

GRAINGER W W INC
Form 424B5
May 15, 2017

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are part of an effective shelf registration statement filed with the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS SUPPLEMENT DATED MAY 15, 2017

(To prospectus dated June 4, 2015)

\$

W.W. Grainger, Inc.

% SENIOR NOTES DUE

We are offering \$ million aggregate principal amount of % senior notes due , ("the notes"). Interest on the notes is payable semi-annually in arrears on and of each year, beginning on , 2017. The notes will mature on , .

We may redeem all or any portion of the notes at any time at the applicable redemption price described under the caption "Description of Notes Optional Redemption." If a change of control triggering event as described in this prospectus supplement occurs, we will be required to offer to purchase the notes from the holders. See "Description of Notes Offer to Purchase Upon Change of Control Triggering Event."

The notes will be our senior obligations and will rank equally with all of our other senior unsecured indebtedness from time to time outstanding.

Investing in the notes involves risks. See "Risk Factors" on page S-2 of this prospectus supplement and in our periodic reports filed from time to time with the Securities and Exchange Commission.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement, the accompanying prospectus or any related free writing prospectus. Any representation to the contrary is a criminal offense.

| <i>Per Note</i> | <i>Price to</i> | <i>Underwriting</i> | <i>Proceeds,</i> |
|-----------------|-----------------------------|---------------------|-------------------------|
| <i>Total</i> | <i>Public⁽¹⁾</i> | <i>Discount</i> | <i>before expenses,</i> |
| | <i>%</i> | <i>%</i> | <i>to Grainger</i> |
| | <i>\$</i> | <i>\$</i> | <i>\$</i> |
| | | | |

⁽¹⁾ *Plus accrued interest, if any. Interest on the notes will accrue from _____, 2017 and must be paid by the purchaser if the notes are delivered after _____, 2017.*

We do not intend to apply for the notes to be listed on any securities exchange or to arrange for the notes to be quoted on any quotation system. Currently, there is no public market for the notes.

The underwriters expect to deliver the notes through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, SA, and Euroclear Bank, SA/NV, as operator of the Euroclear System, against payment in New York, New York on _____, 2017.

Joint Book-Running Managers

MORGAN STANLEY

J.P. MORGAN

US BANCORP

, 2017

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We have not, and the underwriters have not, authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus filed by us with the Securities and Exchange Commission (the "SEC"). We take no responsibility for, and can provide no assurance as to the reliability of, any other information. We are not, and the underwriters are not, making an offer to sell the notes in any jurisdiction where the offer and sale is not permitted. You should not assume that the information in this prospectus supplement, the accompanying prospectus, any free writing prospectus or any document incorporated by reference is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document has two parts. The first part consists of this prospectus supplement, which describes the specific terms of this offering and the notes offered. The second part, the accompanying prospectus, provides more general information, some of which may not apply to this offering. The accompanying prospectus also incorporates by reference documents that are described under "Incorporation By Reference" in that prospectus. If the information varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Before purchasing any notes, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the heading "Incorporation By Reference" in the accompanying prospectus.

W.W. GRAINGER, INC.

Our principal executive offices are located at 100 Grainger Parkway, Lake Forest, Illinois 60045, and our telephone number is (847) 535-1000. We maintain a website at www.grainger.com. The information on our website is not part of this prospectus supplement or the accompanying prospectus. Unless the context requires otherwise, the terms "Company," "Grainger," "we," "us" and "our" refer to W.W. Grainger, Inc. together with its subsidiaries.

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RISK FACTORS

An investment in the notes is subject to risk. Before you decide to invest in the notes, you should consider the risk factors below as well as the risk factors discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 and our other filings with the Securities and Exchange Commission, which are incorporated by reference into the accompanying prospectus. See "Where You Can Find More Information" in the accompanying prospectus.

There is no established trading market for the notes.

The notes will constitute a new issue of securities with no established trading market. A trading market for the notes may not develop. If a market does develop, it may not provide you the ability to sell your notes. Further, you may not be able to sell your notes at a favorable price or at all. If a market does develop, the notes could trade at prices that may be higher or lower than their principal amount or purchase price, depending on many factors, including prevailing interest rates, the amount of indebtedness we and our subsidiaries have outstanding, the market for similar notes, competition, general economic conditions and our financial performance.

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

We are not restricted under the terms of the notes or the indenture governing the notes from incurring additional debt. Although the indenture governing the notes limits our ability to issue secured debt without also securing the notes and to enter into sale and leaseback transactions, these limitations are subject to a number of exceptions. See "Description of Our Debt Securities Certain Covenants."

The notes are effectively subordinated to the liabilities of our subsidiaries, which may reduce our ability to use the assets of our subsidiaries to make payments on the notes.

The notes are not guaranteed by our subsidiaries and therefore the notes will be effectively subordinated to all existing and future indebtedness and other liabilities of our subsidiaries. In the event of bankruptcy, liquidation, or similar proceeding of a subsidiary, following payment by the subsidiary of its liabilities, the subsidiary may not have sufficient assets to make any payments to us. As of March 31, 2017, our subsidiaries had approximately \$1.1 billion of indebtedness and other liabilities (excluding intercompany liabilities). The indenture governing the notes does not limit our subsidiaries' ability to incur or guarantee additional indebtedness.

We may not be able to repurchase all of the notes upon a change of control triggering event, which would result in a default under the notes.

We will be required to offer to repurchase the notes upon the occurrence of a change of control triggering event as described under "Description of Notes Offer to Purchase Upon Change of Control Triggering Event." However, we may not have sufficient funds or other financial resources to repurchase the notes at such time. In addition, our ability to repurchase the notes may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. The failure to make such repurchase would result in a default under the notes and the Indenture.

Ratings of the notes may change after issuance and affect the market price and marketability of the notes.

We currently expect that, before they are issued, the notes will be rated by at least two nationally recognized statistical organizations. Those ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of the rating may be obtained from the applicable rating agency. Any rating is not a recommendation to purchase, sell or hold any particular

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security, including the notes. We cannot provide assurances that the ratings will be issued or remain in effect or that the ratings will not be lowered, suspended or withdrawn entirely by the rating agencies. It is also possible that the ratings may be lowered in connection with future events. If rating agencies lower, suspend or withdraw the ratings, the market price or marketability of the notes may be adversely affected. In addition, any decline in the ratings of the notes may make it more difficult for us to raise capital on acceptable terms.

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USE OF PROCEEDS

We estimate that the net proceeds of this offering will be approximately \$ million after deduction of expenses and the underwriting discount. We intend to use approximately \$200 million of the net proceeds from this offering to repay indebtedness and the remainder for general corporate purposes, including the repurchase of shares of our common stock pursuant to our share repurchase program. The indebtedness to be repaid consists of commercial paper bearing a weighted average interest rate of 0.88% and maturing in less than 17 days. The commercial paper was issued for general corporate purposes, including to finance the repurchase of shares of our common stock.

RATIO OF EARNINGS TO FIXED CHARGES

Set forth below are our consolidated ratios of earnings to fixed charges for the three months ended March 31, 2017 and the fiscal years ended 2016, 2015, 2014, 2013 and 2012.

| | For the Three Months Ended | For the Years Ended December 31, | | | | |
|---|---------------------------------------|---|-------------|-------------|-------------|-------------|
| | March 31, 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Ratio of earnings to fixed charges ⁽¹⁾ | 12.9x | 12.0x | 20.7 | 35.5x | 35.5x | 28.7x |

(1) This ratio has been computed by dividing earnings by fixed charges. For this purpose, earnings consist of pre-tax income, plus losses from equity investees, plus fixed charges (excluding capitalized interest), plus amortization of capitalized interest. Fixed charges consist of interest expense, the interest portion of rental expense, capitalized interest and amortization of debt issue costs.

As adjusted to give effect to the issuance of the notes in this offering and the application of the net proceeds from this offering as described in "Use of Proceeds" in this prospectus supplement, and assuming the offering had been completed on (i) January 1, 2017, the ratio of earnings to fixed charges would have been x for the three months ended March 31, 2017 and (ii) January 1, 2016, the ratio of earnings to fixed charges would have been x for the year ended December 31, 2016. The pro forma ratio of earnings to fixed charges does not necessarily represent what the actual ratio of earnings to fixed charges would have been had those transactions occurred on the date assumed.

DESCRIPTION OF NOTES

We will issue the \$ million aggregate principal amount of % Senior Notes due (the "notes") as a separate series of debt securities under an indenture, dated as of June 11, 2015 (the "base indenture"), by and between W.W. Grainger, Inc. and U.S. Bank National Association, as trustee (the "trustee"), as supplemented by a supplemental indenture to be entered into between us and the trustee on the date of issue of the notes (together with the base indenture, the "Indenture").

The following description of certain provisions of the notes and of the Indenture is a summary and is subject to, and qualified in its entirety by reference to, the accompanying prospectus and the Indenture. Not all the defined terms used in this prospectus supplement are defined here, and you should refer to the accompanying prospectus or Indenture for the definitions of such terms. This description of the particular terms of the notes supplements, and to the extent inconsistent therewith, replaces, the description of the general terms and provisions of the notes and the Indenture in the accompanying prospectus under the heading "Description of Our Debt Securities," to which we refer you.

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General

The notes will:

be our senior unsecured unsubordinated obligations;

rank equally in right of payment with all of our other senior unsecured and unsubordinated indebtedness outstanding from time to time;

to the extent we incur subordinated indebtedness in the future, rank senior in right of payment to our subordinated indebtedness;

be initially limited to \$ million aggregate principal amount;

be issued in registered form in minimum denominations of \$2,000 and in integral multiples of \$1,000 in excess thereof;

mature on , ; and

bear interest at the rate per annum shown on the front cover of this prospectus supplement.

The Indenture does not limit the aggregate principal amount of debt securities which we may issue thereunder. We may, from time to time, without notice to or the consent of the holders of the notes offered hereby, create and issue additional debt securities ranking equally and ratably with the notes offered hereby in all respects (or in all respects except for the issue date, public offering price, the payment of interest accruing prior to the issue date of such additional debt securities or except for the first payment of interest following the issue date of such additional debt securities), so that such additional debt securities will be consolidated and form a single series with the notes offered hereby; provided that if the additional debt securities are not fungible with the notes offered hereby for United States federal income tax purposes, the additional debt securities will have a separate CUSIP number.

Interest on the notes will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the notes will accrue from the issue date of the notes and will be payable semi-annually in arrears on and , beginning , 2017 to the persons in whose names the notes are registered at the close of business on or , as the case may be, next preceding such or .

The notes are not entitled to any mandatory redemption or sinking fund payments.

The notes are obligations exclusively of W.W. Grainger, Inc and are not guaranteed by any of our subsidiaries. See "Risk Factors The notes are effectively subordinated to the liabilities of our subsidiaries, which may reduce our ability to use the assets of our subsidiaries to make payments on the notes."

Optional Redemption

At any time prior to (the date that is months prior to their maturity date), the notes will be redeemable, at our option, in whole or in part at any time and from time to time, at a redemption price equal to the greater of:

100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest thereon to the date of redemption; and

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the sum of the remaining scheduled payments of principal of and interest on the notes to be redeemed (not including any portion of the payment of interest accrued as of the date of redemption), discounted to their present value as of the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate plus basis points, plus accrued and unpaid interest on the principal amount to be redeemed to the date of redemption.

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On or after (the date that is months prior to their maturity date), the notes will be redeemable, at our option, in whole or in part at any time and from time to time, at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest thereon to the date of redemption.

"Adjusted Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by the Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate notes of comparable maturity to the remaining term of the notes.

"Comparable Treasury Price" means, with respect to any redemption date, (i) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if we are provided fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers who we appoint.

"Reference Treasury Dealer" means each of Morgan Stanley & Co. LLC, J.P. Morgan Securities, LLC and a Primary Treasury Dealer selected by U.S. Bancorp Investments, Inc. and their respective successors and, at our option, additional Primary Treasury Dealers; provided however that if any of the foregoing ceases to be a primary United States Government securities dealer in New York City (a "Primary Treasury Dealer"), we will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer at 5:00 p.m. on the third business day preceding such redemption date.

Notice of any redemption will be sent at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption.

If we choose to redeem less than all of the notes, and the notes are global notes, the particular notes to be redeemed shall be selected in accordance with applicable DTC procedures. If the notes are not global notes, the particular notes to be redeemed shall be selected by the trustee not more than 45 days prior to the redemption date. The trustee will select the notes to be redeemed by such method as the trustee shall deem appropriate.

Offer to Purchase Upon Change of Control Triggering Event

If a change of control triggering event occurs, unless we have exercised our option to redeem the notes as described above, we will be required to make an offer (the "change of control offer") to each holder of the notes to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of that holder's notes on the terms set forth in the notes and the Indenture. In the change of control offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of notes repurchased, plus accrued and unpaid interest, if any, on the notes repurchased to the date of repurchase (the "change of control payment"). Within 30 days following any change of control triggering event or, at our option, prior to any change of control, but after public announcement of the transaction that constitutes or may constitute the change of control, a notice will be delivered to holders of

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the notes, with a copy to the trustee, describing the transaction that constitutes or may constitute the change of control triggering event and offering to repurchase the notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is delivered (the "change of control payment date"). The notice will, if delivered prior to the date of consummation of the change of control, state that the offer to purchase is conditioned on the change of control triggering event occurring on or prior to the change of control payment date.

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

accept for payment all notes or portions of notes properly tendered pursuant to the change of control offer;

deposit with the paying agent an amount equal to the change of control payment in respect of all notes or portions of notes properly tendered; and

deliver or cause to be delivered to the trustee the notes properly accepted together with an officer's certificate stating the aggregate principal amount of notes or portions of notes being repurchased.

We will not be required to comply with the obligations relating to repurchasing the notes if a third party instead satisfies them.

We will comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations applicable to the repurchase of the notes. To the extent that the provisions of any such securities laws or regulations conflict with the change of control offer provisions of the notes, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the change of control offer provisions of the notes by virtue of any such conflict.

If a change of control offer is made, there can be no assurance that we will have available funds sufficient to make the change of control payment for all of the notes that may be tendered for repurchase. See "Risk Factors" We may not be able to repurchase all of the notes upon a change of control triggering event, which would result in a default under the notes."

For purposes of the change of control offer provisions of the notes, the following terms will be applicable:

"Change of control" means the occurrence of any of the following: (1) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one of our subsidiaries becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of our voting stock or other voting stock into which our voting stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (2) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to one or more "persons" (as that term is defined in the Indenture), other than us or one of our subsidiaries; or (3) the first day on which a majority of the members of our board of directors are not continuing directors. Notwithstanding the foregoing, a transaction will not be deemed to be a change of control if (1) we become a direct or indirect wholly-owned subsidiary of a holding company and (2)(A) the direct or indirect holders of the voting stock of such holding company immediately following that transaction are substantially the same as the holders of our voting stock immediately prior to that transaction or (B) immediately following that transaction no "person" (as that term is used in Section 13(d)(3) of the Exchange Act) (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the voting stock of such holding company.

"Change of control triggering event" means the occurrence of both a change of control and a rating event.

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"Continuing director" means, as of any date of determination, any member of our board of directors who (1) was a member of such board of directors on the date the notes were issued or (2) was nominated for election, elected or appointed to such board of directors with the approval of a majority of the continuing directors who were members of such board of directors at the time of such nomination, election or appointment (either by a specific vote or by approval of our proxy statement in which such member was named as a nominee for election as a director).

"Investment grade rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB (or the equivalent) by S&P, and the equivalent investment grade credit rating from any replacement rating agency or rating agencies.

"Moody's" means Moody's Investors Service, Inc.

"Rating agencies" means (1) each of Moody's and S&P, and (2) if either Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a "nationally recognized statistical rating organization" within the meaning of Section 3(a)(62) of the Exchange Act selected by us (as certified by a resolution of our board of directors) as a replacement agency for Moody's or S&P, or both of them, as the case may be.

"Rating event" means the rating on the notes is lowered by each of the rating agencies and the notes are rated below an investment grade rating by each of the rating agencies on any day within the 60-day period (which 60-day period will be extended so long as the rating of the notes is under publicly announced consideration for a possible downgrade by any of the rating agencies) after the earlier of (1) the occurrence of a change of control and (2) public notice of our intention to effect a change of control; provided, however, that a rating event otherwise arising by virtue of a particular reduction in rating will not be deemed to have occurred in respect of a particular change of control (and thus will not be deemed a rating event for purposes of the definition of change of control triggering event) if the rating agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing at our request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable change of control (whether or not the applicable change of control has occurred at the time of the rating event).

"S&P" means S&P Global Ratings, a division of S&P Global Inc.

"Voting stock" means, with respect to any specified "person" (as that term is used in Section 13(d)(3) of the Exchange Act), as of any date, the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

The definition of change of control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of "all or substantially all" of our assets and the assets of our subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of such phrase under applicable law. Accordingly, the ability of a holder of the notes to require us to repurchase that holder's notes as a result of the sale, transfer, conveyance or other disposition of less than all of our assets and the assets of our subsidiaries, taken as a whole, to one or more persons may be uncertain.

Under clause (3) of the definition of "change of control" described above, a change of control will occur when a majority of our board of directors are not "continuing directors." In a decision in connection with a proxy contest, the Court of Chancery of Delaware held that the occurrence of a change of control under a similar provision may nevertheless be avoided if the existing directors were to approve the slate of new director nominees (who would constitute a majority of the new board of directors) as "continuing directors" solely for purposes of avoiding the triggering of such change of control clause, provided the incumbent directors give their approval in the good faith exercise of their fiduciary duties. It is unclear whether our board of directors, pursuant to Illinois law, is similarly capable of approving a slate of dissident director nominees while recommending and endorsing its own slate. If such an action is possible

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under Illinois law, our board of directors could approve a slate of directors that included a majority of dissident directors nominated pursuant to a proxy contest, and the ultimate election of such dissident slate would not constitute a change of control that, together with the occurrence of a rating event, could trigger your right to require us to repurchase your notes as described above.

Book-entry, delivery and form

We have provided the following descriptions of the operations and procedures of The Depository Trust Company ("DTC"), Clearstream Banking, SA ("Clearstream") and Euroclear Bank SA/NV, as operator of the Euroclear System ("Euroclear") solely as a matter of convenience. Neither we nor the trustee take any responsibility for an accurate portrayal of this information. In addition, the description of the clearing systems in this section reflects our understanding of the rules and procedures of DTC, Clearstream and Euroclear as they are currently in effect. Those systems are subject to change from time to time.

The notes will initially be represented in definitive global form, and registered in the name of DTC or its nominee, Cede & Co. You may hold your interests in the global notes in the United States through DTC, or in Europe through Clearstream or Euroclear, either as a participant in such systems or indirectly through organizations which are participants in such systems. Clearstream and Euroclear will hold interests in the global notes on behalf of their respective participating organizations or customers through customers' securities accounts in Clearstream's or Euroclear's names on the books of their respective depositaries, which in turn will hold those positions in customers' securities accounts in the depositaries' names on the books of DTC. J.P. Morgan Chase Bank, N.A. will act as depositary for Clearstream and for Euroclear.

Euroclear and Clearstream will hold interests in the notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which are Euroclear Bank, SA/NV, as operator of Euroclear, and Citibank, N.A., as operator of Clearstream.

Cross-market transfers between participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their depositaries. Cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in that system in accordance with the rules and procedures and within the established deadlines (Brussels time) of that system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositaries to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant global note through DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a global note from a participant in DTC will be credited and reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised us that cash received in Euroclear or Clearstream as a result of sales of interests in a global note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material United States federal income tax considerations relating to the acquisition, ownership and disposition of the notes, but does not purport to be a complete analysis of all of the potential tax considerations relating thereto. This summary is of a general nature and is included herein solely for information purposes. It is not intended to be, and should not be, regarded as legal or tax advice. No representation with respect to the consequences to any particular purchaser of the notes is made. Prospective investors should consult their own independent advisors for advice based on their particular circumstances.

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations, rulings and pronouncements of the Internal Revenue Service (the "IRS"), and judicial decisions, all as of the date of this prospectus supplement. These authorities may be changed, perhaps retroactively, and are subject to different interpretations, so the United States federal income tax consequences may be different from those described herein. This summary applies only to holders of the notes who hold the notes as capital assets (generally, property held for investment) and who acquire the notes for cash in the original offering of the notes for a price equal to the issue price of the notes. The issue price of the notes is the first price at which a substantial amount of the notes is sold for cash other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers.

This summary does not address tax considerations arising under the laws of any foreign, state or local jurisdiction, the effect of any tax treaty or any non-income tax considerations, such as U.S. federal estate and gift tax or "Medicare" unearned income tax. In addition, this discussion does not address tax considerations that are the result of a holder's particular circumstances or of special rules, such as those that apply to holders subject to the alternative minimum tax, banks and other financial institutions, tax-exempt organizations, insurance companies, dealers or traders in securities or commodities, regulated investment companies, real estate investment trusts, United States Holders (as defined below) whose "functional currency" is not the United States dollar, certain former citizens or former long-term residents of the United States, foreign governments or international organizations, persons who will hold the notes as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction or integrated transaction, or partnerships (including any entity or arrangement treated as a partnership for United States federal income tax purposes) or other pass-through entities or investors in such entities. If a partnership (including any entity or arrangement treated as a partnership for United States federal income tax purposes) holds the notes, then the United States federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. A partner in a partnership considering the purchase of notes should consult its tax advisor as to its tax consequences. We have not sought any ruling from the IRS with respect to the statements made and conclusions reached in this summary, and there can be no assurance that the IRS will agree with and not challenge these statements and conclusions.

United States Holders

As used in this discussion, "United States Holder" means a beneficial owner of notes that for United States federal income tax purposes is:

an individual who is a citizen or resident of the United States, including an alien individual who is a lawful permanent resident of the United States or who meets the "substantial presence" test under Section 7701(b) of the Code;

a corporation, or other entity treated as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States, any political subdivision or state thereof, or the District of Columbia;

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an estate whose income is subject to United States federal income taxation regardless of its source; or

a trust (i) if its administration is subject to the primary supervision of a court within the United States and one or more "United States persons" (within the meaning of the Code) have the authority to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

Payments of interest

Interest on the notes generally will be taxable to you as ordinary income at the time it is received or accrued in accordance with your regular method of accounting for United States federal income tax purposes. It is expected, and this discussion assumes, that the notes will be issued without original issue discount for U.S. federal income tax purposes.

Disposition of the notes

Upon the sale, exchange, redemption, retirement or other taxable disposition of the notes, you generally will recognize capital gain or loss equal to the difference between:

the amount of cash proceeds and the fair market value of any property received on such disposition (less any amount attributable to accrued and unpaid interest on the notes that you have not previously included in income, which will generally be taxable as ordinary income); and

your adjusted tax basis in the notes.

Your adjusted tax basis in a note generally will equal the cost of the note to you. Any gain or loss that is recognized on the disposition of the notes generally will be capital gain or loss and will be long-term capital gain or loss if you have held the notes for more than one year at the time of disposition. Long-term capital gains of individuals, estates and trusts currently are taxed at reduced rates. Your ability to deduct capital losses is subject to certain limitations.

Payments upon early redemptions and other circumstances

In certain circumstances (see "Description of Notes Optional Redemption" and "Description of Notes Offer to Purchase Upon Change of Control Triggering Event."), we may be entitled or obligated to redeem the notes before their stated maturity date or obligated to pay a United States Holder additional amounts in excess of stated interest or principal on the notes. We do not intend to treat the potential redemption or payment of any such amounts as causing the notes to be treated as contingent payment debt instruments under applicable Treasury regulations based in part on certain assumptions regarding the likelihood, as of the date of the issuance of the notes, that such additional amounts will be paid. Assuming such position is respected, any amounts paid to a United States Holder pursuant to any such redemption or repurchase, as applicable, would be taxable as described in "United States Holders Disposition of the notes," in accordance with such holder's method of accounting for United States federal income tax purposes. In all such instances, our position is binding on a United States Holder unless such holder discloses its contrary position in the manner required by applicable Treasury regulations. Our determination is not, however, binding on the IRS and if the IRS were to challenge this determination, a United States Holder might be required to accrue income on the notes at a higher yield and to treat as ordinary income (rather than capital gain) any income realized on the taxable disposition of a note before the resolution of the contingencies. You should consult your own tax advisors regarding the potential application to the notes of the rules regarding contingent payment debt instruments and the consequences thereof, including the treatment of additional payments that might be made in respect of the notes. This discussion assumes the notes will not be treated as contingent payment debt instruments.

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Information reporting and backup withholding

In general, information reporting is required as to certain payments of interest on the notes and on the proceeds of a disposition of the notes unless you are a corporation or other exempt person and, if requested, certify such status. In addition, you will be subject to backup withholding on payments of interest on your note and to payments of proceeds of a sale or other disposition of your note if you are not exempt and you fail to properly furnish a correct taxpayer identification number (which, for an individual, is ordinarily his or her social security number) and certain other information, certified under penalties of perjury, or if the IRS has notified you that you are subject to backup withholding.

Backup withholding is not an additional tax. Any amount withheld from a payment under the backup withholding rules may be allowed as a credit against your United States federal income tax liability and may entitle you to a refund, provided that the required information is timely furnished to the IRS.

Non-United States Holders

As used in this discussion, "non-United States Holder" means any beneficial owner of the notes that is an individual, corporation, estate or trust for United States federal income tax purposes that is not a United States Holder. The rules governing the United States federal income taxation of a non-United States Holder are complex, and no attempt will be made herein to provide more than a summary of certain of those rules.

NON-UNITED STATES HOLDERS SHOULD CONSULT THEIR TAX ADVISORS TO DETERMINE THE EFFECT OF UNITED STATES FEDERAL, STATE AND OTHER TAX LAWS, AS WELL AS FOREIGN TAX LAWS, INCLUDING ANY REPORTING REQUIREMENTS AND THEIR ENTITLEMENTS TO BENEFITS UNDER ANY APPLICABLE INCOME TAX TREATY.

Payments of interest

Subject to the discussions of backup withholding and FATCA below, interest on the notes will not be subject to United States federal income tax or withholding tax if the interest is not effectively connected with your conduct of a trade or business in the United States (or, where an applicable income tax treaty applies, is not attributable to a permanent establishment maintained by you in the United States) and if you qualify for the "portfolio interest" exemption. You will qualify for the portfolio interest exemption if you:

do not own, actually or constructively, 10% or more of the combined voting power of all classes of our stock entitled to vote;

are not a controlled foreign corporation related to us, directly or indirectly, actually or constructively, through stock ownership;

are not a bank whose receipt of interest on the notes is interest received pursuant to a loan agreement entered into in the ordinary course of your trade or business; and

appropriately certify as to your foreign status.

You may generally meet the certification requirement listed above by providing to the applicable withholding agent a properly completed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. If the portfolio interest exemption is not available to you, then payments of interest on the notes will be subject to United States federal withholding tax at a rate of 30% unless you certify on an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, as to your eligibility for a lower rate under an applicable income tax treaty, or such interest is effectively connected with your conduct of a trade or business in the United States, as described below.

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Interest that is effectively connected with your conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by you in the United States) is not subject to withholding tax if you provide a properly completed IRS Form W-8ECI. However, you generally will be subject to United States federal income tax on such interest on a net income basis at graduated rates applicable to United States persons. In addition, if you are a foreign corporation you may incur a branch profits tax on such interest equal to 30% of your effectively connected earnings and profits for the taxable year, as adjusted for certain items, unless a lower rate applies to you under a United States income tax treaty with your country of residence.

Disposition of the notes

Subject to the discussions of backup withholding and FATCA below, you generally will not be subject to United States federal income tax on any gain realized on the sale, exchange, redemption, retirement or other taxable disposition of the notes (other than any amount allocable to accrued and unpaid interest, which generally will be taxable as interest under the rules discussed above in " Non-United States Holders Payments of interest") unless:

the gain is effectively connected with your conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by you in the United States), in which case you generally will be subject to United States federal income tax with respect to such gain in the same manner as a United States person, and if you are a foreign corporation, you may incur a branch profits tax at a rate of 30% (or a lower applicable treaty rate) of your effectively connected earnings and profits, which will include such gain; or

you are an individual present in the United States for 183 days or more in the taxable year in which such disposition occurs and certain other conditions are met, in which case you will be subject to United States federal income tax at a 30% rate (or lower applicable treaty rate) on the gain, which may be offset by United States source capital losses, provided you have timely filed United States federal income tax returns with respect to such losses.

Information reporting and backup withholding

Payments to you of interest on the notes (including amounts withheld from such payments, if any) generally will be required to be reported to the IRS. Copies of the information returns filed with the IRS may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which you reside or are established. United States backup withholding generally will not apply to payments to you of interest on the notes if the proper certification described in " Non-United States Holders Payments of interest" is duly provided by you or you otherwise establish an exemption, provided that we do not have actual knowledge or reason to know that you are a United States person.

Payment of the proceeds of a sale or other taxable disposition of the notes effected by the United States office of a United States or foreign broker will be subject to information reporting requirements and backup withholding unless you properly certify under penalties of perjury as to your foreign status and certain other conditions are met or you otherwise establish an exemption. Information reporting requirements and backup withholding generally will not apply to any payment of the proceeds of the sale of the notes effected outside the United States by a foreign office of a broker. However, if such foreign broker has certain connections to the United States, information reporting generally will apply to a payment of the proceeds of the sale of the notes effected outside the United States, but the payment will not be subject to backup withholding unless the broker has actual knowledge that the payee is a United States person and no exception to backup withholding is established.

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Backup withholding is not an additional tax. Any amount withheld from a payment under the backup withholding rules may be allowed as a credit against your United States federal income tax liability, if any, and may entitle you to a refund, provided that the required information is timely furnished to the IRS. You should consult your own tax advisors regarding your qualification for an exemption from backup withholding and the procedures to obtain such an exemption, if applicable.

FATCA

Sections 1471 through 1474 of the Code and the Treasury regulations promulgated thereunder (commonly referred to as "FATCA") generally impose a withholding tax of 30% on payments of interest on debt instruments of U.S. issuers and, beginning January 1, 2019, on payments of gross proceeds in a disposition of such debt instruments to (i) a "foreign financial institution" (as defined under FATCA), whether the foreign financial institution receives such payments as the beneficial owner thereof or as an intermediary for the beneficial owner, unless such foreign financial institution enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding certain U.S. account holders of such institution (which would include certain account holders that are foreign entities with U.S. owners), is subject to and complies with the terms of an applicable intergovernmental agreement implementing FATCA (and/or with any laws, regulations or rules implementing such agreement), or is otherwise deemed compliant with FATCA, or (ii) a non-financial foreign entity in certain cases, unless such entity provides the withholding agent with certain certification or information relating to U.S. ownership of the entity. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest or principal payments on the notes as a result of a holder's failure to comply with these rules or the presence in the payment chain of an intermediary that does not comply with these rules, neither we nor any paying agent or other person would be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive less interest or principal than expected. Investors should consult their own tax advisors regarding FATCA and whether it may be relevant to their purchase, ownership and disposition of the notes.

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UNDERWRITING

Subject to the terms and conditions contained in an underwriting agreement, dated as of the date of this prospectus supplement between us and the underwriters named below, for whom Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC and U.S. Bancorp Investments, Inc. are acting as representatives, we have agreed to sell to each underwriter, and each underwriter has severally agreed to purchase from us, the principal amount of notes that appears opposite its name in the table below:

| Name | Principal Amount of Notes |
|--------------------------------|------------------------------|
| Morgan Stanley & Co. LLC | \$ |
| J.P. Morgan Securities LLC | |
| U.S. Bancorp Investments, Inc. | |
| Total | \$ |

The underwriters are offering the notes subject to their acceptance of the notes from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the notes offered by this prospectus supplement are subject to certain conditions. The underwriters are obligated to take and pay for all of the notes offered by this prospectus supplement if any such notes are t