction of Trading Price Condition) per $1,000 principal amount of debentures for each day of such measurement period was less than 95% of the product of the last reported sale price of our common stock and the conversion rate on each such day;

upon the occurrence of specified corporate transactions described under Description of the Debentures Conversion Rights Conversion upon Specified Corporate Transactions ; or

if we have called the debentures for redemption.

On or after August 1, 2029 until the close of business on the second business day immediately preceding the maturity date, holders may convert their debentures, in multiples of $1,000 principal amount, at the option of the holder regardless of the foregoing circumstances.

The conversion rate for the debentures is initially 25.5076 shares of common stock per $1,000 principal amount of debentures (equal to a conversion price of approximately $39.20 per share of common stock), subject to adjustment as described in this prospectus supplement.

Upon conversion, unless we have made an irrevocable net share settlement election, as described below, we will satisfy our conversion obligation by delivering, at our election, shares of our common stock, cash or a combination of cash and shares of our common stock. If we elect to settle our obligation in cash or cash and shares of our common stock, the amount of cash or cash and shares of our common stock will be based on a daily conversion value (as described herein) calculated on a proportionate basis for each trading day in a 20 trading-day observation period (as described herein). See Description of the Debentures Conversion Rights Conversion Procedures *Payment upon Conversion.*

In addition, following certain corporate transactions that occur prior to November 1, 2017 and that also constitute a make-whole fundamental change, we will increase the conversion rate for a holder who elects to convert its debentures in connection with such a corporate transaction in certain circumstances as described under Description of the Debentures Conversion Rights Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change.

Optional Redemption

We may not redeem the debentures prior to November 1, 2012.

Beginning November 1, 2012 and prior to November 1, 2017, we may redeem for cash all or part of the debentures if the last reported sale price of our common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the trading day prior to the date we provide the notice of redemption exceeds 130% of the conversion price in effect on such trading day. The redemption price will equal 100% of the principal amount of the debentures to be redeemed, plus accrued and unpaid interest (including contingent

	interest and additional interest, if any) to, but not including, the redemption date. On or after November 1, 2017, we may redeem for cash all or a portion of the debentures at a redemption price of 100% of the principal amount of the debentures to be redeemed, plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the redemption date.
Purchase of Debentures by Us at the Option of the Holder	Holders may require us to purchase the debentures in whole or in part for cash on November 1, 2017, November 1, 2019 and November 1, 2024 (each, a purchase date) at a price equal to 100% of the principal amount of the debentures to be purchased, plus any accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the purchase date.
Right of the Holder to Require Us to Repurchase Debentures if a Fundamental Change Occurs	If a fundamental change , as described in this prospectus supplement, occurs, holders may require us to repurchase all or a portion of their debentures for cash at a repurchase price equal to 100% of the principal amount of the debentures to be repurchased, plus any accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the repurchase date. See Description of the Debentures Holders May Require Us to Repurchase Their Debentures Upon a Fundamental Change.
Use of Proceeds	We expect to use the proceeds from this offering for general corporate purposes.
Book-entry Form	The debentures will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of a nominee of DTC. Beneficial interests in any of the debentures will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.
Absence of a Public Market for the Debentures	The debentures are new securities, and there is currently no established market for the debentures. Accordingly, we cannot assure you as to the development or liquidity of any market for the debentures. The underwriters have advised us that they currently intend to make a market in the debentures. However, they are not obligated to do so, and they may discontinue any market-making with respect to the debentures without notice. We do not intend to apply for a listing of the debentures on any securities exchange or any automated dealer quotation system.
U.S. Federal Income Tax Consequences	For the U.S. federal income tax consequences of the holding, disposition and conversion of the debentures, and the holding and

	disposition of shares of our common stock, see Material U.S. Federal Income Tax Considerations.
Over-allotment Option	We have granted to the underwriters the option, exercisable on or before the 30th day after the date of this prospectus supplement, to purchase up to an additional $45.0 million aggregate principal amount of debentures to cover over-allotments, if any.
New York Stock Exchange Symbol for Our Common Stock	Our common stock is listed on the New York Stock Exchange under the symbol JEF.

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Summary Consolidated Financial Data

The following table sets forth our summary consolidated financial data for the periods presented below. The summary consolidated financial data as of December 31, 2008 and 2007 and for each of the three years in the three-year period ended December 31, 2008 have been derived from our audited consolidated financial statements, incorporated by reference herein. The summary consolidated financial data as of June 30, 2009 and for the six months ended June 30, 2009 and June 30, 2008 have been derived from our unaudited consolidated financial statements incorporated by reference herein. Our unaudited consolidated financial statements include all adjustments, which include only normal and recurring adjustments, necessary to present fairly the data included therein. The financial data for the periods in the three-year period ended December 31, 2008 and the six months ended June 30, 2008 reflect the retrospective application of accounting policies that were adopted on January 1, 2009. See Explanatory Note Regarding Financial Statements.

Our historical results are not necessarily indicative of the results of operations for future periods, and our results of operations for the six-month period ended June 30, 2009 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2009. You should read the following summary consolidated financial data in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference in this prospectus supplement and the accompanying prospectus and our consolidated financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Six Months Ended June 30,		Year Ended December 31,		
	2009	2008	2008	2007	2006
	(Unaudited)				
	(Dollars in thousands)				
Earnings Statement Data					
Revenues:					
Commissions	$ 204,378	$ 216,172	$ 444,315	$ 355,601	$ 280,681
Principal transactions	435,520	141,733	87,316	390,374	468,002
Investment banking	157,917	208,579	425,887	750,192	540,596
Asset management fees and investment income (loss) from managed funds	519	(14,317)	(52,929)	23,534	109,550
Interest	252,686	415,431	749,577	1,174,883	528,882
Other	22,460	12,914	28,573	24,311	35,497
Total revenues	1,073,480	980,512	1,682,739	2,718,895	1,963,208
Interest expense	141,330	387,234	660,964	1,150,805	505,606
Net revenues	932,150	593,278	1,021,775	1,568,090	1,457,602
Interest on mandatorily redeemable preferred interest of consolidated subsidiaries	7,024	(11,949)	(69,077)	4,257	
Net revenues, less mandatorily redeemable preferred interest	925,126	605,227	1,090,852	1,563,833	1,457,602

Non-interest expenses:					
Compensation and benefits	561,588	537,465	1,522,157	946,309	791,255
Floor brokerage and clearing fees	37,060	31,536	69,444	71,851	62,564
Technology and communications	68,367	60,394	127,357	103,763	80,840
Occupancy and equipment rental	34,047	37,693	76,255	76,765	59,792
Business development	18,980	23,878	49,376	56,594	48,634
Other	33,574	41,098	126,524	67,074	65,863
Total non-interest expenses	753,616	732,064	1,971,113	1,322,356	1,108,948
Earnings (loss) before income taxes and cumulative effect of change in accounting principle	171,510	(126,837)	(880,261)	241,477	348,654
Income tax expense (benefit)	65,089	(53,876)	(290,249)	93,178	137,541
Net earnings (loss) before cumulative effect of change in accounting principle, net	106,421	(72,961)	(590,012)	148,299	211,113
Cumulative effect of change in accounting principle, net					1,606
Net earnings (loss)	106,421	(72,961)	(590,012)	148,299	212,719
Net earnings (loss) to noncontrolling interest	6,184	(8,039)	(53,884)	3,634	6,969
Net earnings (loss) to common shareholders	$ 100,237	$ (64,922)	$ (536,128)	$ 144,665	$ 205,750

	Six Months Ended June 30, 2009	2008	Year Ended December 31, 2008	2007	2006
	(Unaudited)				
	(Dollars in thousands)				
Cash Flow Data					
Net cash (used in) provided by operating activities	$ (568,789)	$ 106,758	$ 353,282	$ (429,577)	$ (269,566)
Net cash used in investing activities	$ (74,797)	$ (55,811)	$ (137,292)	$ (136,050)	$ (52,249)
Net cash provided by financing activities	$ 308,997	$ 123,959	$ 182,316	$ 950,120	$ 575,330
Other Data					
Fixed charge coverage ratio(1)	3.6x			3.0x	4.5x

(1) *The ratio of earnings to fixed charges is computed by dividing (a) income from continuing operations before income taxes plus fixed charges by (b) fixed charges. Fixed charges consist of interest expense on all long-term indebtedness and the portion of operating lease rental expense that is representative of the interest factor (deemed to be one-third of operating lease rentals).*

Earnings for the year ended December 31, 2008 and the six months ended June 30, 2008 were insufficient to cover fixed charges by approximately $746.2 million and $59.2 million, respectively.

Risk Factors

In addition to the other information contained and incorporated by reference in this prospectus supplement and the accompanying prospectus, you should consider carefully the following factors before deciding to purchase the debentures.

Risks Associated with Our Business

The following factors describe some of the assumptions, risks, uncertainties and other factors that could adversely affect our business or that could otherwise result in changes that differ materially from our expectations. In addition to the factors mentioned in this report, we are also affected by changes in general economic and business conditions, acts of war, terrorism and natural disasters.

Changing conditions in financial markets and the economy could result in decreased revenues, continued losses, increased losses or other adverse consequences.

Our net revenues and profits were adversely affected in 2008 by the equity and credit market turmoil, and may be further impacted by continued or further credit market dislocations or sustained market downturns. As an investment banking and securities firm, changes in the financial markets or economic conditions in the United States and elsewhere in the world could adversely affect our business in many ways, including the following:

- A market downturn could lead to a further decline in the volume of transactions executed for customers and, therefore, to a decline in the revenues we receive from commissions and spreads.

- Continued unfavorable financial or economic conditions could reduce the number and size of transactions in which we provide underwriting, financial advisory and other services. Our investment banking revenues, in the form of financial advisory and underwriting or placement fees, are directly related to the number and size of the transactions in which we participate and could therefore be adversely affected by unfavorable financial or economic conditions.

- Adverse changes in the market could lead to losses from principal transactions.

- Adverse changes in the market could also lead to a reduction in revenues from asset management fees and investment income from managed funds and losses on our own capital invested in managed funds. Even in the absence of a market downturn, below-market investment performance by our funds and portfolio managers could reduce asset management revenues and assets under management and result in reputational damage that might make it more difficult to attract new investors.

Increases in credit spreads, as well as limitations on the availability of credit, such as occurred during 2008, can affect our ability to borrow on a secured or unsecured basis, which may adversely affect our liquidity and results of operations.

Our principal trading and investments expose us to risk of loss.

A considerable portion of our revenues is derived from trading in which we act as principal. We may incur trading losses relating to the purchase, sale or short sale of high yield, international, convertible, and equity securities and futures and commodities for our own account. In any period, we may experience losses as a result of price declines, lack of trading volume, and illiquidity. From time to time, we may engage in a large block trade in a single security or maintain large position concentrations in a single security, securities of a single issuer, or securities of issuers engaged in a specific industry. In general, because our inventory is marked to market on a daily basis, any downward price movement in these securities could result in a reduction of our revenues and profits. In addition, we may engage in hedging transactions that if not successful, could result in losses.

Increased competition may adversely affect our revenues and profitability.

All aspects of our business are intensely competitive. We compete directly with numerous other brokers and dealers, investment banking firms and commercial banks. In addition to competition from firms currently in the securities business, there has been increasing competition from others offering financial services, including automated trading and other services based on technological innovations. Recent changes, such as financial institution consolidations and the government s involvement with financial institutions through the Emergency Economic Stabilization Act of 2008 and other transactions, may provide a competitive advantage for some of our competitors. We believe that the principal factors affecting competition involve market focus, reputation, the abilities of professional personnel, the ability to execute the transaction, relative price of the service and products being offered, bundling of products and services and the quality of service. Increased competition or an adverse change in our competitive position could lead to a reduction of business and therefore a reduction of revenues and profits. Competition also extends to the hiring and retention of highly skilled employees. A competitor may be successful in hiring away an employee or group of employees, which may result in our losing business formerly serviced by such employee or employees. Competition can also raise our costs of hiring and retaining the key employees we need to effectively execute our business plan.

Operational risks may disrupt our business, result in regulatory action against us or limit our growth.

Our businesses are highly dependent on our ability to process, on a daily basis, a large number of transactions across numerous and diverse markets in many currencies, and the transactions we process have become increasingly complex. If any of our financial, accounting or other data processing systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes, people or systems, we could suffer an impairment to our liquidity, financial loss, a disruption of our businesses, liability to clients, regulatory intervention or reputational damage. These systems may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services or our inability to occupy one or more of our buildings. The inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our businesses.

We also face the risk of operational failure or termination of any of the clearing agents, exchanges, clearing houses or other financial intermediaries we use to facilitate our securities transactions. Any such failure or termination could adversely affect our ability to effect transactions and manage our exposure to risk.

In addition, despite the contingency plans we have in place, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the communities in which they are located. This may include a disruption involving electrical, communications, transportation or other services used by us or third parties with which we conduct business.

Our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Although we take protective measures and endeavor to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code, and other events that could have a security impact. If one or more of such events occur, this potentially could jeopardize our or our clients or counterparties confidential and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our, our clients , our counterparties or third parties operations. We may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance maintained by us.

Asset management revenue is subject to variability based on market and economic factors and the amount of assets under management.

Asset management revenue includes revenues we receive from management, administrative and performance fees from funds managed by us, revenues from asset management and performance fees we receive from third-party managed funds, and investment income from our investments in these funds. These revenues are dependent upon the amount of assets under management and the performance of the funds. If these funds do not perform as well as our asset management clients expect, our clients may withdraw their assets from these funds, which would reduce our revenues. Some of our revenues are derived from our own investments in these funds. We experience significant fluctuations in our quarterly operating results due to the nature of our asset management business and

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therefore may fail to meet revenue expectations. Even in the absence of a market downturn, below-market investment performance by our funds and portfolio managers could reduce asset management revenues and assets under management and result in reputational damage that might make it more difficult to attract new investors.

We face numerous risks and uncertainties as we expand our business.

We expect the growth of our business to come primarily from internal expansion and through acquisitions and strategic partnering. For example, we acquired Depfa First Albany Securities LLC, a municipal securities firm on March 27, 2009. As we expand our business, there can be no assurance that our financial controls, the level and knowledge of our personnel, our operational abilities, our legal and compliance controls and our other corporate support systems will be adequate to manage our business and our growth. The ineffectiveness of any of these controls or systems could adversely affect our business and prospects. In addition, as we acquire new businesses, we face numerous risks and uncertainties integrating their controls and systems into ours, including financial controls, accounting and data processing systems, management controls and other operations. A failure to integrate these systems and controls, and even an inefficient integration of these systems and controls, could adversely affect our business and prospects.

Extensive regulation of our business limits our activities, and, if we violate these regulations, we may be subject to significant penalties.

The securities industry in the United States is subject to extensive regulation under both federal and state laws. The SEC is the federal agency responsible for the administration of federal securities laws. In addition, self-regulatory organizations, principally FINRA and the securities exchanges, are actively involved in the regulation of broker-dealers. Securities firms are also subject to regulation by regulatory bodies, state securities commissions and state attorneys general in those foreign jurisdictions and states in which they do business. Broker-dealers are subject to regulations which cover all aspects of the securities business, including sales and trading methods, trade practices among broker-dealers, use and safekeeping of customers funds and securities, capital structure of securities firms, anti-money laundering, record-keeping and the conduct of directors, officers and employees. Broker-dealers that engage in commodities and futures transactions are also subject to regulation by the CFTC and the NFA. The SEC, self-regulatory organizations, state securities commissions, state attorneys general, the CFTC and the NFA may conduct administrative proceedings which can result in censure, fine, suspension, expulsion of a broker-dealer or its officers or employees, or revocation of broker-dealer licenses. The events of 2007 and 2008 have led to various suggestions of an overhaul in financial regulation. For example, the Obama Administration released earlier this year a proposal for financial regulatory reform that contemplates additional regulation of financial securities firms and Congressional committees have been considering various proposals for additional regulation of the financial sector. Additional legislation, changes in rules, changes in the interpretation or enforcement of existing laws and rules, or the entering into businesses that subject us to new rules and regulations may directly affect our mode of operation and our profitability. Continued efforts by market regulators to increase transparency and reduce the transaction costs for investors, such as decimalization and FINRA s Trade Reporting and Compliance Engine, or TRACE, has affected and could continue to affect our trading revenue.

Our business is substantially dependent on our Chief Executive Officer.

Our future success depends to a significant degree on the skills, experience and efforts of Richard Handler, our Chief Executive Officer. We do not have an employment agreement with Mr. Handler which provides for his continued employment. The loss of his services could compromise our ability to effectively operate our business. In addition, in the event that Mr. Handler ceases to actively manage JHYT, investors would have the right to withdraw from the fund. Although we have substantial key man life insurance covering Mr. Handler, the proceeds from the policy may not be sufficient to offset any loss in business.

Legal liability may harm our business.

Many aspects of our business involve substantial risks of liability, and in the normal course of business, we have been named as a defendant or co-defendant in lawsuits involving primarily claims for damages. The risks associated with potential legal liabilities often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. Private Client Services involves an aspect of the business that has historically had more risk of litigation than our institutional business. Additionally, the expansion of our business, including increases in the number and size of investment banking transactions and our expansion into new areas, such as the municipal securities business, imposes greater risks of liability. In addition, unauthorized or illegal acts of our employees could result in substantial liability to us. Substantial legal liability could have a material adverse financial effect or cause us significant reputational harm, which in turn could seriously harm our business and our prospects.

Our business is subject to significant credit risk.

In the normal course of our businesses, we are involved in the execution, settlement and financing of various customer and principal securities and derivative transactions. These activities are transacted on a cash, margin or delivery-versus-payment basis and are subject to the risk of counterparty or customer nonperformance. Although transactions are generally collateralized by the underlying security or other securities, we still face the risks associated with changes in the market value of the collateral through settlement date or during the time when margin is extended and the risk of counterparty nonperformance to the extent collateral has not been secured or the counterparty defaults before collateral or margin can be adjusted. We may also incur credit risk in our derivative transactions to the extent such transactions result in uncollateralized credit exposure to our counterparties.

We seek to control the risk associated with these transactions by establishing and monitoring credit limits and by monitoring collateral and transaction levels daily. We may require counterparties to deposit additional collateral or return collateral pledged. In the case of aged securities failed to receive, we may, under industry regulations, purchase the underlying securities in the market and seek reimbursement for any losses from the counterparty.

Derivative transactions may expose us to unexpected risk and potential losses.

We are party to a large number of derivative transactions that require us to deliver to the counterparty the underlying security, loan or other obligation in order to receive payment. In a number of cases, we do not hold the underlying security, loan or other obligation and may have difficulty obtaining, or be unable to obtain, the underlying security, loan or other obligation through the physical settlement of other transactions. As a result, we are subject to the risk that we may not be able to obtain the security, loan or other obligation within the required contractual time frame for delivery, particularly if default rates increase as we have seen through 2008. This could cause us to forfeit the payments due to us under these contracts or result in settlement delays with the attendant credit and operational risk as well as increased costs to the firm.

Risks Related to the Debentures

In the absence of an active trading market for the debentures, you may not be able to resell them.

The debentures are new securities, and there is currently no established market for the debentures. Accordingly, we can offer no assurance as to the liquidity of the market for the debentures, your ability to sell the debentures or the price at which you may be able to sell them. Future trading prices of the debentures will depend on many factors, including, among other things, prevailing interest rates, our operating results, our credit ratings and the market for similar securities. We do not intend to list the debentures on any securities exchange. Each of Jefferies & Company, Inc., Citigroup Global Markets Inc. and J.P. Morgan Securities Inc. has advised us that it currently intends to make a market in the debentures; however, they are not obligated to do so and they may discontinue any market making at any time without notice. We do not intend to apply for a listing of the debentures on any securities exchange or any automated dealer quotation system.

The debentures will be effectively subordinated to liabilities of our subsidiaries.

The debentures will be the obligations of Jefferies Group, Inc. exclusively and will not be guaranteed by any of our subsidiaries or secured by any of our properties or assets. Jefferies Group, Inc. is a holding company. We conduct almost all of our operations through our subsidiaries and a significant portion of our consolidated assets are held by our subsidiaries. Accordingly, our cash flow and our ability to service debt, including the debentures, is in large

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part dependent upon the results of operations of our subsidiaries and upon the ability of our subsidiaries to provide us cash (whether in the form of dividends, loans or otherwise) to pay amounts due in respect of our obligations, to pay any amounts due on the debentures or to make any funds available to pay such amounts. In addition, dividends, loans and other distributions from our subsidiaries to us are subject to restrictions imposed by law, including minimum net capital requirements, are contingent upon results of operations of such subsidiaries and are subject to various business considerations.

The debentures will be effectively subordinated as a claim against the assets of our subsidiaries to all existing and future liabilities of those subsidiaries (including indebtedness, guarantees, customer and counterparty obligations, trade payables, lease obligations and letter of credit obligations). Therefore, our rights and the rights of our creditors, including the holders of the debentures, to participate in the assets of any subsidiary upon its liquidation or reorganization will be subject to the prior claims of its creditors, except to the extent that we or they may be a creditor with recognized claims against the subsidiary.

We have made only limited covenants in the indenture for the debentures, and these limited covenants may not protect your investment.

The indenture for the debentures does not:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flows or liquidity and, accordingly, does not protect holders of the debentures in the event that we experience significant adverse changes in our financial condition or results of operations;
- limit our subsidiaries ability to incur indebtedness which would effectively rank senior to the debentures;
- limit our ability to incur indebtedness that is equal in right of payment to the debentures, including secured indebtedness which would rank effectively senior to the debentures;
- restrict our subsidiaries ability to issue securities that would be senior to the common stock of our subsidiaries held by us;
- restrict our ability to repurchase our securities;
- restrict our ability to pledge our assets or those of our subsidiaries; or
- restrict our ability to make investments or to pay dividends or make other payments in respect of our common stock or other securities ranking junior to the debentures.

Furthermore, the indenture for the debentures contains only limited protections in the event of a change in control. We could engage in many types of transactions, such as acquisitions, refinancings or recapitalizations, that could substantially affect our capital structure and the value of the debentures and our common stock but may not constitute a fundamental change that permits holders to require us to repurchase their debentures. For these reasons, you should not consider the covenants in the indentures or the repurchase features of the debentures as a significant factor in evaluating whether to invest in the debentures.

Changes in our credit ratings may affect the trading value of the debentures.

Our credit ratings are an assessment of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings may affect the trading value of the debentures. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. No person is obligated to maintain any rating on the debentures, and, accordingly, we cannot assure you that the ratings assigned to the debentures will not be lowered or withdrawn by the assigning rating organization at any time thereafter.

Potential changes in short sale regulation may affect the market value of the debentures

The market value of the convertible debentures is affected by the ability of investors and market professionals to hedge their positions by selling short the common stock into which the debentures are convertible. Although there are currently no price restrictions on short sales, the SEC has solicited comment on possibly re-imposing price tests in connection with short sales. In this regard, on April 10, 2009, the SEC released a set of proposals to restrict short sales, and held a public roundtable on May 5, 2009 to discuss issues relating to the proposal. On August 17, 2009, the SEC issued a further release proposing the adoption of an alternative uptick rule, which would allow short selling only at an increment above the national best bid. Any action by the SEC to re-impose price restrictions in connection with short sales could interfere with the ability of convertible debenture investors to effect short sales in the common stock underlying such debentures and could significantly affect the market value of the convertible debentures.

Holders of debentures will not be entitled to any rights with respect to our common stock, but will be subject to all changes made with respect to them to the extent our conversion obligation includes shares of our common stock.

Holders of debentures will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but holders of debentures will be subject to all changes affecting our common stock. For example, if an amendment is proposed to our certificate of incorporation or bylaws requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the relevant conversion date, such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

The conditional conversion feature of the debentures could result in your receiving less than the value of our common stock underlying your debentures.

Prior to August 1, 2029, the debentures are convertible only if specified conditions are met. If the specific conditions for conversion are not met, you will not be able to convert your debentures, and you may not be able to receive the value of the cash and/or common stock into which the debentures would otherwise be convertible.

Upon conversion of the debentures, you may receive less valuable consideration than expected because the value of our common stock may decline after you exercise your conversion right.

We may elect to settle your conversion solely in shares of our common stock or a combination of cash and shares of our common stock. Except to the extent of the cash portion to be paid if we elect to settle in a combination of cash and shares of our common stock, a converting holder will be exposed to fluctuations in the value of our common stock during the period from the date such holder surrenders debentures for conversion until the date we settle our conversion obligation. The amount of consideration that you will receive upon conversion of your debentures, if we elect to settle in a combination of cash and our shares of common stock, will in part be determined by reference to the volume weighted average prices of our common stock for each trading day in a 20 trading-day observation period. See Description of the Debentures Conversion Rights Payment upon Conversion. Accordingly, if the price of our common stock decreases during this period, the amount and/or value of consideration you receive will be adversely affected. In addition, if the market price of our common stock at the end of such period is below the average of the volume weighted average price of our common stock during such period, the value of any shares of our common stock that you will receive in satisfaction of our conversion obligation will be less than the value used to determine the number of shares you will receive.

The conversion rate for debentures may not be adjusted for all dilutive events.

The conversion rate of the debentures is subject to adjustment for certain events, including, but not limited to, the issuance of stock dividends on our common stock, the issuance of certain rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, cash dividends and certain issuer tender or exchange offers as described under Description of the Debentures Conversion Rights Conversion Rate Adjustments.

Such conversion rate will not be adjusted, however, for other events, such as a third-party tender or exchange offer or an issuance of common stock for cash, that may adversely affect the trading price of the debentures or our common stock. In addition, an event that adversely affects the value of the debentures may occur, and that event may not result in an adjustment to such conversion rate.

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The adjustment to the conversion rate for debentures converted in connection with a fundamental change may not adequately compensate you for any lost value of your debentures as a result of such transaction.

If a fundamental change occurs prior to maturity, under certain circumstances, we will either pay cash in respect of a specified portion of our conversion obligation or we will increase the conversion rate by a number of additional shares of our common stock for debentures converted in connection with such fundamental change. The increase in the conversion rate will be determined based on the date on which the specified corporate transaction becomes effective and the price paid (or deemed paid) per share of our common stock in such transaction, as described below under Description of the Debentures Conversion Rights Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change. The adjustment to the conversion rate for debentures converted in connection with a fundamental change may not adequately compensate you for any lost value of your debentures as a result of such transaction. In addition, if the price of our common stock in the transaction is greater than $125.00 per share or less than $29.04 per share (in each case, subject to adjustment), no adjustment will be made to the conversion rate. Moreover, in no event will the total number of shares of common stock issuable upon conversion as a result of this adjustment exceed 34.4356 shares per $1,000 principal amount of debentures, subject to adjustments in the same manner as the conversion rate as set forth under Description of the Debentures Conversion Rights Conversion Rate Adjustments.

Our obligation to increase the conversion rate upon the occurrence of a fundamental change could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

You may be subject to tax upon an adjustment to the conversion rate of the debentures even though you do not receive a corresponding cash distribution.

The conversion rate of the debentures is subject to adjustment in certain circumstances, including the payment of certain cash dividends. If the conversion rate is adjusted as a result of a distribution that is taxable to our common shareholders, such as in the case of a taxable dividend, you will be deemed to have received a taxable dividend to the extent of our earnings and profits that will be subject to U.S. federal income tax without the receipt of any cash. If you are a non-U.S. Holder (as defined in Material U.S. Federal Income Tax Considerations), such deemed dividend may be subject to U.S. federal withholding tax at a 30% rate, or such lower rate as may be specified in an applicable treaty, which may be set off against subsequent payments on the debentures. See Description of the Debentures Conversion Rights Conversion Rate Adjustments and Material U.S. Federal Income Tax Considerations.

If certain types of fundamental changes occur on or prior to the maturity date of the debentures, under some circumstances, we will increase the conversion rate for debentures converted in connection with the fundamental change. Such increase may be treated as a distribution subject to U.S. federal income tax as a dividend. See Material U.S. Federal Income Tax Considerations.

We may not have the funds necessary to settle conversions of the debentures if we irrevocably commit to settle, in whole or in part, in cash (instead of solely in shares) or to repay the debentures when required or to do so upon maturity or earlier acceleration.

Upon a fundamental change, as described in this prospectus supplement, and on November 1, 2017, November 1 2019 and November 1, 2024, you will have the right to require us to repurchase your debentures. In addition, upon conversion of the debentures, we may irrevocably commit to settle in cash and shares. We may not have sufficient funds to pay the repurchase price or principal return when due or have the ability to arrange necessary financing on acceptable terms. If we do not have sufficient funds to pay the repurchase price for all of the debentures you tender upon a fundamental change, the cash due upon repurchases of the debentures or the cash due upon conversion, an event of default under the indenture governing the debentures would occur as a result of such failure.

Our failure to make cash payments in respect of the debentures could result in an event of default or result in the acceleration of the maturity of, our then-existing indebtedness. Our inability to pay for your debentures that are tendered for repurchase or conversion could result in your receiving substantially less than the principal amount of the debentures.

See Description of the Debentures Purchase of Debentures by Us at the Option of the Holder, Payment upon Conversion and Holders May Require Us to Repurchase Their Debentures Upon a Fundamental Change.

Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the debentures.

Upon the occurrence of a fundamental change, you have the right to require us to repurchase your debentures. However, the fundamental change provisions will not afford protection to holders of debentures in the event of other transactions that could adversely affect the debentures. For example, transactions such as leveraged recapitalizations, refinancings, restructurings, or acquisitions initiated by us may not constitute a fundamental change requiring us to repurchase the debentures. In the event of any such transaction, the holders would not have the right to require us to repurchase the debentures, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of debentures.

Fluctuations in the price of our common stock may impact the price of the debentures and make them more difficult to resell.

The market price and volume of our common stock have been and may continue to be subject to significant fluctuations due not only to general stock market conditions but also to a change in sentiment in the market regarding our operations, business prospects, liquidity or this offering.

The stock markets in general have experienced extreme volatility that has at times been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock, make it difficult to predict the market price of our common stock in the future and cause the value of your investment to decline.

Because the debentures are convertible into shares of our common stock, volatility or depressed prices of our common stock could have a similar effect on the trading price of the debentures. Holders who receive common stock upon conversion of the debentures will also be subject to the risk of volatility and depressed prices of our common stock.

There may be future sales or other dilution of our equity, which may adversely affect the market price of our common stock and the value of the debentures.

Except as described under Underwriting, we are not restricted from issuing additional common stock, including securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. The issuance of additional shares of our common stock may dilute the ownership interest of our common stockholders adversely and affect the value of the debentures.

Sales of a substantial number of shares of our common stock or other equity-related securities in the public market could depress the market price of the debentures, our common stock, or both, and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock or the value of the debentures. The price of our common stock could be affected by possible sales of our common stock by investors who view the debentures as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity that we expect to develop involving our common stock as a result of this offering. The hedging or arbitrage activity could, in turn, affect the market price of the debentures.

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Provisions in the indentures for the debentures, our charter documents and Delaware law could discourage an acquisition of us by a third party, even if the acquisition would be favorable to you.

Certain provisions of the debentures could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change, holders of the debentures will have the right, at their option, to require us to repurchase for cash all or any portion of the holder s debentures. In the event of a make-whole fundamental change, we also may be required to increase the conversion rate applicable to debentures surrendered for conversion in connection with such make-whole fundamental change. See Description of the Debentures Holders May Require Us to Repurchase Their Debentures Upon a Fundamental Change. In addition, the indenture for the debentures prohibits us from engaging in certain mergers or acquisitions unless, among other things, the surviving entity assumes our obligations under the debentures. These and other provisions, including the provisions of our charter documents and Delaware law described under Description of the Securities We May Offer Common Stock, could prevent or deter a third party from acquiring us even where the acquisition could be beneficial to you.

You should consider the U.S. federal income tax consequences of owning the debentures.

Under the indenture governing the debentures, we will agree, and by acceptance of a beneficial interest in a debenture each holder of a debenture will be deemed to have agreed, to treat the debentures as indebtedness for U.S. federal income tax purposes that is subject to the Treasury regulations governing contingent payment debt instruments. For U.S. federal income tax purposes, interest income on the debentures will accrue at the rate of 8.25% per year, payable semiannually, which rate represents our determination of the yield at which we could issue a comparable noncontingent, non-convertible, fixed-rate debt instrument with terms and conditions otherwise similar to the debentures. A U.S. Holder (as that term is defined in Material U.S. Federal Income Tax Considerations) will be required to accrue interest income on a constant yield to maturity basis at this rate (subject to certain adjustments), with the result that a U.S. Holder generally will recognize taxable income significantly in excess of the interest payments received while the debentures are outstanding.

A U.S. Holder will also recognize gain or loss on the sale, conversion, exchange, redemption or retirement of a debenture in an amount equal to the difference between the amount realized on the sale, conversion, exchange, redemption or retirement of the debenture, including the fair market value of our common stock received, and the U.S. Holder s adjusted tax basis in the debenture. Any gain recognized on the sale, conversion, exchange, redemption or retirement of a debenture generally will be ordinary interest income and any loss will be ordinary loss to the extent of the interest previously included in income, and thereafter, capital loss. The material U.S. federal income tax consequences of the purchase, ownership and disposition of the debentures are summarized in this prospectus supplement under the heading Material U.S. Federal Income Tax Considerations.

Use of Proceeds

We estimate that the net proceeds from the issuance and sale of the debentures (excluding accrued interest paid by purchasers), after deducting the underwriting discount and expenses relating to the offering, will be approximately $292,850,000. We plan to use these proceeds for general corporate purposes, including specifically, the further development of our businesses.

Capitalization

The following table sets forth our capitalization as of June 30, 2009 on an actual basis and as adjusted to give effect to the sale of the debentures.

	As of June 30, 2009 Actual	As Adjusted
	(Unaudited, in thousands)	
Long-Term Debt:		
7.75% Senior Notes due 2012	$ 307,261	$ 307,261
5.875% Senior Notes due 2014	248,718	248,718
5.50% Senior Notes due 2016	348,774	348,774
6.45% Senior Debentures due 2027	346,385	346,385
6.25% Senior Debentures due 2036	492,489	492,489
8.50% Senior Notes due 2019(1)	393,856	393,856
3.875% Convertible Senior Debentures offered hereby		239,300
Total Long-Term Debt(1)	2,137,483	2,376,783
Mandatorily Redeemable Convertible Preferred Stock	125,000	125,000
Mandatorily Redeemable Preferred Interest of Consolidated Subsidiaries	287,947	287,947
Total Stockholders Equity	2,432,976	2,469,976
Total Capitalization	$ 4,983,406	$ 5,259,706

(1) Does not reflect the issuance by us of $300.0 million of our 8.50% Senior Notes on September 25, 2009.

Price Range of Common Stock

Our common stock is traded on the New York Stock Exchange under the symbol JEF. The following table sets forth the range of high and low sales prices per share of our common stock for each calendar quarter.

	Common Stock High	Common Stock Low
Year ended December 31, 2009:		
Fourth Quarter (through October 21, 2009)	$ 30.75	$ 26.07
Third Quarter	27.60	17.82
Second Quarter	22.63	13.28
First Quarter	15.28	8.04
Year ended December 31, 2008:		
Fourth Quarter	$ 22.60	$ 7.97
Third Quarter	29.00	13.19
Second Quarter	20.58	14.06
First Quarter	23.08	13.68
Year ended December 31, 2007:		
Fourth Quarter	$ 29.67	$ 22.15
Third Quarter	30.98	22.40
Second Quarter	33.80	25.92
First Quarter	30.42	23.90

On October 20, 2009, the closing sale price of our common stock, as reported by the New York Stock Exchange, was $29.04 per share. On that date, there were approximately 1,200 holders of record.

Dividend Policy

We do not anticipate paying any cash dividends on our common stock in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our board of directors and will depend upon our financial condition, operating results, capital requirements, applicable law, and other factors that our board of directors deems relevant.

Description of the Debentures

We will issue the debentures under an indenture to be dated as of October 26, 2009, between us and The Bank of New York Mellon, as trustee (the trustee), as supplemented by a supplemental indenture. You may request a copy of the indenture from the trustee at the address provided herein. The terms of the debentures include those expressly set forth in the indenture.

The following description is a summary of the material provisions of the debentures and the indenture and does not purport to be complete. This summary is subject to and is qualified by reference to all the provisions of the debentures and the indenture, including the definitions of certain terms used in the indenture. Wherever particular provisions or defined terms of the indenture or the debentures are referred to, these provisions or defined terms are incorporated in this prospectus supplement by reference. We urge you to read the indenture and the debentures because they, and not this description, define your rights as a holder of the debentures. We or the trustee will provide you with a copy of the indenture and the form of the debentures upon request.

In this section, Description of the Debentures, the Company, we, our and us refer only to Jefferies Group, Inc. a to its subsidiaries.

General

The debentures:

- will be general unsecured, senior obligations of the Company;
- will initially be limited to an aggregate principal amount of $300.0 million (or $345.0 million if the underwriters over-allotment option is exercised in full);
- will bear cash interest from October 26, 2009 at an annual rate of 3.875% payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2010;
- will not be redeemable prior to November 1, 2012;
- will be redeemable at our option at any time, and from time to time, on or after November 1, 2012 and prior to November 1, 2017 for cash if the last reported sale price of our common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the trading day prior to the date we provide the notice of redemption exceeds 130% of the conversion price in effect on the applicable trading day at a price equal to 100% of the principal amount of the debentures to be redeemed plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the redemption date;
- will be redeemable at our option at any time on or after November 1, 2017 for cash at a price equal to 100% of the principal amount of the debentures to be redeemed plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the redemption date;
- will be subject to the holders right to require us to purchase all or a portion of their debentures for cash on November 1, 2017, November 1, 2019 and November 1, 2024 (each, a purchase date) at a price equal to 100% of the principal amount of the debentures to be repurchased plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the purchase date;

will be subject to the holders right to require us to repurchase all or a portion of their debentures for cash in the event a fundamental change (as defined below under Holders May Require Us to Repurchase Their Debentures upon a Fundamental Change) occurs, at a repurchase price equal to 100% of the principal amount of the debentures to be repurchased plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the repurchase date;

will mature on November 1, 2029, unless earlier redeemed, converted or repurchased;

will be issued in denominations of $1,000 principal amount and integral multiples of $1,000; and

will be represented by one or more registered debentures in global form, but in certain limited circumstances may be represented by debentures in definitive form. See Book-Entry, Delivery and Form.

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Subject to fulfillment of certain conditions and during the periods described below, the debentures may be converted based on an initial conversion rate of 25.5076 shares of common stock per $1,000 principal amount of debentures (equivalent to an initial conversion price of approximately $39.20 per share of common stock). The conversion rate is subject to adjustment if certain events occur. Upon conversion of a debenture, unless we have made an irrevocable net share settlement election as described below, we will satisfy our conversion obligation by delivering, at our election, shares of our common stock, cash or a combination of cash and shares of our common stock, as described below under Conversion Rights Payment upon Conversion. You will not receive any separate cash payment for unpaid interest that has accrued to the conversion date except under the limited circumstances described below.

The indenture does not limit the amount of debt which may be issued by us or our subsidiaries under the indenture or otherwise. The indenture does not contain any financial covenants and does not restrict us from paying dividends or issuing or repurchasing our other securities. Other than restrictions described under Holders May Require Us to Repurchase Their Debentures upon a Fundamental Change and Consolidation, Merger and Sale of Assets below and except for the provisions set forth under Conversion Rights Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change, the indenture does not contain any covenants or other provisions designed to afford holders of the debentures protection in the event of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving the Company that could adversely affect such holders or result in a decline in the credit rating of the debentures (if the debentures are rated at such time).

We may, without the consent of the holders, issue additional debentures under the indenture with the same terms and, if permissible as a qualified reopening for U.S. federal income tax purposes, with the same CUSIP number as the debentures offered hereby in an unlimited aggregate principal amount. We or our affiliates may also from time to time repurchase debentures in open market purchases or negotiated transactions without giving prior notice to holders.

The debentures will be issued in denominations of $1,000 principal amount and integral multiples of $1,000. References to a debenture or each debenture in this prospectus supplement refer to $1,000 principal amount of the debentures, unless the context otherwise requires.

The Company does not intend to list the debentures on a national securities exchange or interdealer quotation system.

Payments on the Debentures; Paying Agent and Registrar; Transfer and Exchange

We will pay the principal of and interest on the debentures in global form registered in the name of or held by The Depository Trust Company (DTC) or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global debenture.

We will pay the principal of any certificated debentures at the office or agency designated by the Company for that purpose. We have initially designated the trustee as our paying agent and registrar and its agency in New York, New York as a place where certificated debentures may be presented for payment or for registration of transfer. We may, however, change the paying agent or registrar without prior notice to the holders of the debentures, and the Company may act as its own paying agent or registrar. Interest on certificated debentures will be payable (i) to holders having an aggregate principal amount of $5,000,000 or less, by check mailed to the holders of these debentures and (ii) to holders having an aggregate principal amount of more than $5,000,000, either by check mailed to each holder or, upon application by a holder to the registrar not later than the relevant record date, by wire transfer in immediately available funds to that holder s account within the United States, which application shall remain in effect until the holder notifies, in writing, the registrar to the contrary.

A holder of debentures may transfer or exchange debentures at the office of the registrar in accordance with the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge will be imposed by the Company, the trustee or the registrar for any registration of transfer or exchange of debentures, but the Company may require a holder to pay a sum sufficient to cover any transfer tax or other similar governmental charge required by law or permitted by the indenture. The Company is not required to transfer or exchange any debenture surrendered for conversion.

The registered holder of a debenture will be treated as the owner of it for all purposes.

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Interest

The debentures will bear interest at a rate of 3.875% per year until maturity. Interest on the debentures will accrue from the most recent date on which interest has been paid or duly provided for or, if none, the issue date. Interest (and contingent interest, if any) will be payable semiannually in arrears on May 1 and November 1 of each year, beginning May 1, 2010.

Interest will be paid to the person in whose name a debenture is registered at the close of business on the April 15 or October 15, as the case may be, immediately preceding the relevant interest payment date. Interest on the debentures will be computed on the basis of a 360-day year composed of twelve 30-day months.

If any interest payment date (other than an interest payment date coinciding with the stated maturity date, a redemption date or purchase date) of a debenture falls on a day that is not a business day, such interest payment date will be postponed to the next succeeding business day, and no additional interest will accrue as a result of such delay in payment. If the stated maturity date, redemption date or purchase date would fall on a day that is not a business day, the required payment of interest, if any, and principal, will be made on the next succeeding business day and no interest on such payment will accrue for the period from and after the stated maturity date, redemption date or purchase date to such next succeeding business day. The term business day means, with respect to any debenture, any day other than a Saturday, a Sunday or a day on which the Federal Reserve Bank of New York is closed.

Contingent Interest

Subject to the accrual and record date provisions described above, we will pay contingent interest to the holders of debentures during any six-month period from an interest payment date to, but excluding, the following interest payment date, commencing with the six-month period beginning on November 1, 2017, if the trading price of a debenture for each of the five trading days ending on the third trading day immediately preceding the first day of the relevant six-month period equals or exceeds $1,200 per $1,000 principal amount of debentures.

The amount of contingent interest payable per debenture with respect to any six-month period will equal 0.375% per annum of the average trading price of such debenture for the five trading days referred to above.

For the purposes of the foregoing contingent interest provisions, the trading price of the debentures on any date of determination means the average of the secondary market bid quotations per debenture obtained by the bid solicitation agent for $5,000,000 principal amount of the debentures at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select, which may include one or more of the underwriters of the debentures, provided that if at least three such bids cannot reasonably be obtained by the bid solicitation agent, but two such bids can reasonably be obtained by the bid solicitation agent, then the average of the two bids shall be used, and if only one such bid can be obtained by the bid solicitation agent, then that one bid shall be used. If the bid solicitation agent cannot reasonably obtain at least one bid for $5,000,000 principal amount of the debentures from a nationally-recognized securities dealer or if, in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the debentures, then the trading price of a debenture will be determined by our board of directors based on a good faith estimate of the fair value of the debentures.

The bid solicitation agent will initially be the trustee. We may change the bid solicitation agent, but the bid solicitation agent will not be our affiliate. The bid solicitation agent will solicit bids from securities dealers that are believed by us to be willing to bid for the debentures.

Upon determination that holders of debentures will be entitled to receive contingent interest that will become payable during a relevant six-month period, on or prior to the start of such six-month period, we will provide notice to the trustee setting forth the amount of contingent interest per $1,000 principal amount of debentures and disseminate a press release through a public medium that is customary for such press releases.

We may unilaterally increase the amount of contingent interest we may pay or pay interest or other amounts we are not obligated to pay, but we will have no obligation to do so.

Ranking

The debentures will be our senior unsecured obligations and will rank equally in right of payment to all of our other senior unsecured indebtedness. The debentures will be effectively subordinated to all of our existing and future secured indebtedness, if any, to the extent of the value of the assets securing such indebtedness. As of June 30, 2009, we had no secured indebtedness. In addition, the debentures will be structurally subordinated to the liabilities, including trade payables, of our subsidiaries.

In the event of bankruptcy, liquidation, reorganization or other winding up of the Company, our assets that secure any of our indebtedness will first be used to repay that indebtedness. Any assets remaining after such repayment will be used to satisfy our payment obligations under the debentures and other liabilities that rank equally in right of payment to the debentures. There may not be sufficient assets to pay amounts due on any or all the debentures then outstanding.

The indenture does not restrict our ability to incur secured or other indebtedness in the future that may rank equally in right of payment to our obligations under the debentures being offered pursuant to this prospectus supplement.

Optional Redemption

We may not redeem the debentures prior to November 1, 2012. Beginning November 1, 2012 and prior to November 1, 2017, we may from time to time redeem for cash all or part of the debentures if the last reported sale price of our common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the trading day prior to the date we provide the notice of redemption exceeds 130% of the conversion price in effect on the applicable trading day. On or after November 1, 2017, we may from time to time redeem for cash all or any portion of the debentures.

The redemption price will equal the sum of 100% of the principal amount of debentures to be redeemed plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the redemption date, unless the redemption date falls after a record date for the payment of interest but on or prior to the immediately succeeding interest payment date, in which case we will instead pay the full amount of accrued and unpaid interest, including any contingent interest and additional interest, to the holder of record as of the close of business on such record date and the redemption price will be 100% of the principal amount of debentures to be redeemed. The redemption date must be a business day.

We will give notice of redemption not more than 60 calendar days but not less than 30 calendar days prior to the redemption date to all record holders at their addresses set forth in the register of the registrar. This notice will state, among other things:

- that you have a right to convert the debentures called for redemption, and the conversion rate then in effect, and;
- the date on which your right to convert the debentures called for redemption will expire.

If we decide to redeem fewer than all of the outstanding debentures, the trustee will select the debentures to be redeemed (in principal amounts of $1,000 or integral multiples of $1,000) by lot, on a *pro rata* basis or by another method the trustee considers fair and appropriate so long as such method is not prohibited by the rules of any stock exchange or quotation association on which the debentures or our common stock may then be traded or quoted.

If the trustee selects a portion of your debentures for partial redemption and you convert a portion of the same debenture, the converted portion will be deemed to be from the portion selected for redemption. In the event of any redemption in part, we will not be required to issue, register the transfer of, or exchange any certificated debenture during a period of 15 days before the date.

Purchase of Debentures by Us at the Option of the Holder

Holders have the right to require us to purchase all or a portion of their debentures for cash on November 1, 2017, November 1, 2019 and November 1, 2024 (each, a purchase date). The purchase price payable will be equal to 100% of the principal amount of the debentures to be purchased plus any accrued and unpaid interest (including contingent interest and additional interest, if any) to but excluding the purchase date, unless the purchase date falls after a record date for the payment of interest but on or prior to the immediately succeeding

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interest payment date, in which case we will instead pay the full amount of accrued and unpaid interest, including any contingent interest and additional interest, to the holder of record as of the close of business on such record date and the purchase price will be 100% of the principal amount of debentures to be purchased.

We will be required to purchase, on the applicable purchase date, any outstanding debentures for which a holder delivers a written purchase notice to the paying agent. If the relevant purchase date is not a business day, we will purchase the debentures on the next succeeding business day. This notice must be delivered during the period beginning at any time from the opening of business on the date that is 20 business days prior to the relevant purchase date until the close of business on the business day immediately preceding the purchase date. If the purchase notice is withdrawn before the close of business on the business day before the purchase date, we will not be obligated to purchase the related debentures. Also, as described in the Risk Factors section of this prospectus supplement under the caption We may not have the funds necessary to settle conversions of the debentures if we irrevocably commit to settle, in whole or in part, in cash (instead of solely in shares) or to repay the debentures when required or to do so upon maturity or earlier acceleration, we may not have sufficient funds to purchase the debentures when we are required to do so, and we may be prohibited from paying the purchase price under the terms of our then current indebtedness. In addition, a debenture for which a purchase notice has been delivered cannot be converted unless that purchase notice is withdrawn in accordance with the indenture.

On or before the 20th business day prior to each purchase date, we will mail to the trustee, any paying agent and to all holders of the debentures at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, a notice stating, among other things:

- the name and address of the trustee, any paying agent and the conversion agent; and
- the procedures that holders must follow to require us to purchase their debentures.

The purchase notice given by each holder electing to require us to purchase their debentures must state:

- in the case of debentures in certificated form, the certificate numbers of the holder s debentures to be delivered for purchase;
- the portion of the principal amount of debentures to be purchased, in integral multiples of $1,000; and
- that the debentures are to be purchased by us pursuant to the applicable provision of the debentures and the indenture.

If the debentures are not in certificated form, the notice given by each holder must comply with appropriate DTC procedures.

No debentures may be purchased by us at the option of the holders if the principal amount of the debentures has been accelerated, and such acceleration has not been rescinded, on or prior to such date.

A holder may withdraw any purchase notice in whole or in part by a written notice of withdrawal delivered to the trustee or any paying agent prior to the close of business on the business day prior to the purchase date. The notice of withdrawal must state:

- the name of the holder;
- a statement that the holder is withdrawing its election to require us to purchase its debentures;

the principal amount of the withdrawn debentures, which must be an integral multiple of $1,000;

if the relevant debenture is in certificated form, the certificate numbers of the withdrawn debentures; and

the principal amount, if any, which remains subject to the purchase notice, which must be an integral multiple of $1,000.

If the debentures are not in certificated form, the notice given by each holder must comply with appropriate DTC procedures.

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A holder must either effect book-entry transfer or deliver the debentures, together with necessary endorsements, to the office of the trustee or any paying agent after delivery of the purchase notice to receive payment of the purchase price. A holder will receive payment promptly following the later of the purchase date or the date of book-entry transfer or the delivery of the debentures together with the necessary endorsements. If the trustee or any paying agent holds money sufficient to pay, on the purchase date, the purchase price of the debentures, then, as of the purchase date:

- the debentures will cease to be outstanding and interest thereon will cease to accrue; and
- all other rights of the holder with respect to such debentures will terminate (other than the right to receive the purchase price upon delivery or transfer of the debentures together with necessary endorsements).

This will be the case whether or not book-entry transfer of the debentures is made and whether or not the debentures are delivered to the paying agent.

We will comply with the provisions of Rule 13e-4 and any other tender offer rules under the Exchange Act that may be applicable to any repurchase of debentures. If then required by the applicable rules, we will file a schedule TO or any other schedule required in connection with any offer by us to repurchase the debentures.

Our ability to repurchase debentures is subject to important limitations. Our credit agreements or other agreements relating to our indebtedness or otherwise may contain provisions prohibiting repurchase of the debentures under certain circumstances, or expressly prohibit our repurchase of the debentures. If you elect to require us to purchase your debentures at a time when we are prohibited from repurchasing debentures, we may seek the consent of our lenders to repurchase the debentures or may attempt to refinance this debt. Further, there can be no assurance that we would have the financial resources, or would be able to arrange financing, to pay the purchase price for all the debentures seeking to exercise their repurchase right. If we do not obtain consent, we would not be permitted to repurchase the debentures.

Our failure to repurchase tendered debentures would constitute an event of default under the indenture, which would most likely constitute a default under the terms of our other indebtedness.

Conversion Rights

General

Prior to August 1, 2029, the debentures will be convertible only upon satisfaction of one or more of the conditions described under the headings Conversion upon Satisfaction of Sale Price Condition, Conversion upon Satisfaction of Trading Price Condition, Conversion upon Notice of Redemption, and Conversion upon Specified Corporate Transactions. On or after August 1, 2029, holders may convert each of their debentures at the applicable conversion rate at any time prior to the close of business on the second business day immediately preceding the maturity date. Debentures may not be converted after the close of business on the second business day immediately preceding the maturity date. The conversion rate will initially be 25.5076 shares of common stock per $1,000 principal amount of debentures (equivalent to an initial conversion price of approximately $39.20 per share of common stock). Upon conversion of a debenture, unless we have made an irrevocable net share settlement election, as described below, we will satisfy our conversion obligation by delivering, at our election, shares of our common stock, cash or a combination of cash and shares of our common stock, as set forth below under Payment upon Conversion. The trustee will initially act as the conversion agent.

A holder may convert fewer than all of such holder s debentures so long as the debentures converted are an integral multiple of $1,000 principal amount.

Upon conversion, you will not receive any separate cash payment for accrued and unpaid interest, except as described below. We will not issue fractional shares of our common stock upon conversion of debentures. Instead, we will pay cash in lieu of fractional shares as described under Payment upon Conversion. Our delivery to you of consideration due upon conversion as described herein will be deemed to satisfy in full our obligation to pay:

- the principal amount of the debenture; and

- accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the conversion date.

As a result, accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the conversion date will be deemed to be paid in full rather than cancelled, extinguished or forfeited.

Notwithstanding the preceding paragraph, if a debenture is converted after 5:00 p.m., New York City time, on a regular record date for the payment of interest but prior to the next interest payment date, the holder of such debenture at 5:00 p.m., New York City time, on such record date will receive the interest payable on such debenture on such interest payment date notwithstanding the conversion. However, debentures tendered for conversion during such period must be accompanied by funds equal to the amount of accrued but unpaid interest (including contingent interest and additional interest, if any) payable, on such interest payment date, on the debentures so converted; *provided* that no such payment need be made:

- for conversions following the record date immediately preceding the maturity date;
- if we have specified a redemption date that is after the record date and on or prior to the corresponding interest payment date;
- if we have specified a fundamental change repurchase date that is after the record date and on or prior to the corresponding interest payment date; and
- to the extent of any overdue interest, if any overdue interest exists at the time of the applicable interest payment date with respect to such debenture.

If a holder converts debentures, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of any shares of our common stock upon the conversion, unless the tax is due because the holder requests any shares to be issued in a name other than the holder s name, in which case the holder will pay that tax.

Holders may surrender their debentures for conversion under the following circumstances:

Conversion upon Satisfaction of Sale Price Condition

Prior to August 1, 2029, a holder may surrender all or a portion of its debentures for conversion during any fiscal quarter (and only during such fiscal quarter) commencing after December 31, 2009 if the last reported sale price of the common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is greater than or equal to 130% of the conversion price on each such trading day.

The last reported sale price of our common stock on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average asked prices) on that date as reported in composite transactions for the principal U.S. securities exchange on which our common stock is traded. If our common stock is not listed for trading on a U.S. national or regional securities exchange on the relevant date, the last reported sale price will be the last quoted bid price for our common stock in the over-the-counter market on the relevant date as reported by Pink Sheets LLC or a similar organization.

If our common stock is not so quoted, the last reported sale price will be the average of the mid-point of the last bid and ask prices for our common stock on the relevant date from each of at least three nationally recognized independent investment banking firms selected by us for this purpose.

Trading day means a day on which (i) trading in securities generally occurs on the New York Stock Exchange or, if our common stock is not then listed on New York Stock Exchange, on the principal other U.S. national or regional securities exchange on which our common stock is then listed or, if our common stock is not then listed on a U.S. national or regional securities exchange, in the principal other market on which our common stock is then traded, and (ii) a last reported sale price for our common stock is available on such securities exchange or market. If our common stock (or other security for which a closing sale price must be determined) is not so listed or traded, trading day means a business day.

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Conversion upon Satisfaction of Trading Price Condition

Prior to August 1, 2029, a holder of debentures may surrender all or a portion of its debentures for conversion during the five business-day period after any ten consecutive trading-day period (the measurement period) in which the trading price per $1,000 principal amount of debentures, as determined following a request by a holder of debentures in accordance with the procedures described below, for each trading day of that measurement period was less than 95% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day. We refer to this condition as the trading price condition.

For this purpose trading price of the debentures on any date of determination means the average of the secondary market bid quotations obtained by the bid solicitation agent for $5,000,000 principal amount of the debentures at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select; *provided* that, if three such bids cannot reasonably be obtained by the bid solicitation agent but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the bid solicitation agent, that one bid shall be used. If the bid solicitation agent cannot reasonably obtain at least one bid for $5,000,000 principal amount of the debentures from an independent nationally recognized securities dealer, then the trading price per $1,000 principal amount of debentures will be deemed to be less than 95% of the product of the last reported sale price of our common stock and the applicable conversion rate on such date of determination. If we do not so instruct the bid solicitation agent to obtain bids when required, the trading price per $1,000 principal amount of the debentures will be deemed to be less than 95% of the product of the last reported sale price of our common stock and the applicable conversion rate on each day we fail to do so.

The bid solicitation agent shall have no obligation to determine the trading price of the debentures unless we have requested such determination; and we shall have no obligation to make such request unless a holder of a debenture provides us with reasonable evidence that the trading price per $1,000 principal amount of debentures would be less than 95% of the product of the last reported sale price of our common stock and the applicable conversion rate. At such time, we shall instruct the bid solicitation agent to determine the trading price of the debentures beginning on the next trading day and on each successive trading day until the trading price per $1,000 principal amount of debentures is greater than or equal to 95% of the product of the last reported sale price of our common stock and the applicable conversion rate. If the trading price condition has been met, we will so notify the holders. If, at any time after the trading price condition has been met, the trading price per $1,000 principal amount of debentures is equal to or greater than 95% of the product of the last reported sale price of our common stock and the applicable conversion rate for such date, we will so notify the holders.

Conversion upon Specified Corporate Transactions

Certain Distributions

If, prior August 1, 2029, we elect to:

- issue to all or substantially all holders of our common stock rights entitling them to purchase, for a period expiring within 60 days after the date of the distribution, shares of our common stock at less than the average of the last reported sale prices per share of our common stock for the 10 consecutive trading-day period ending on, and including, the trading day immediately preceding the announcement of such issuance; or

- distribute to all or substantially all holders of our common stock our assets, debt securities or rights to purchase our securities, we must notify the holders of the debentures at least 30 scheduled trading days prior to the ex-dividend date for such distribution. Once we have given such notice, holders may surrender their debentures for conversion at any time until the earlier of 5:00 p.m., New York City time, on the business day immediately prior to the ex-dividend date or our announcement that such distribution will not take place, even if the debentures are not otherwise convertible at such time.

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Certain Corporate Events

If, prior to the close of business on the business day immediately preceding August 1, 2029:

- a fundamental change (as defined under Holders May Require Us to Repurchase Their Debentures Upon a Fundamental Change) or a make-whole fundamental change (as defined under Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change) occurs, or

- we are a party to a consolidation, merger, binding share exchange, or transfer or lease of all or substantially all of our assets, pursuant to which our common stock would be converted into or exchanged for, or would constitute solely the right to receive, cash, securities or other assets,

the debentures may be surrendered for conversion at any time from, and including, the 30th scheduled trading day prior to the anticipated effective date of such transaction to, and including, the 35th trading day following such effective date or, if such transaction also constitutes a fundamental change, the fundamental change repurchase date for that fundamental change. Holders that convert their debentures in connection with a make-whole fundamental change may in some circumstances also be entitled to an increased conversion rate. See Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change. If we announce a transaction that causes the debentures to become convertible pursuant to these provisions, but the transaction is not consummated, then on the date we announce that the transaction will not occur, the debentures will cease to be convertible pursuant to these provisions on account of such transaction. We will notify holders and the trustee as promptly as practicable following (i) the date we publicly announce such transaction, but in no event fewer than 30 scheduled trading days prior to the anticipated effective date of such transaction, and (ii) the effective date of such transaction, but in any event, within five days after the effective date of such transaction.

Conversion upon Notice of Redemption

If we call any of the debentures for redemption, holders may convert any of their debentures at any time prior to the close of business on the second business day immediately preceding the redemption date, even if the debentures are not otherwise convertible at such time. If a holder already has delivered a purchase notice with respect to a debenture, however, the holder may not surrender that debenture for conversion until the holder has withdrawn the purchase notice in accordance with the indenture.

Conversions on or after August 1, 2029

On or after August 1, 2029, a holder may convert any of its debentures at any time prior to the close of business on the second business day immediately preceding the maturity date regardless of the foregoing conditions.

Conversion Procedures

If you hold a beneficial interest in a global debenture, to convert you must comply with DTC s procedures for converting a beneficial interest in a global debenture and, if required, pay funds equal to interest payable on the next interest payment date and, if required, pay all taxes or duties, if any.

If you hold a certificated debenture, to convert you must:

- complete and manually sign the conversion notice on the back of the debenture, or a facsimile of the conversion notice;

deliver the conversion notice, which is irrevocable, and the debenture to the conversion agent;

if required, furnish appropriate endorsements and transfer documents;

if required, pay all transfer or similar taxes; and

if required, pay funds equal to interest payable on the next interest payment date.

The date you comply with the relevant procedures described above is the conversion date under the indenture.

Irrevocable Election of Net Share Settlement

At any time prior to August 1, 2029, we may irrevocably elect net share settlement of the debentures upon conversion. If we make such an election, then all debentures tendered for conversion on a conversion date that follows the date of such election will be settled in a combination of cash and shares, as described below under Payment upon conversion, with a fixed dollar amount (as described below under Payment upon conversion) equal to $1,000. This irrevocable net share settlement election is in our sole discretion and does not require the consent of the holders of the debentures.

We will notify holders, the trustee and the conversion agent promptly upon making such election.

We may irrevocably renounce this right to elect net share settlement of the debentures by notifying holders, the trustee and the conversion agent at any time prior to the earlier of the (i) August 1, 2029 and (ii) our exercise of such right. Upon such renunciation, we will no longer have the right to elect the net share settlement with respect to the debentures, and any such attempted election shall have no effect.

Payment upon Conversion

Unless we have made an irrevocable net share settlement election as described above under Irrevocable Election of Net Share Settlement , we may elect to deliver shares of our common stock, cash or a combination of cash and shares of our common stock in satisfaction of our obligations upon conversion of the debentures. If we have made the irrevocable net share settlement election, however, we may only settle such debentures by net share settlement. We will inform the holders so converting and the conversion agent through the trustee of the method we choose to satisfy our obligation upon conversion of the debentures no later than the second scheduled trading day immediately following the related conversion date. If we do not provide such notice, we will be presumed to have elected to satisfy our obligation by net share settlement.

Prior to August 1, 2029, we may deliver a one-time notice to the holders of the debentures, the trustee and the conversion agent designating the settlement method for all conversions that occur on or after August 1, 2029. If we do not provide such notice, we then we will settle all such conversions of the debentures by net share settlement.

If we choose to satisfy any portion of our conversion obligation by delivering cash, other than solely cash in lieu of any fractional shares, or if we have made an irrevocable net share settlement election, we will specify the fixed dollar amount per $1,000 principal amount of the debentures to be satisfied by the delivery of cash; provided the fixed dollar amount due upon conversion shall in no event exceed the conversion value (as defined below). We have a policy of settling conversions of the debentures using net share settlement. If we have previously made an irrevocable net share settlement election, and we fail to timely notify converting holders of the fixed dollar amount, the fixed dollar amount will be deemed to be $1,000.

We will treat all holders of the debentures converting on the same trading day in the same manner. Except for all conversions that occur on or after August 1, 2029, we will not, however, have any obligation to repay any debentures tendered for conversion on different trading days in the same manner. That is, we may choose on one trading day to settle entirely in shares of our common stock and choose on another trading day to settle entirely in cash or a combination of cash and shares of our common stock.

Settlement in shares of our common stock only will occur on the third trading day following the conversion date (or, if earlier, on the maturity date). Settlement in cash and/or shares of our common stock will occur on the third trading day following the final trading day of the applicable observation period.

The settlement amount will be computed as follows:

(1) if we elect to satisfy the entire conversion obligation in common stock only, we will deliver to the holder for each $1,000 principal amount of the debentures converted a number of shares of our common stock equal to the conversion rate in effect on the conversion date plus cash in lieu of fractional shares, if applicable;

(2) if we elect to satisfy the entire conversion obligation in cash only, we will deliver to the holder for each $1,000 principal amount of the debentures converted cash in an amount equal to the conversion value; and

(3) if we elect to satisfy the conversion obligation in a combination of cash and common stock or if we have made an irrevocable net share settlement election, we will deliver to the holder for each $1,000 principal amount of the debentures converted:

(i) a cash amount equal to the lower of (a) the fixed dollar amount per $1,000 principal amount of the debentures to be satisfied in cash specified in the notice regarding our chosen method of settlement (the fixed cash amount) and (b) the conversion value; and

(ii) a number of shares equal to the sum, for each of the trading days in the observation period, of 1/20th of a fraction (a) whose numerator is the excess, if any, of (I) the product of the conversion rate in effect on such trading day and the VWAP of our common stock on such trading day over (II) the fixed cash amount and (b) whose denominator is such VWAP (except that if such sum is not a whole number, then we will pay cash in lieu of any fractional shares).

The observation period means the 20 consecutive trading days:

with respect to conversion dates occurring during the period beginning August 1, 2029, beginning on and including the 22nd scheduled trading day immediately preceding the maturity date; and

with respect to conversion dates occurring after we have given a notice of redemption, beginning on and including the 20th scheduled trading day immediately preceding the redemption date; and

in all other cases, beginning on and including the third trading day following the conversion date.

The conversion value , for every $1,000 principal amount of a debenture being converted, means an amount equal to the sum of the daily conversion values for each of the 20 trading days in the observation period.

The daily conversion value for any trading day equals 1/20th of:

the conversion rate in effect on that trading day multiplied by

the VWAP of our common stock on that trading day.

The VWAP for our common stock means, with respect to any trading day during the observation period, the per share volume-weighted average price as displayed under the heading Bloomberg VWAP on Bloomberg page JEF US Equity AQR or any successor page in respect of the period from 9:30 a.m. to 4:00 p.m., New York City time, on such trading day; or if such volume-weighted average price is unavailable, the market value per share of our common stock on such trading day as determined by a nationally recognized independent investment banking firm retained for this purpose by us. VWAP will be determined without reference to extended or after-hours trading.

With respect to this section, trading day means a day during which:

trading in our common stock generally occurs on the primary exchange or market on which our common stock is listed, quoted or admitted for trading; and there is no market disruption event;

provided, however, that if on any trading day our common stock is not traded on any market, then that trading day shall nevertheless be a trading day so long as we are able to obtain the market value per share of our common stock on that trading day from a nationally recognized independent investment banking firm retained for this purpose by us.

A market disruption event means:

a failure by the primary U.S. national securities exchange or market on which our common stock is listed or admitted to trading to open for trading during its regular trading session; or the occurrence or existence on any trading day for our common stock of an aggregate one half-hour period, of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in our common stock or in any options, contracts or future contracts relating to our common stock.

Fractional Shares. We will deliver cash in lieu of any fractional shares of common stock issuable in connection with a conversion of debentures based on the daily VWAP of our common stock on the final trading day of the applicable observation period (or, in the case of settlement in shares of common stock only, based on the daily VWAP of our common stock on the conversion date).

Exchange in Lieu of Conversion

When a holder surrenders debentures for conversion, we may direct the conversion agent to surrender, on or prior to the second business day following the conversion date, such debentures to a financial institution designated by us for exchange in lieu of conversion. In order to accept any debentures surrendered for conversion, the designated institution must agree to deliver, in exchange for such debentures, cash, shares of our common stock or a combination of cash and shares of our common stock, equal to the consideration due upon conversion, all as provided above under Conversion Procedures Irrevocable Election of Net Share Settlement and Conversion Procedures Payment upon Conversion . By the close of business on the second business day immediately following the conversion date, we will notify the holder surrendering debentures for conversion, the trustee and the conversion agent that we have directed the designated financial institution to make an exchange in lieu of conversion and such financial institution will be required to notify the conversion agent whether it will deliver, upon exchange, cash, shares of our common stock or a combination of cash and shares of common stock.

If the designated institution accepts any such debentures, it will deliver cash, shares of our common stock or a combination of cash and shares of our common stock to the conversion agent, and the conversion agent will deliver the cash and/or shares, as the case may be, to the applicable holder. Any debentures exchanged by the designated institution will remain outstanding. If the designated institution agrees to accept any debentures for exchange but does not timely deliver the related consideration, or if such designated financial institution does not accept the debentures for exchange, we will deliver as soon as practicable the relevant conversion consideration as if we had not made an exchange election.

Our designation of an institution to which the debentures may be submitted for exchange does not require the institution to accept any debentures. We will not pay any consideration to, or otherwise enter into any agreement with, the designated institution for or with respect to such designation.

Conversion Rate Adjustments

The conversion rate will be adjusted as described below, except that we will not make any adjustments to the conversion rate if holders of the debentures participate, as a result of holding the debentures, in any of the transactions described below without having to convert their debentures as if they held the full number of shares underlying their debentures.

(1) If we issue shares of our common stock as a dividend or distribution on shares of our common stock, or if we effect a share split or share combination, the conversion rate will be adjusted based on the following formula:

$CR_1 = CR_0 \times \quad OS_1$

OS_0

where:

CR_0 = the conversion rate in effect immediately prior to the ex-dividend date of such dividend or distribution, or the effective date of such share split or combination, as applicable;

CR_1 = the conversion rate in effect immediately after the opening of business on such ex-dividend date or effective date, as applicable;

OS_0 = the number of shares of our common stock outstanding immediately prior to such ex-dividend date or effective date, as applicable; and

OS_1 = the number of shares of our common stock that would be outstanding immediately after, and solely as a result of, such dividend, distribution, share split or share combination.

(2) If we distribute to all or substantially all holders of our common stock any rights or warrants entitling them, for a period expiring within 60 calendar days after the declaration date of such distribution, to subscribe for or purchase shares of our common stock, at a price per share less than the last reported sale price of our common stock on the trading day immediately preceding the declaration date of such distribution, the conversion rate will be adjusted based on the following formula (*provided* that the conversion rate will be readjusted to the extent that such rights or warrants are not exercised prior to their expiration):

$$CR_1 = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where:

CR_0 = the conversion rate in effect immediately prior the ex-dividend date for such distribution;

CR_1= the conversion rate in effect immediately after the open of business on such ex-dividend date;

OS_0 = the number of shares of our common stock outstanding immediately prior to the open of business on such ex-dividend date;

X = the total number of shares of our common stock issuable pursuant to such rights or warrants; and

Y = the number of shares of our common stock equal to the aggregate price payable to exercise such rights or warrants *divided by* the average of the last reported sale prices of our common stock over the 10 consecutive trading-day period ending on the trading day immediately preceding the ex-dividend date for such distribution.

For purposes of this clause (2), in determining whether any rights or warrants entitle the holders to subscribe for or purchase common stock at a price per share less than the average of the last reported sale prices of our common stock for the relevant period, and in determining the aggregate exercise price payable for such common stock, there shall be taken into account any consideration received by the Company for such rights or warrants and any amount payable on exercise thereof, with the value of such consideration, if other than cash, to be determined by our board of directors.

(3) If we distribute shares of our capital stock, evidences of our indebtedness, other assets or property of ours or rights or warrants to acquire our capital stock or other securities to all or substantially all holders of our common stock, excluding:

- dividends or distributions and rights or warrants as to which an adjustment is required pursuant to clause (1) or (2) above or (4) below; and

- spin-offs to which the provisions set forth below in this clause (3) shall apply;

then the conversion rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where:

CR_0 = the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such distribution;

CR_1 = the conversion rate in effect immediately after the open of business on such ex-dividend date;

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SP_0 = the average of the last reported sale prices of our common stock over the 10 consecutive trading-day period ending on, and including, the trading day immediately preceding the ex-dividend date for such distribution; and

FMV = the fair market value (as determined by our board of directors) of the shares of capital stock, evidences of indebtedness, assets, property, rights or warrants distributed with respect to each outstanding share of our common stock on the ex-dividend date for such distribution.

With respect to an adjustment pursuant to this clause (3) where there has been a payment of a dividend or other distribution on our common stock of shares of capital stock of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit, which we refer to as a spin-off, the conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where:

CR_0 = the conversion rate in effect immediately prior to the end of the valuation period (as defined below);

CR_1 = the conversion rate in effect immediately after the end of the valuation period;

FMV_0 = the average of the last reported sale prices of the capital stock or similar equity interest distributed to holders of our common stock applicable to one share of our common stock (determined for purposes of the definition of last reported sale price as if such capital stock or similar equity interest were our common stock) over the first 10 consecutive trading-day period after, and including, the effective date of the spin-off (the valuation period); and

MP_0 = the average of the last reported sale prices of our common stock over the valuation period.

The adjustment to the conversion rate under the preceding paragraph will occur on the last day of the valuation period; *provided* that in respect of any conversion during the valuation period, references with respect to 10 trading days shall be deemed replaced with such lesser number of trading days as have elapsed between the effective date of such spin-off and the conversion date in determining the applicable conversion rate.

(4) If any cash dividend or distribution is made to all or substantially all holders of our common stock, the conversion rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where:

CR_0 = the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such dividend or distribution;

CR_1 = the conversion rate in effect immediately after the open of business on the ex-dividend date for such dividend or distribution;

SP_0 = the last reported sale price of our common stock on the trading day immediately preceding the ex-dividend date for such dividend or distribution; and

C = the amount in cash per share we distribute to holders of our common stock.

If any dividend or distribution described in clauses (1), (3) or (4) above is declared but not so paid or made, the conversion rate shall be readjusted to the conversion rate that would then be in effect if such dividend or distribution had not been declared.

(5) If we or any of our subsidiaries make a payment in respect of a tender offer or exchange offer for our common stock, to the extent that the cash and value of any other consideration included in the payment per share of common stock exceeds the last reported sale price of our common stock on the trading day next

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succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, the conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{AC + (SP_1 \times OS_1)}{OS_0 \times SP_1}$$

where:

CR_0 = the conversion rate in effect immediately prior to the close of business on the effective date of the adjustment (as described below);

CR_1 = the conversion rate in effect immediately after the close of business on the effective date of the adjustment;

AC = the aggregate value of all cash and any other consideration (as determined by our board of directors) paid or payable for shares purchased in such tender or exchange offer;

OS_0 = the number of shares of our common stock outstanding immediately prior to the date such tender or exchange offer expires;

OS_1 = the number of shares of our common stock outstanding immediately after the date such tender or exchange offer expires (after giving effect to the purchase of all shares accepted for purchase or exchange in such offer); and

SP_1 = the average of the last reported sale prices of our common stock over the 10 consecutive trading-day period commencing on the trading day next succeeding the date such tender or exchange offer expires.

The effective date of the adjustment means the tenth trading day from, and including, the trading day next succeeding the date such tender or exchange offer expires. The adjustment to the conversion rate under this clause (5) will occur on such effective date of the adjustment; *provided* that in respect of any conversion within 10 trading days immediately following, and including, the expiration date of any tender or exchange offer, references with respect to 10 trading days shall be deemed replaced with such lesser number of trading days as have elapsed between the expiration date of such tender or exchange offer and the conversion date in determining the applicable conversion rate. If we are, or one of our subsidiaries is, obligated to purchase our common stock pursuant to any such tender or exchange offer but are permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, the conversion rate shall be readjusted to be the conversion rate that would be in effect if such tender or exchange offer had not been made.

Except as stated herein, we will not adjust the conversion rate for the issuance of shares of our common stock or any securities convertible into or exchangeable for shares of our common stock or the right to purchase shares of our common stock or such convertible or exchangeable securities. If, however, the application of the foregoing formulas would result in a decrease in the conversion rate or reduce the conversion price below the par value per share of common stock, no adjustment to the conversion rate will be made (other than as a result of a share combination).

As used in this section, ex-dividend date means the first date on which the shares of our common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question.

Subject to any applicable stock exchange listing requirements, we are permitted to increase the conversion rate of the debentures by any amount for a period of at least 20 business days if our board of directors determines that such increase would be in our best interest. We may also (but are not required to) increase the conversion rate to avoid or diminish income tax to holders of our common stock or rights to purchase shares of our common stock in connection with a dividend or distribution of shares (or rights to acquire shares) or similar event, subject to any applicable stock exchange listing requirements.

A holder may, in some circumstances, including the distribution of cash dividends to holders of our shares of common stock, be deemed to have received a distribution or dividend subject to U.S. federal income tax as a result of an adjustment or the nonoccurrence of an adjustment to the conversion rate. For a discussion of the

U.S. federal income tax treatment of an adjustment to the conversion rate, see Material U.S. Federal Income Tax Considerations.

To the extent that we have a rights plan in effect upon a conversion of debentures, and we deliver shares of our common stock upon such conversion, you will receive, in addition to such shares of common stock, the rights under the rights plan, unless prior to any conversion, the rights have separated from the common stock, in which case the conversion rate will be adjusted at the time of separation as if we distributed to all holders of our common stock shares of our capital stock, evidences of indebtedness, assets, property, rights or warrants as described in clause (3) above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

Adjustments to the applicable conversion rate will be calculated to the nearest 1/10,000th of a share, with five one-hundred-thousandths rounded upward (*e.g.*, 0.76545 would be rounded up to 0.7655). We will not be required to make an adjustment in the conversion rate unless the adjustment would require a change of at least 1% in the conversion rate. However, we will carry forward any adjustments that are less than 1% of the conversion rate and make such carried-forward adjustments on each conversion date, and each settlement period trading day with respect to any conversion date, for any debentures.

Notwithstanding the conversion rate adjustment provisions above, if any conversion rate adjustment becomes effective, or any ex-dividend date relating to a required conversion rate adjustment occurs, during the period beginning on a conversion date and ending on the close of business on the last trading day of the corresponding observation period, if any, the board of directors will make adjustments to the conversion rate or the amount of cash or number of shares of common stock issuable upon conversion of the debentures, as may be necessary or appropriate to effect the intent of the foregoing conversion rate adjustments to avoid unjust or inequitable results, as determined in good faith by the board so long as such adjustments benefit the holder. Any adjustment made pursuant to this paragraph will apply in lieu of the adjustment or other term that would otherwise be applicable.

Recapitalizations, Reclassifications and Changes of Our Common Stock

In the case of any recapitalization, reclassification or change of our common stock (other than changes resulting from a subdivision or combination or a change in par value), a consolidation, merger or combination involving us, a sale, lease or other transfer to a third party of the consolidated assets of us and our subsidiaries substantially as an entirety, or any statutory share exchange, in each case, as a result of which our common stock would be converted into, or exchanged for, or constitutes solely the right to receive, stock, other securities or other property or assets (including cash or any combination thereof), then, at the effective time of the transaction, the right to convert a debenture will be changed into a right to convert each $1,000 principal amount of debentures into the kind and amount of shares of stock, other securities or other property or assets (including cash or any combination thereof) (the reference property) that a holder of a number of shares of common stock equal to the conversion rate immediately prior to such transaction would have received on account of such transaction. However, at and after the effective time of the transaction (x) the amount otherwise payable in cash upon conversion of the debentures as set forth under Payment upon Conversion above will continue to be payable in cash, (y) the number of shares of our common stock otherwise deliverable upon conversion of the debentures as set forth under Payment upon Conversion above will be instead be deliverable in the kind and amount of such reference property set forth above and (z) the daily VWAP will be calculated based on the value of a unit of reference property that a holder of one share of our common stock would have received in such transaction.

If the reference property consists solely of cash and the effective time of the applicable transaction occurs on or before the third business day after the last trading day in the observation period applicable to the conversion of a debenture, then (i) the consideration due upon such conversion shall consist of cash in an amount, per $1,000 principal amount of such debenture, equal to the product of (A) the amount of cash paid per share of common stock pursuant to such transaction and (B) the conversion rate on the conversion date for such conversion; and (ii) such consideration shall be paid no later than the third business day after the later of such conversion date and such effective date.

If the transaction causes our common stock to be converted into the right to receive more than a single type of consideration (determined based in part upon any form of stockholder election), the reference property into which

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the debentures will be convertible will be deemed to be the weighted average of the types and amounts of consideration actually received by the holders of our common stock, subject to our (or our successor s) right to deliver, in lieu of reference property, cash or a combination of cash and reference property, as described under Payment upon Conversion. We will agree in the indenture not to become a party to any such transaction unless its terms are consistent with the foregoing.

Adjustments of Prices

Whenever any provision of the indenture requires us to calculate last reported prices or daily VWAP over a span of multiple days, we will make appropriate adjustments to account for any adjustment to the conversion rate that becomes effective, or any event requiring an adjustment to the conversion rate where the ex-dividend date of the event occurs, at any time during the period from which such prices are to be calculated.

Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change

If a fundamental change as defined below, other than a change of control as defined in clause (1) of the definition thereof, (determined after giving effect to any exceptions or exclusions to such definition, but without regard to the proviso in clause (2) of the definition of change of control) (such a transaction, a make-whole fundamental change) occurs prior to November 1, 2017 and a holder elects to convert its debentures in connection with such make-whole fundamental change, we will, under certain circumstances, increase the conversion rate for the debentures so surrendered for conversion by a number of additional shares of common stock (the additional shares), as described below. A conversion of debentures will be deemed for these purposes to be in connection with such make-whole fundamental change if the notice of conversion of the debentures is received by the conversion agent from, and including, the scheduled trading day following the effective date of the make-whole fundamental change up to, and including, the 35th trading day immediately following the effective date of such make-whole fundamental change (or, if following such make-whole fundamental change, which is a fundamental change, the debentures have become due and payable as described under Events of Default, until the close of business on the business day immediately preceding the date the debentures are due and payable).

Upon surrender of debentures for conversion in connection with a make-whole fundamental change, we will settle our conversion obligation by delivering shares of our common stock, cash or a combination of cash and shares of our common stock, as described under Conversion Rights Payment upon Conversion, at the increased conversion rate. However, if the consideration for our common stock in such make-whole fundamental change is comprised entirely of cash, for any conversion of debentures following the effective date of such make-whole fundamental change, the conversion obligation will be calculated based solely on the stock price (as such term is defined below) for the transaction and will be deemed to be an amount equal to the applicable conversion rate (including any adjustment as described in this section) multiplied by such applicable price. In such event, the conversion obligation will be determined and paid to holders in cash on the third business day following the conversion date.

The number of additional shares by which the conversion rate will be increased will be determined by reference to the table below, based on the date on which the make-whole fundamental change occurs or becomes effective (the effective date) and the price (the stock price) paid per share of our common stock in the make-whole fundamental change. If the holders of our common stock receive only cash in the make-whole fundamental change, the stock price shall be the cash amount paid per share. Otherwise, the stock price shall be the average of the last reported sale prices of our common stock over the five trading-day period ending on the trading day preceding the effective date of the make-whole fundamental change.

The stock prices set forth in the column headings of the table below will be adjusted as of any date on which the conversion rate of the debentures is otherwise adjusted. The adjusted stock prices will equal the stock prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the conversion rate immediately prior to the adjustment giving rise to the stock price adjustment and the denominator of which is the conversion rate as so adjusted. The number of additional shares will be adjusted in the same manner as the conversion rate as set forth under Conversion Rate Adjustments.

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The following table sets forth the stock price and the number of additional shares to be received per $1,000 principal amount of debentures:

	Stock Price									
Effective Date	**$29.04**	**$34.00**	**$39.20**	**$45.00**	**$50.00**	**$60.00**	**$70.00**	**$80.00**	**$100.00**	**$125.00**
October 26, 2009	8.928	6.400	4.663	3.398	2.666	1.776	1.294	1.005	0.678	0.456
November 1, 2010	8.928	5.798	4.040	2.776	2.067	1.264	0.878	0.671	0.455	0.309
November 1, 2011	8.928	5.242	3.423	2.102	1.383	0.671	0.420	0.318	0.221	0.153
November 1, 2012	8.928	5.029	3.145	1.657	0.705	0.000	0.000	0.000	0.000	0.000
November 1, 2013	8.928	4.891	3.009	1.563	0.659	0.000	0.000	0.000	0.000	0.000
November 1, 2014	8.928	4.771	2.885	1.489	0.628	0.000	0.000	0.000	0.000	0.000
November 1, 2015	8.928	4.540	2.614	1.303	0.542	0.000	0.000	0.000	0.000	0.000
November 1, 2016	8.928	4.150	2.065	0.915	0.367	0.000	0.000	0.000	0.000	0.000
November 1, 2017	8.928	3.904	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

The exact stock prices and effective dates may not be set forth in the table above, in which case:

If the stock price is between two stock price amounts in the table or the effective date is between two effective dates in the table, the number of additional shares will be determined by a straight-line interpolation between the number of additional shares set forth for the higher and lower stock price amounts and the earlier and later effective dates, as applicable, based on a 365- or 366-day year, as applicable.

If the stock price is greater than $125.00 per share (subject to adjustment), no additional shares will be added to the conversion rate.

If the stock price is less than $29.04 per share (subject to adjustment), no additional shares will be added to the conversion rate.

Notwithstanding the foregoing, in no event will the total number of shares of our common stock issuable upon conversion exceed 34.4356 per $1,000 principal amount of debentures, subject to adjustments in the same manner as the conversion rate as set forth under Conversion Rate Adjustments.

Our obligation to satisfy the additional shares requirement could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness and equitable remedies.

Holders May Require Us To Repurchase Their Debentures Upon a Fundamental Change

If a fundamental change, as described below, occurs, each holder will have the right, at its option, subject to the terms and conditions of the indenture, to require us to repurchase for cash all or any portion of the holder s debentures in integral multiples of $1,000 principal amount, at a price equal to 100% of the principal amount of the debentures to be repurchased, plus, except as described below, any accrued and unpaid interest (including contingent interest and additional interest, if any) to, but excluding, the fundamental change repurchase date, as described below.

However, if the fundamental change repurchase date is after a record date for the payment of an installment of interest and on or before the related interest payment date, then the payment of interest becoming due on that interest payment date will be payable, on that interest payment date, to the holder of record at the close of business on the record date, and the repurchase price will not include any accrued and unpaid interest.

We must repurchase the debentures on a date of our choosing, which we refer to as the fundamental change repurchase date. However, the fundamental change repurchase date must be no later than 35 days, and no earlier than 20 business days, after the date we have mailed a notice of the fundamental change, as described below.

Within 15 business days after the occurrence of a fundamental change, we must mail to all holders of debentures at their addresses shown on the register of the registrar, and to beneficial owners as required by applicable law, a notice regarding the fundamental change. We must also publish the notice in a press release disseminated through

Dow Jones & Company, Inc. or Bloomberg Business News or other similarly broad public medium that is customary for such press releases. The notice must state, among other things:

- the events causing the fundamental change;
- the date of the fundamental change;
- the fundamental change repurchase date;
- the last date on which a holder may exercise the repurchase right;
- the fundamental change repurchase price;
- the names and addresses of the paying agent and the conversion agent;
- the procedures that holders must follow to exercise their repurchase right;
- the conversion rate and any adjustments to the conversion rate that will result from the fundamental change; and
- that debentures with respect to which a holder has delivered a fundamental change repurchase notice may be converted, if otherwise convertible, only if the holder withdraws the fundamental change repurchase notice in accordance with the terms of the indenture.

To exercise the repurchase right, a holder must deliver a written fundamental change repurchase notice to the paying agent no later than the close of business on the business day immediately preceding the fundamental change repurchase date. This written notice must state:

- the certificate numbers of the debentures that the holder will deliver for repurchase, if they are in certificated form;
- the principal amount of the debentures to be repurchased, which must be an integral multiple of $1,000; and
- that the debentures are to be repurchased by us pursuant to the fundamental change provisions of the indenture.

A holder may withdraw any fundamental change repurchase notice by delivering to the paying agent a written notice of withdrawal prior to the close of business on the business day immediately preceding the fundamental change repurchase date. The notice of withdrawal must state:

- the name of the holder;
- a statement that the holder is withdrawing its election to require us to repurchase its debentures;
- the certificate numbers of the debentures being withdrawn, if they are in certificated form;
- the principal amount of debentures being withdrawn, which must be an integral multiple of $1,000; and
- the principal amount, if any, of the debentures that remain subject to the fundamental change repurchase notice, which must be an integral multiple of $1,000.

If the debentures are not in certificated form, the above notices must comply with appropriate DTC procedures.

To receive payment of the fundamental change repurchase price for a debenture for which the holder has delivered and not withdrawn a fundamental change repurchase notice, the holder must deliver the debenture, together with necessary endorsements, to the paying agent at any time after delivery of the fundamental change repurchase notice. We will pay the fundamental change repurchase price for the debenture on the later of the fundamental change repurchase date and the time of delivery of the debenture, together with necessary endorsements.

For a discussion of certain tax consequences to a holder upon the exercise of the repurchase right, see Material U.S. Federal Income Tax Considerations.

If the paying agent holds on the fundamental change repurchase date money sufficient to pay the fundamental change repurchase price due on a debenture in accordance with the terms of the indenture, then, on and after the

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fundamental change repurchase date, the debenture will cease to be outstanding and interest on such debenture will cease to accrue, whether or not the holder delivers the debenture to the paying agent. Thereafter, all other rights of the holder terminate, other than the right to receive the fundamental change repurchase price upon delivery of the debenture.

A fundamental change will be deemed to have occurred (1) upon a change of control of the Company or (2) upon a termination of trading.

A change of control will be deemed to have occurred at such time after the original issuance of the debentures when any of the following has occurred:

(1) a person or group within the meaning of Section 13(d) of the Exchange Act other than the Company, our subsidiaries or our employee benefit plans, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect beneficial owner, as defined in Rule 13d-3 under the Exchange Act, of our capital stock representing more than 50% of the voting power of our capital stock; or

(2) consummation of (A) any recapitalization, reclassification or change of our common stock (other than changes resulting from a subdivision or combination or a change in par value) as a result of which our common stock would be converted into, or exchanged for, or would constitute solely the right to receive, stock, other securities or other property or assets or (B) any share exchange, consolidation or merger of us pursuant to which our common stock will be converted into cash, securities or other property or any sale, lease or other transfer in one transaction or a series of transactions of the consolidated assets of us and our subsidiaries substantially as an entirety to any person or group within the meaning of Section 13(d) of the Exchange Act, other than one of our subsidiaries; *provided*, *however*, that any such share exchange, consolidation or merger will not be a change of control if holders of our common equity immediately prior to such transaction collectively own, directly or indirectly, more than 50% of all classes of common equity of the continuing or surviving corporation or transferee or the parent thereof immediately after such transaction in substantially the same proportion as such ownership immediately prior to such share exchange, consolidation or merger.

However, a change of control will not be deemed to have occurred as a result of clause (2) above, and any transaction or event described in clause (2) above will not constitute a make-whole fundamental change, in each case, if at least 90% of the consideration received or to be received by our common shareholders, excluding cash payments for fractional shares and cash payments in respect of statutory dissenters rights, in connection with such transaction or event consists of shares of common stock (or depositary receipts or shares evidencing common stock) traded on the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or their respective successors) or which will be so traded or quoted when issued or exchanged in connection with such transaction or event (these securities being referred to as publicly traded securities) and as a result of such transaction or event the debentures become convertible into such publicly traded securities, excluding cash payments for fractional shares and cash payments in respect of statutory dissenters rights (subject to the provisions set forth above under Conversion Rights Payment upon Conversion), as described above under Recapitalizations, Reclassifications and Changes of Our Common Stock.

A termination of trading will be deemed to have occurred at such time as our common stock (or other common stock or depositary shares or receipts in respect thereof into which the debentures are then convertible) ceases to be listed or quoted on the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or their respective successors) for a period of 30 consecutive scheduled trading days.

The fundamental change provisions could discourage a potential acquirer of us. The fundamental change feature, however, is not the result of management s knowledge of any specific effort to obtain control of us by any means or part of a plan by management to adopt a series of anti-takeover provisions. Instead, the fundamental change conversion feature is a result of negotiations between us and the underwriters.

The term fundamental change is limited to specified transactions and may not include other events that might adversely affect our financial condition. In addition, the fundamental change provisions may not protect holders in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us. We could, in

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the future, enter into certain transactions, including recapitalizations, that would not constitute a fundamental change but would increase the amount of our debt, including other secured indebtedness, outstanding or otherwise adversely affect holders. Neither we nor our subsidiaries are prohibited from incurring debt, including other unsubordinated indebtedness or secured indebtedness, by the indenture. The incurrence of significant amounts of additional debt could adversely affect our ability to service our debt, including the debentures.

The definition of fundamental change includes a phrase relating to the sale, lease or other transfer of the consolidated assets of us and our subsidiaries substantially as an entirety. There is no precise, established definition of the phrase substantially as an entirety under applicable law. Accordingly, the ability of a holder of the debentures to require us to cause us to repurchase its debentures as a result of the conveyance, transfer, sale, lease or other disposition of less than all of our assets may be uncertain.

If a fundamental change were to occur, we may not have sufficient funds to pay the principal and accrued and unpaid interest on debentures tendered for repurchase. Our ability to pay such amounts may be limited by restrictions on our ability to obtain funds through dividends from our subsidiaries, the terms of our then existing borrowing arrangements or otherwise. See Risk Factors Risks Related to the Debentures We may not have the ability to raise the funds necessary to settle conversions of the debentures if we irrevocably commit to settle in cash and shares (instead of solely in shares) or to repurchase the debentures when required or to repay the debentures upon maturity or earlier acceleration. If we fail to repurchase the debentures when required following a fundamental change, we will be in default under the indenture. In addition, we have, and may in the future incur, other indebtedness with similar fundamental change provisions permitting the holders thereof to require us to repurchase the indebtedness upon the occurrence of similar events or on some specific dates.

Consolidation, Merger and Sale of Assets

The indenture provides that we may not consolidate with or merge with or into any other person or sell, lease or otherwise transfer the consolidated assets of us and our subsidiaries substantially as an entirety to another person, unless:

- the resulting, surviving or transferee person (if not the Company) (the successor company) will be a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia, and the successor company (if not us) will expressly assume, by a supplemental indenture, executed and delivered to the trustee, in form reasonably satisfactory to the trustee, all of our obligations under the debentures and the indenture;

- immediately after giving effect to such transaction, no default or event of default under the indenture shall have occurred and be continuing; and

- we shall have delivered to the trustee an officers certificate and an opinion of counsel, each stating that the consolidation, merger or transfer and such supplemental indenture (if any) comply with the indenture.

The successor company will succeed to, and be substituted for, and may exercise every right and power of us under the indenture, but in the case of a conveyance, transfer or lease, we will not be released from the obligation to pay the principal of and interest on the debentures.

Although these types of transactions are permitted under the indenture, certain of the foregoing transactions could constitute a fundamental change (as defined above) permitting each holder to require us to repurchase the debentures of such holder as described above.

SEC and Other Reports

We shall deliver to the trustee copies of our annual report and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which we are required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act within 15 days after we are required to file such annual and quarterly reports, information, documents and other reports with the SEC. Documents that are filed by us with the SEC via its EDGAR system (or any successor thereto) and are publicly available will be deemed to be delivered to the trustee as of the time such documents are so filed.

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Events of Default

The following will constitute events of defaults under the indenture, subject to any additional limitations, qualifications and cure periods included in the indenture:

we fail to pay the principal of any debenture when due and payable at its stated maturity, upon any repurchase or redemption, or otherwise;

we fail to pay any interest on the debentures when due and such failure continues for a period of 30 days past the applicable due date;

we fail to satisfy our conversion obligation upon exercise of a holder s conversion right and such failure continues for a period of five calendar days following the scheduled settlement date for such conversion;

we fail to comply with our notice obligations under Holders May Require Us to Repurchase Their Debentures Upon a Fundamental Change, on a timely basis;

we fail to comply with our obligations under Consolidation, Merger and Sale of Assets;

we fail to perform or observe any of our other covenants or warranties in the indenture or in the debentures for 90 days after written notice to us from the trustee or to us and the trustee from the holders of at least 25% in principal amount of the outstanding debentures;

default by the Company or any subsidiary in the payment of principal or interest on any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of $10.0 million (or its foreign currency equivalent) in the aggregate of the Company and/or any subsidiary, whether such indebtedness now exists or shall hereafter be created; and

certain events of bankruptcy, insolvency and reorganization of us or any of our significant subsidiaries.

The foregoing will constitute events of default whatever the reason for such event of default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

If a default under the indenture occurs and is continuing and is known to the trustee, the trustee must mail to each holder of the debentures notice of the default within 15 days after it occurs. The trustee may withhold notice to the holders of the debentures of a default if it believes doing so is in the interests of the holders, except defaults in non-payment of principal or interest on any debentures when due or in the payment of any conversion, redemption or repurchase obligation.

If an event of default (other than an event of default relating to certain events of bankruptcy, insolvency or reorganization of us) occurs and continues, the trustee or the holders of at least 25% in principal amount of the outstanding debentures may declare the principal and accrued and unpaid interest on the outstanding debentures to be immediately due and payable. In case of certain events of bankruptcy, insolvency or reorganization as described above, the principal and accrued and unpaid interest on the debentures will automatically become immediately due and payable. Under certain circumstances, the holders of a majority in aggregate principal amount of the outstanding debentures may rescind such acceleration with respect to the debentures and, as is discussed below, waive these past defaults.

Notwithstanding the foregoing, the indenture for the debentures provides that, to the extent elected by the Company, the sole remedy for an event of default relating to the failure by the Company to deliver to the trustee any documents or reports that we are required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act will for the first 365 days after the occurrence of such an event of default consist exclusively of the right to receive additional interest on the debentures equal to 0.50% per annum on the principal amount of the debentures. If we so elect, such additional interest will be payable in the same manner and on the same dates as the stated interest payable on the debentures. After the 365th day after such event of default (if the event of default relating to the reporting obligations is not cured or waived on or prior to such 365th day), the debentures will be subject to acceleration as provided above. The provisions of the indenture described in this paragraph will not affect the rights of holders of debentures in the event of the occurrence of any other event of default. If we do not elect to pay the additional interest upon an event of default in accordance with this paragraph, the debentures will be subject to acceleration as provided above.

In order to elect to pay the additional interest as the sole remedy during the first 365 days after the occurrence of an event of default relating to the failure to comply with the reporting obligations in accordance with the immediately preceding paragraph, we must notify all holders of debentures and the trustee and paying agent of such election. Upon our failure to timely give such notice or pay the additional interest, the debentures will be subject immediately to acceleration as provided above.

If any portion of the amount payable on the debentures upon acceleration is considered by a court to be unearned interest (through the allocation of the value of the instrument to the embedded warrant or otherwise), the court could disallow recovery of any such portion.

The holders of a majority in aggregate principal amount of outstanding debentures will have the right to direct the time, method and place of any proceedings for any remedy available to the trustee or of exercising any trust or power conferred on the trustee, subject to limitations specified in the indenture. The trustee, however, may refuse to follow any direction that conflicts with law or the indenture or that the trustee determines is unduly prejudicial to the rights of any other holder of the debentures or that would involve the trustee in personal liability. Before taking any action under the indenture, the trustee will be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking the action.

The holders of a majority in aggregate principal amount of outstanding debentures may waive any past defaults under the indenture, except a default due to the non-payment of principal or interest, a failure to convert any debentures, a default arising from our failure to repurchase any debentures when required pursuant to the terms of the indenture or a default in respect of any covenant that cannot be amended without the consent of each holder affected.

No holder of the debentures may pursue any remedy under the indenture, except in the case of a default due to the non-payment of principal or interest on the debentures or a default in the payment of the consideration due upon conversion of a debenture, unless:

- the holder has given the trustee written notice of a default;
- the holders of at least 25% in principal amount of outstanding debentures make a written request to the trustee to pursue the remedy;
- the holder or holders offer and, if requested, provide the trustee indemnification reasonably satisfactory to the trustee against all related losses or expenses; and
- the trustee fails to comply with the request within 60 days after receipt of the request and offer of indemnity, and does not receive, during those 60 days, from holders of a majority in aggregate principal amount of the debentures then outstanding, a direction that is inconsistent with the request.

The indenture will require us every year to deliver to the trustee a statement as to performance of our obligations under the indenture and as to the existence of any defaults.

A default in the payment of the debentures, or a default with respect to the debentures that causes them to be accelerated, may give rise to a cross-default under our existing or future borrowing arrangements.

Modification and Amendment

Except as provided below, the consent of the holders of a majority in aggregate principal amount of the outstanding debentures (voting as a single class) is required to modify or amend the indenture. However, a modification or amendment requires the consent of the holder of each outstanding debenture affected by such modification or amendment if it would:

- reduce the principal amount of or change the stated maturity of any debenture;

- reduce the rate or extend the time for payment of interest on any debenture;

reduce any amount payable upon repurchase or redemption of any debenture or change the time at which or circumstances under which the debentures may or shall be repurchased;

impair the right of a holder to institute suit for payment on any debenture;

change the currency in which any debenture is payable;

impair the right of a holder to convert any debenture or reduce the number of shares of common stock or any other property receivable upon conversion;

modify the redemption provisions of the indenture in a manner adverse to the holders of the debentures;

reduce the quorum or voting requirements under the indenture (including reducing the percentage in aggregate principal amount of outstanding debentures whose holders must consent to a waiver of compliance with any provision of the indenture or the debentures or a waiver of any default or event of default);

change our obligation to maintain an office or agency in the places and for the purposes specified in the indenture;

subject to specified exceptions, amend or modify certain of the provisions of the indenture relating to amendment or modification or waiver of provisions of the indenture;

change the ranking of the debentures; or

reduce the percentage of debentures required for consent to any amendment or modification of the indenture.

The Company and the trustee may modify certain provisions of the indenture without the consent of the holders of the debentures, including to:

add guarantees with respect to the debentures or secure the debentures;

evidence the assumption of our obligations by a successor person under the provisions of the indenture relating to consolidations, mergers and sales of assets;

surrender any of the Company s rights or powers under the indenture, including, but not limited to, conversion settlement options;

add covenants or events of default for the benefit of the holders of debentures;

cure any ambiguity or correct any inconsistency in the indenture;

establish the forms or terms of the debentures;

evidence the acceptance of appointment by a successor trustee;

provide for uncertificated debentures in addition to or in place of certificated debentures; *provided*, *however*, that the uncertificated debentures are issued in registered form for purposes of Section 163(f) of the Internal Revenue Code of 1986, as amended (the Code), or in a manner such that the uncertificated debentures are described in Section 163(f)(2)(B) of the Code;

conform, as necessary, the indenture and the form or terms of the debentures, to the Description of Debentures as set forth in this prospectus supplement; and

make other changes to the indenture or forms or terms of the debentures, provided no such change individually or in the aggregate with all other such changes has or will have a material adverse effect on the interests of the holders of the debentures.

Satisfaction and Discharge

We may satisfy and discharge our obligations under the indenture by delivering to the registrar for cancellation all outstanding debentures or by depositing with the trustee or delivering to the holders, as applicable, after the debentures have become due and payable, whether at stated maturity, or any purchase date, or upon conversion or otherwise, cash and/or (in the case of conversion if applicable) shares of common stock sufficient to pay all of the outstanding debentures and paying all other sums payable under the indenture by us. Such discharge is subject to terms contained in the indenture.

Calculations in Respect of Debentures

Except as otherwise provided above, we will be responsible for making all calculations called for under the debentures. These calculations include, but are not limited to, determinations of the daily VWAP of our common stock, accrued interest payable on the debentures and the conversion rate of the debentures. We will make all these calculations in good faith and, absent manifest error, our calculations will be final and binding on holders of debentures. We will provide a schedule of our calculations to each of the trustee and the conversion agent, and each of the trustee and conversion agent is entitled to rely conclusively upon the accuracy of our calculations without independent verification. The trustee will forward our calculations to any holder of debentures upon the request of that holder.

Trustee

The Bank of New York Mellon is the trustee, registrar, paying agent and conversion agent. The Bank of New York Mellon, in each of its capacities, including without limitation as trustee, registrar, paying agent, conversion agent and bid solicitation agent, assumes no responsibility for the accuracy or completeness of the information concerning us or our affiliates or any other party contained in this prospectus supplement or the related documents or for any failure by us or any other party to disclose events that may have occurred and may affect the significance or accuracy of such information.

We maintain banking relationships in the ordinary course of business with the trustee and its affiliates. The trustee or its affiliates is also a lender under certain of our credit facilities.

Notices

Except as otherwise described herein, notices to registered holders of the debentures will be given by mail to the addresses as they appear in the security register. Notices will be deemed to have been given on the date of mailing.

Governing Law

The indenture provides that it and the debentures will be governed by, and construed in accordance with, the internal laws of the State of New York.

Book-Entry, Delivery and Form

We have obtained the information in this section concerning DTC and the book-entry system and procedures from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

The debentures will be issued as fully-registered global debentures which will be deposited with, or on behalf of, The Depository Trust Company, New York, New York, which we refer to as DTC, and registered, at the request of DTC, in the name of Cede & Co. Beneficial interests in the global debentures will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct or indirect participants in DTC.

Debentures represented by a global debenture can be exchanged for definitive debentures, in registered form only if:

DTC notifies us that it is unwilling or unable to continue as depositary for that global debenture and we do not appoint a successor depositary within 90 days after receiving that notice;

at any time DTC ceases to be a clearing agency registered under the Securities Exchange Act of 1934 and we do not appoint a successor depositary within 90 days after becoming aware that DTC has ceased to be registered as a clearing agency;

we in our sole discretion determine that that global debenture will be exchangeable for definitive debentures, in registered form and notify the trustee of our decision; or

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an event of default with respect to the debentures represented by that global debenture, has occurred and is continuing.

A global debenture that can be exchanged as described in the preceding sentence will be exchanged for definitive debentures, issued in denominations of $1,000 and integral multiples of $1,000 in excess thereof in registered form for the same aggregate amount. The definitive debentures will be registered in the names of the owners of the beneficial interests in the global debenture as directed by DTC.

We will make principal and interest payments on all debentures represented by a global debenture to the paying agent which in turn will make payment to DTC or its nominee, as the sole registered owner and the sole holder of the debentures represented by the global debenture, for all purposes under the indenture. Accordingly, we, the trustee and any paying agent will have no responsibility or liability for:

any aspect of DTC s records relating to, or payments made on account of, beneficial ownership interests in a debenture represented by a global debenture;

any other aspect of the relationship between DTC and its participants or the relationship between those participants and the owners of beneficial interests in a global debenture held through those participants; or

the maintenance, supervision or review of any of DTC s records relating to those beneficial ownership interests.

DTC has advised us that its current practice is to credit participants accounts on each payment date with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global debenture as shown on DTC s records, upon DTC s receipt of funds and corresponding detail information. The underwriters will initially designate the accounts to be credited. Payments by participants to owners of beneficial interests in a global debenture will be governed by standing instructions and customary practices, as is the case with securities held for customer accounts registered in street name, and will be the sole responsibility of those participants. Book-entry debentures may be more difficult to pledge because of the lack of a physical debenture.

So long as DTC or its nominee is the registered owner of a global debenture, DTC or its nominee, will be considered the sole owner and holder of the debentures represented by that global debenture for all purposes of the indenture. Owners of beneficial interests in the debentures will not be entitled to have the debentures registered in their names, will not receive or be entitled to receive physical delivery of the debentures in definitive form and will not be considered owners or holders of debentures under the indenture. Accordingly, each person owning a beneficial interest in a global debenture must rely on the procedures of DTC and, if that person is not a DTC participant, on the procedures of the participant through which that person owns its interest, to exercise any rights of a holder of debentures. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of the securities in certificated form. These laws may impair the ability to transfer beneficial interests in a global debenture. Beneficial owners may experience delays in receiving distributions on their debentures since distributions will initially be made to DTC and must then be transferred through the chain of intermediaries to the beneficial owner s account.

We understand that, under existing industry practices, if we request holders to take any action, or if an owner of a beneficial interest in a global debenture desires to take any action which a holder is entitled to take under the indenture, then DTC would authorize the participants holding the relevant beneficial interests to take that action and those participants would authorize the beneficial owners owning through such participants to take that action or would otherwise act upon the instructions of beneficial owners owning through them.

Beneficial interests in a global debenture will be shown on, and transfers of those ownership interests will be effected only through, records maintained by DTC and its participants for that global debenture. The conveyance of notices and other communications by DTC to its participants and by its participants to owners of beneficial interests in the debentures will be governed by arrangements among them, subject to any statutory or regulatory requirements in effect.

DTC has advised us that it is a limited-purpose trust company organized under the New York banking law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve

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System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under the Securities Exchange Act of 1934.

DTC holds the securities of its participants and facilitates the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants. The electronic book-entry system eliminates the need for physical certificates. DTC s participants include securities brokers and dealers, including the underwriters, banks, trust companies, clearing corporations and certain other organizations, some of which, and/or their representatives, own DTC. Banks, brokers, dealers, trust companies and others that clear through or maintain a custodial relationship with a participant, either directly or indirectly, also have access to DTC s book-entry system. The rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

DTC has advised us that the above information with respect to DTC has been provided to its participants and other members of the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

Global Clearance and Settlement Procedures

Initial settlement for the debentures will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC s Same-Day Funds Settlement System.

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Material U.S. Federal Income Tax Considerations

This section is a discussion of the material U.S. federal income tax considerations relating to the purchase, ownership and disposition of the debentures and, to the extent set forth below, any common stock that may be issued upon conversion. This summary does not provide a complete analysis of all potential tax considerations. The information provided below is based on existing authorities, all of which are subject to change or differing interpretations, possibly with retroactive effect. There can be no assurances that the Internal Revenue Service (the IRS) will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the U.S. federal income tax consequences of purchasing, owning or disposing of the debentures or common stock. The summary generally applies only to investors that purchase debentures in the initial offering at their issue price and that hold the debentures and common stock as capital assets (generally, property held for investment). The summary does not describe the effect of the U.S. federal estate and gift tax laws or the effects of any applicable foreign, state or local laws. In addition, this discussion does not address tax considerations applicable to an investor s particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies or other financial institutions;
- controlled foreign corporations, passive foreign investment companies, regulated investment companies and real estate investment trusts and shareholders of such entities that hold the debentures;
- persons subject to the alternative minimum tax;
- entities that are tax-exempt for U.S. federal income tax purposes and retirement plans, individual retirement accounts and tax-deferred accounts;
- dealers and traders in securities or currencies;
- S corporations, partnerships and other pass-through entities, including entities and arrangements classified as partnerships for U.S. federal tax income purposes, and beneficial owners of such entities that hold the debentures;
- certain former citizens or long-term residents of the United States;
- U.S. Holders, as defined below, whose functional currency is not the U.S. dollar; and
- persons holding debentures as part of a conversion, constructive sale, wash sale or other integrated transaction or a hedge, straddle or synthetic security.

As used herein, the term U.S. Holder means a beneficial owner of debentures or, to the extent set forth below, common stock that for U.S. federal income tax purposes is:

- an individual who is a citizen or resident of the United States,
- a corporation, or an entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any political subdivision thereof,

an estate the income of which is subject to U.S. federal income taxation regardless of its source, or

a trust if it is subject to the primary supervision of a U.S. court and the control of one of more United States persons (as defined for U.S. federal tax purposes) or has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

A non-U.S. Holder is a beneficial owner of debentures or, to the extent set forth below, shares of common stock that is not a U.S. Holder. If a partnership (including for this purpose any entity, domestic or foreign, treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of a debenture or common stock acquired upon conversion of a debenture, the tax treatment of a partner i