FORM S-3/A

Registration statement for specified transactions by certain issuers [amend]

Filing Date: **1994-01-13**
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FILER

RIGGS NATIONAL CORP

CIK:**350847**| IRS No.: **521217953** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **S-3/A** | Act: **33** | File No.: **033-51567** | Film No.: **94501233**
SIC: **6021** National commercial banks

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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JANUARY 13, 1994

REGISTRATION NO. 33-51567

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO
FORM S-3
REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

RIGGS NATIONAL CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	52-1217953
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

1503 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20005
(202) 835-6000
(ADDRESS INCLUDING ZIP CODE, AND TELEPHONE NUMBER,
INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

DAVID LESSER, ESQ. GENERAL COUNSEL RIGGS NATIONAL CORPORATION 800 17TH STREET, N.W. WASHINGTON, D.C. 20006 (202) 835-5345
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

DAVID B. HARMS, ESQ.	LEE MEYERSON, ESQ.
SULLIVAN & CROMWELL	SIMPSON THACHER & BARTLETT
125 BROAD STREET	425 LEXINGTON AVENUE
NEW YORK, N.Y. 10004	NEW YORK, N.Y. 10017

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF SECURITIES TO THE PUBLIC:

From time to time after the effective date of this registration statement.

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+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +
+SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BECOME EFFECTIVE. THESE +
+SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE +
+TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT +
+CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL +
+THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, +
+SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION +
+UNDER THE SECURITIES LAWS OF SUCH STATE. +
++

SUBJECT TO COMPLETION, DATED JANUARY 13, 1994

PROSPECTUS

$125,000,000

RIGGS NATIONAL CORPORATION

SUBORDINATED DEBT SECURITIES

Riggs National Corporation (the "Company") may offer from time to time subordinated debt securities in one or more series (the "Debt Securities") at an aggregate initial offering price not to exceed $125,000,000, on terms to be determined at the time of sale. The specific title, aggregate principal amount, maturity, rate and time of payment of interest (if any), purchase price, any terms for redemption and any other special terms of a specific offering of Debt Securities ("Offered Debt Securities") will be set forth in a supplement to this Prospectus ("Prospectus Supplement"). If so indicated in the applicable Prospectus Supplement, Offered Debt Securities may be represented in whole or in part by one or more global securities ("Global Securities") registered in the name of The Depository Trust Company (the "Depository") or a nominee thereof.

The Debt Securities will be subordinated to all existing and future Senior Indebtedness and, under certain circumstances, Other Financial Obligations of the Company (as such terms are defined herein). Unless otherwise indicated in the applicable Prospectus Supplement, the maturity of the Debt Securities will be subject to acceleration only in the case of certain events of bankruptcy, insolvency or reorganization of the Company. See "Description of Debt Securities."

The Debt Securities may be sold to underwriters (which may include Dillon, Read & Co. Inc. and Friedman, Billings, Ramsey & Co., Inc.) for public offering pursuant to terms of offering described in the applicable Prospectus Supplement. In addition, the Debt Securities may be sold to purchasers directly by the Company or through agents designated from time to time by the Company. If any underwriters or agents are involved in the sale of the Offered Debt Securities, their names and any applicable fee, commission or discount arrangements with them will be set forth in the applicable Prospectus Supplement. See "Plan of Distribution."

SEE "RISK FACTORS AND SPECIAL CONSIDERATIONS" FOR A DISCUSSION OF CERTAIN FACTORS TO BE CONSIDERED BY POTENTIAL INVESTORS IN THE DEBT SECURITIES.

THE DEBT SECURITIES ARE NOT SAVINGS ACCOUNTS, DEPOSITS OR OTHER OBLIGATIONS OF A BANK OR SAVINGS ASSOCIATION AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Prospectus may not be used to consummate sales of Offered Debt Securities unless accompanied by a Prospectus Supplement.

The date of this Prospectus is January , 1994

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy and information statements and other information with the Securities and Exchange Commission (the "Commission"). Copies of such material can be obtained by mail from the Public Reference Section of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, at prescribed rates. In addition, such reports, proxy and information statements and other information can be inspected and copied at the aforementioned public reference facilities and at the Commission's regional offices at Northwest Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and at 7 World Trade Center, 13th Floor, New York, New York 10048.

The Company has filed with the Commission a Registration Statement on Form S-3 (together with all amendments and exhibits thereto, the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Debt Securities offered hereby. This Prospectus, which forms a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information, reference is hereby made to the Registration Statement.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Commission pursuant to the Exchange Act are incorporated by reference in and made part of this Prospectus:

(1) Annual Report on Form 10-K for the year ended December 31, 1992, as amended by Forms 10-KA dated July 2, 1993, September 21, 1993, October 4, 1993 and October 26, 1993;

(2) Quarterly Report on Form 10-Q for the quarter ended March 31, 1993, as amended by Forms 10-QA dated July 2, 1993, September 21, 1993 and October 27, 1993;

(3) Proxy Statement for the Annual Meeting of Shareholders dated April 19, 1993;

(4) Quarterly Report on Form 10-Q for the quarter ended June 30, 1993, as amended by Forms 10-QA dated September 21, 1993 and October 27, 1993;

(5) Current Reports on Form 8-K dated October 27, 1993 and December 21, 1993; and

(6) Quarterly Report on Form 10-Q for the quarter ended September 30, 1993, amended by Form 10-QA dated December 7, 1993.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the completion of the offering of the Debt Securities shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date such documents are filed. Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such earlier statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide, without charge, to each person to whom this Prospectus is delivered, on the written or oral request of any such person, a copy of any or all of the information incorporated herein by reference other than exhibits to such information (unless such exhibits are specifically incorporated by reference into such information). Written or oral requests should be directed to Alexander C. Baker, Secretary, Riggs National Corporation, 808 17th Street, N.W., Washington, D.C. 20006, telephone number (202) 835-4987.

PROSPECTUS SUMMARY

The following summary does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere, or incorporated by reference, in this Prospectus.

THE COMPANY

Riggs National Corporation is a multi-bank holding company with consolidated assets of $4.7 billion, consolidated deposits of $3.9 billion and consolidated stockholders' equity of $158 million as of September 30, 1993. Based on total assets at June 30, 1993, the Company is the 88th largest bank holding company in the United States and the largest bank holding company headquartered in Washington, D.C.

The Company, through its bank and non-bank subsidiaries, provides banking, trust, investment advisory and other financial services to selected domestic and international markets. The Company serves the metropolitan Washington, D.C. area through its three bank subsidiaries in Washington, D.C., Maryland and Virginia. Its principal subsidiary, The Riggs National Bank of Washington, D.C. ("Riggs-Washington"), had consolidated assets of $4.1 billion as of September 30, 1993. The Company also has subsidiaries in Miami, London, Paris, Hong Kong, Nassau, Gibraltar and Geneva.

Riggs-Washington is the only independent commercial bank with assets in excess of $4 billion that is headquartered in Washington, D.C. As of March 31, 1993, Riggs-Washington had the largest share of commercial bank deposits in Washington, D.C., at approximately 37%, based upon a recent study by the graduate school of business administration at the University of Virginia, which included the pro forma effects of the announced and pending mergers between banks in the Washington, D.C. area. The Company believes that it enjoys a highly respected position in Washington, D.C. because of its local management, name recognition and commitment to the community, which has resulted in its leading deposit share. In addition, the Company has developed an international

business serving foreign embassies and missions and significant trust/private banking operations in the Washington, D.C. area.

RECENT DEVELOPMENTS

OCTOBER EQUITY SALE

On October 21, 1993, as part of the strategic initiatives announced by the Company in the second quarter of 1993 and described herein, the Company issued and sold 4,000,000 shares of its 10.75% Noncumulative Perpetual Preferred Stock, Series B (the "Series B Preferred Stock") and 5,000,000 shares of its Common Stock, par value $2.50 per share ("Common Stock"), to certain investors in transactions exempt from the registration requirements of the Securities Act (the "October Equity Sale"). The shares of Series B Preferred Stock and Common Stock were sold for $25 per share and $7.75 per share, respectively. The net proceeds to the Company from the October Equity Sale (after deducting placement agent fees and related estimated expenses) were approximately $132 million. Adjusted for the estimated net proceeds from the transaction, the Company's pro forma risk-based capital and leverage ratios at September 30, 1993 were as follows: Tier 1--10.85%, Combined Tier 1 and Tier 2--16.98% and Leverage--5.73%.

1993 FOURTH QUARTER

For the quarter ending December 31, 1993, the Company reported net income of $3.1 million (compared to a loss of $24.1 million for the fourth quarter of 1992). These results were attributable largely to reduced provisions for loan losses during the quarter ($2.1 million compared to $27.3 million during the fourth quarter of 1992). The Company also reported that, between September 30 and December 31, 1993, nonperforming assets declined by $60 million. More than half of the fourth quarter reduction in nonperforming assets resulted from repayments. As of December 31, 1993, the Company's nonperforming assets were at their lowest level in more than three years.

RECENT STRATEGIC INITIATIVES

The Company has responded to recent financial difficulties by undertaking a series of strategic initiatives that management believes will restore the Company to financial soundness and profitability (although there can be no assurance that such initiatives will achieve these goals). These measures include: (1) the appointment of Paul M. Homan as President and Chief Executive Officer of Riggs-Washington and the addition of other experienced senior management; (2) the announcement and implementation of a financial restructuring plan which includes increased reserves to facilitate the disposition of problem assets as well as exiting unprofitable lines of business; (3) the raising of approximately $132 million of new equity in the October Equity Sale; (4) a restructuring of the Company's London operations to address the potential risk in the loan and other real estate owned portfolios; (5) the creation of a Special Assets Group to focus on problem assets; (6) the implementation of "BankStart '93," a comprehensive, corporate-wide project designed to make the Company more cost efficient and operationally effective; and (7) the implementation of a broad strategy designed to create a "Super Community Bank" that will grow banking operations, redeploy liquid assets into higher yielding loans and enhance long-term profitability. See "Risk Factors and Special Considerations."

THE OFFERING

The Debt Securities.....	The Debt Securities will be obligations of the Company limited to $125,000,000 in aggregate initial offering price, and may be issued in one or more series pursuant to the Indenture described below. The Debt Securities may be offered for sale in a single offering or from time to time in more than one offering.
General Terms.....	The specific title, aggregate principal amount, maturity, rate and time of payment of interest (if any), purchase price, any terms for redemption, any foreign currency of payment or denomination and other special terms of a specific series of Offered Debt Securities will be set forth in a Prospectus Supplement relating to such securities. If so indicated in the applicable Prospectus Supplement, Offered Debt Securities may be represented in whole or in part by one or more Global Securities registered in the name of the Depository or a nominee thereof.

Rank.....	Unless otherwise indicated in the applicable Prospectus Supplement, the Debt Securities will be unsecured and subordinated in right of payment to all existing and future Senior Indebtedness of the Company and, in certain circumstances, all existing and future Other Financial Obligations of the Company. As of September 30, 1993, the Company had no Senior Indebtedness and no Other Financial Obligations outstanding. In addition, the Debt Securities will be effectively subordinated in right of payment to all indebtedness of the Company's subsidiaries. The Indenture (as defined below) will contain no limitation on the incurrence of additional indebtedness (including additional Senior Indebtedness and Other Financial Obligations) by the Company or on the incurrence of additional indebtedness by its subsidiaries. See "Description of the Debt Securities--Subordination."

Limited Rights of Acceleration.....	Unless otherwise indicated in the applicable Prospectus Supplement, payment of the principal of the Debt Securities may be accelerated only in the case of certain events involving the bankruptcy, insolvency or reorganization of the Company. There is no right of acceleration in the case of default in the performance of any obligation of the Company under the Indenture or the Debt Securities, including any obligation to pay principal or interest. See "Description of the Debt Securities--Events of Default and Limited Rights of Acceleration."
Indenture.....	The Debt Securities are to be issued under the Indenture (the "Indenture"), to be dated as of January 1, 1994, between the Company and The Bank of New York, as Trustee (the "Trustee").

USE OF PROCEEDS

The Company currently intends to use the net proceeds from the sale of the Debt Securities to redeem approximately $120.7 million of outstanding subordinated debt of the Company. See "Use of Proceeds."

RISK FACTORS AND SPECIAL CONSIDERATIONS

An investment in the Debt Securities involves substantial risks which should be considered by prospective purchasers of the Debt Securities. See "Risk Factors and Special Considerations."

SUMMARY FINANCIAL DATA
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,				
	1993	1992	1992	1991	1990	1989	1988
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
CONSOLIDATED SUMMARY OF INCOME:							
Interest Income.....	$ 195,035	$ 258,350	$ 327,540	$ 474,815	$ 649,010	$ 621,200	$ 505,625
Interest Expense.....	95,384	152,531	189,604	319,719	476,397	442,099	342,146
Net Interest Income....	99,651	105,819	137,936	155,096	172,613	179,101	163,479
Less: Provision for Loan Losses.....	59,141	23,462	49,789	43,525	105,508	5,588	1,176
Net Interest Income after Provision for							

Loan Losses.....	40,510	82,357	88,147	111,571	67,105	173,513	162,303
Noninterest Income Excluding Securities Gains.....	67,486	68,123	96,200	92,961	78,179	65,144	56,861
Securities Gains (Losses), Net.....	23,925	34,798	34,213	13,692	1,263	8,285	(96)
Provision for Losses on Accelerated Disposition of Real Estate Assets.....	--	--	--	49,800	--	--	--
Noninterest Expense....	223,655	182,398	240,681	240,501	237,177	189,910	165,326
Income (Loss) before Taxes and Extraordinary Item....	(91,734)	2,880	(22,121)	(72,077)	(90,630)	57,032	53,742
Applicable Income Tax (Benefit) Expense.....	5,558	(129)	(1,069)	(6,130)	(29,413)	17,609	16,726
Income (Loss) before Extraordinary Item, Net of Taxes.....	(97,292)	3,009	(21,052)	(65,947)	(61,217)	39,423	37,016
Extraordinary Item--Net of Taxes(1).....	--	--	--	2,486	4,569	--	--
Net Income (Loss).....	$ (97,292)	$ 3,009	$ (21,052)	$ (63,461)	$ (56,648)	$ 39,423	$ 37,016
PER COMMON SHARE:							
Net Income (Loss).....	$ (3.90)	$ 0.12	$ (0.86)	$ (4.61)	$ (4.11)	$ 2.86	$ 2.54
Book Value (at period end).....	5.50	10.13	8.98	14.88	20.16	24.85	23.41
Average Shares Out-standing(2).....	25,222,014	24,303,072	24,534,063	13,777,014	13,777,014	13,777,014	14,594,131
CONSOLIDATED BALANCES AT PERIOD END:							
Total Assets.....	$ 4,672,922	$5,357,251	$5,077,522	$5,535,803	$7,050,602	$7,337,187	$7,001,910
Reserve for Loan Loss-es.....	80,869	74,520	83,307	103,674	108,887	39,863	49,038
Nonaccrual and Renego-tiated Loans.....	158,274	165,220	173,880	231,836	158,789	4,504	24,950
Other Real Estate Owned.....	112,732	134,450	131,892	99,275	120,207	37,963	787
Total Nonperforming As-sets(3).....	271,006	299,670	305,772	331,111	278,996	42,467	25,737
Loans, Net of Unearned Discount and Deferred Fees.....	2,105,572	2,354,609	2,137,706	2,992,693	3,791,256	3,808,760	3,562,831
Total Deposits.....	3,934,289	4,630,312	4,437,598	4,912,372	6,110,594	5,976,934	5,537,275
Long-Term Debt.....	213,325	213,325	213,325	232,127	245,897	308,914	223,175
Stockholders' Equity...	157,673	274,565	245,420	204,979	277,697	342,332	322,476
RATIO OF EARNINGS TO FIXED CHARGES(4):							
Including Interest on Deposits.....	--	1.02x	--	--	--	1.13x	1.16x
Excluding Interest on Deposits.....	--	1.19x	--	--	--	1.84x	2.12x
CAPITAL RATIOS AT PERIOD END:							
Combined Tier 1 and Tier 2 Risk-Weighted..	11.01%	15.05%	14.70%	10.46%	10.79%	N/A	N/A
Tier 1 Risk-Weighted...	5.78	8.60	8.31	5.23	5.39	N/A	N/A
Leverage.....	3.02	4.93	4.60	3.57	3.80	N/A	N/A
SELECTED PRO FORMA DATA AT SEPTEMBER 30, 1993(5):							
Book Value Per Common Share.....	$ 5.81						
Number of Shares Out-standing.....	30,222,014						
Capital Ratios:							
Combined Tier 1 and Tier 2 Risk-Weighted..	16.98%						
Tier 1 Risk-Weighted...	10.85						
Leverage.....	5.73						
Stockholder's Equity to Total Assets.....	6.03						

</TABLE>
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(1) During 1991 and 1990, the Company purchased, on the open market at a discount, $13.2 million and $33.5 million principal amount of its subordinated long-term debt, which resulted in extraordinary gains.
(2) The Company purchased 900,798 shares of its common stock in the fourth quarter of 1988.
(3) Nonperforming assets consist of nonaccrual loans, renegotiated loans, other real estate owned (net of reserves) and, for the period from September 30,

1991 through the second quarter of 1992, assets subject to accelerated disposition (net of reserves).

(4) Earnings include the consolidated earnings of the national banking subsidiaries, which may not be available (due to legal limitations on the sources and amount of dividends national banks are permitted to pay their parent companies) to cover fixed charges of the holding company. See "Risk Factors and Special Considerations--Holding Company Liquidity" Fixed charges include interest on long-term debt of the holding company. During the nine month period ended September 30, 1993 and the years ended December 31, 1992, 1991 and 1990, earnings were insufficient to cover fixed charges (including interest on deposits) and preferred stock dividend requirements by $92.8 million, $22.8 million, $72.1 million and $90.6 million, respectively.

(5) Adjusted to give effect, as of September 30, 1993, to the October Equity Sale and the investment of the net proceeds thereof (approximately $132 million) in short-term money market assets, which have been risk-weighted at 20% for purposes of capital ratio calculations. No effect is given to any offering of Debt Securities or any repayment of outstanding subordinated debt. See "Capitalization."

RISK FACTORS AND SPECIAL CONSIDERATIONS

An investment in the Company involves substantial risks, including those described below, and other considerations that should be carefully reviewed by investors prior to the purchase of the Debt Securities offered hereby.

CONTINUED LOSSES AND NONPERFORMING ASSETS

The Company has experienced and continues to experience serious financial and operational difficulties, principally as a result of deterioration in its domestic commercial real estate portfolio (which is concentrated in the greater Washington, D.C. metropolitan area) and in the commercial real estate and corporate loan portfolios of Riggs AP Bank Limited ("Riggs AP") and the London branch of Riggs-Washington (collectively, the "London Operations"). The Company reported net losses of $56.6 million in 1990, $63.5 million in 1991, $21.1 million in 1992 and $97.3 million for the nine months ended September 30, 1993. These results included provisions for loan losses of $105.5 million in 1990, $43.5 million in 1991, $49.8 million in 1992 and $59.1 million in the nine months ended September 30, 1993. During these same periods, the Company had net charge-offs of $37.5 million, $35.6 million, $67.0 million and $61.6 million, respectively. Of the total net charge-offs for these periods of $201.7 million, $65.6 million was associated with the London Operations.

Nonperforming assets, which include nonaccrual loans, renegotiated loans, other real estate owned (net of reserves) and, for the period from September 30, 1991 through the second quarter of 1992, real estate assets subject to accelerated disposition (net of reserves), increased from $279.0 million at December 31, 1990 to $331.1 million at December 31, 1991 (net of $46.8 million of reserves for real estate assets subject to accelerated disposition), before decreasing to $305.8 million at December 31, 1992 and $271.0 million at September 30, 1993. (Changes in the level of nonperforming assets are the function of a number of factors, including sales, charge-offs and new nonperforming assets.) Because of the reduction in the size of the Company's loan portfolio since December 31, 1991, nonperforming assets have continued to increase as a percentage of total loans and other real estate owned from 7.1% at December 31, 1990 to 10.7% at December 31, 1991 and 13.5% at December 31, 1992, before decreasing to 12.2% at September 30, 1993. At September 30, 1993, the Company's ratio of reserve for loan losses to nonaccrual, renegotiated and past due loans was 49.8% compared to 47.5% and 44.1% at December 31, 1992 and 1991, respectively. Although the Company has taken steps to reduce nonperforming assets (see "Recent Developments"), there can be no assurance that such actions will be successful, particularly if economic conditions should continue to have an adverse impact on these assets.

The high levels of nonperforming assets that the Company has experienced over the past several years, together with the shift in the Company's assets from loans toward money market assets for capital and liquidity reasons, has significantly and adversely affected the Company's earnings. Improvement in the Company's earnings will depend in part on increases in the size of the Company's loan portfolio. There can be no assurance that the Company will be able to generate sufficient loan growth to improve earnings. See "--Holding Company Liquidity," "Recent Developments--Financial Difficulties and Recent Strategic Initiatives--Further Revenue Enhancements: Increased Loan to Deposit Ratio" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company has recently purchased, or agreed to purchase, in the open market approximately $520 million of residential mortgage loans. Substantially all of these loans were recently originated, have original maturities of 15 or 30 years, bear interest at fixed rates and are secured by properties located

in various regions throughout the United States. See "Recent Developments--Financial Difficulties and Recent Strategic Initiatives--Further Revenue Enhancements: Increased Loan to Deposit Ratio."

Improvements in asset quality, particularly with respect to loans secured by commercial real estate, will depend on economic conditions in the Company's principal markets and their impact on nonaccrual loans, the disposition of other real estate owned and past due loan levels of the Company. The Company is unable to predict when, or at what rate, economic conditions in these areas will begin to improve on a sustainable basis. Due to cyclical lagging factors, high levels of charge-offs could continue even if general business

conditions start to improve. The Company's earnings will continue to be restrained by the high levels of nonperforming assets, expenses associated with the collection of problem commercial real estate loans, the carrying expenses of other real estate owned and, if necessary, additional provisions and writedowns. Consequently, there can be no assurance as to whether the Company will at any time have sufficient resources to make principal and interest payments on the Debt Securities.

COMMERCIAL REAL ESTATE MARKETS

At September 30, 1993, $562.8 million, or 26.7%, of the Company's loan portfolio consisted of loans secured by commercial real estate, approximately 70.0% and 29.7% of which were secured by properties located in the Washington D.C. area and in the United Kingdom, respectively. Of the $229 million of loans attributable to the London Operations at September 30, 1993, 73.8% were secured by real estate. The Company had an additional $113 million in other real estate owned, net at September 30, 1993, 84.1% of which was located in the Washington, D.C. metropolitan area and 10.1% of which was located in the United Kingdom. At September 30, 1993, the twelve largest borrower relationships represented $189.9 million, or 65.2%, of the Company's total domestic commercial real estate loans. The commercial real estate markets in these areas have been experiencing deteriorating economic trends, including declining occupancy and rental rates and property values. These trends have resulted in substantial increases in the delinquency and default rates on the Company's commercial real estate loan portfolio and, because of the deterioration in the value of the associated collateral, significant losses to the Company. At September 30, 1993, approximately $107.7 million, or 19.1%, of the Company's commercial real estate and construction loans were 90 days or more past due. Virtually all past due loans were on nonaccrual status at September 30, 1993. See "Recent Developments--Financial Difficulties and Recent Strategic Initiatives" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

In light of current economic conditions in the United States and the United Kingdom, and the possibility of further deterioration in commercial real estate values in the Washington, D.C. area and the United Kingdom and increases in interest rates in the United Kingdom, significant additional provisions and writedowns are possible and nonperforming assets (as well as the cost of carrying nonperforming assets) could increase. However, given the uncertainties created by current economic conditions both domestically and in the United Kingdom, such additional provisions and writedowns cannot be reasonably estimated at this time, and the extent to which they may be required in the future will depend on future economic conditions and their impact on specific borrowers' operations and liquidity.

HOLDING COMPANY LIQUIDITY

The Company's cash flows are affected by its ongoing operations, including the provision of support to its subsidiary banks, and its investing and financing activities. At September 30, 1993, the Company had, on a parent company only basis, liquid assets (consisting of cash, deposits in other banks and securities purchased subject to resale ("repos")) of $30.2 million, compared to $78.4 million at December 31, 1992 and $31.4 million at December 31, 1991. On a pro forma basis after giving effect to the October Equity Sale, the Company, on a parent company only basis, would have had liquid assets of approximately $160 million as of September 30, 1993. Liquid assets at the parent company level may be substantially reduced from time to time if capital contributions to the subsidiary banks are deemed to be necessary. For example, the Company made capital contributions of cash to Riggs-Washington of approximately $38 million during the first nine months of 1993. Although the Company has no current plans to make any substantial capital contributions to its subsidiary banks through 1994, its plans are subject to change in light of economic, financial and regulatory considerations.

As a holding company, the Company conducts its operations principally through its subsidiaries and, therefore, its principal source of cash, other than its investing and financing activities, is dividends from Riggs-Washington and the Company's other subsidiary banks. However, there are legal limitations on the source and amount of dividends that national banks are permitted to pay their parent companies. See "Supervision and Regulation." A national bank may pay

dividends only to the extent that retained net profits (including the portion transferred to surplus) exceed bad debts (as defined by regulation). Moreover, unless a national bank's surplus fund equals its common capital, dividends may be paid only after 10 percent of its net profits (as defined) for the specified preceding period have been transferred to the bank's surplus fund. In addition,

prior approval of the Office of the Comptroller of the Currency (the "OCC") is required if the total of all dividends declared by a national bank in any calendar year will exceed the sum of that bank's net profits (as defined) for that year and its retained net profits for the preceding two calendar years, less any required transfers to either surplus or any fund for retirement of any preferred stock. Riggs-Washington and The Riggs National Bank of Maryland ("Riggs-Maryland") had net losses (as defined) of $154 million and $208 thousand, respectively, for the combined periods of 1991, 1992 and the first nine months of 1993. Thus, neither bank would be able to pay dividends to the Company in the current year unless it generated earnings in excess of such losses. The Riggs National Bank of Virginia ("Riggs-Virginia") had net income (as defined) of $7.5 million for the combined periods of 1991, 1992 and the first nine months of 1993. The payment of dividends by the Company's national bank subsidiaries may also be affected by other factors, such as requirements for the maintenance of adequate capital. In addition, the OCC is authorized to determine, under certain circumstances relating to the financial condition of a national bank, whether the payment of dividends would be an unsafe or unsound banking practice and to prohibit payment thereof. In accordance with its written agreement with the OCC (described below), Riggs-Washington may pay dividends to the Company only when it is in compliance with its approved capital program and with prior written notification to the OCC. See "Supervision and Regulation" for a further discussion of dividend restrictions and the policy of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") regarding bank holding company support for its subsidiary banks.

The Company has outstanding two series of floating rate subordinated notes totalling approximately $147 million in principal amount, which mature in September 1996. The Company intends to redeem approximately $120.7 million of these notes with the net proceeds from the sale of Debt Securities. In order to meet its obligations to repay the remaining portion of these notes at their maturity, the Company may need to access the capital markets or otherwise refinance the notes. There is no assurance that the Company will be able to do so on favorable terms.

The Company's estimated cash needs, on a parent company only basis, over the twelve month period commencing October 1, 1993 (before giving effect to interest on the Debt Securities offered hereby or any repayment of outstanding debt) include $14.1 million of interest payments on outstanding subordinated debt, $12.2 million of dividends on outstanding preferred stock (assuming the preferred stock sold in the October Equity Sale was outstanding on October 1, 1993) and other expenses related to payroll, benefits, occupancy and other noninterest expenses of $6.6 million. These cash outflows will be partially offset by anticipated interest income and other cash inflows aggregating $6.1 million, resulting in an estimated annual aggregate cash outflow for the parent company of approximately $26.8 million (before giving effect to interest on the Debt Securities offered hereby or any repayment of outstanding debt).

The Company expects that the offering and sale of the Debt Securities and the use of the net proceeds thereof to redeem a substantial portion of its outstanding subordinated debt (which currently bears interest at a floating rate equal to 5 1/4% per annum) will result in increased annual interest expense for the parent company. The amount of such additional interest expense will depend on the interest rate in effect on the debt to be redeemed and on the terms of the Debt Securities, which will not be set until the time of issuance and will reflect market conditions and the Company's financial position at that time.

In connection with its memorandum of understanding (the "Memorandum of Understanding") with the Federal Reserve Bank of Richmond (the "Reserve Bank") described under "--Regulatory Developments" below, the Company submitted a capital plan, which it revises periodically, to the Reserve Bank. On a regular basis, the Reserve Bank monitors the Company's financial condition and results of operations in light of the capital plan on a consolidated basis. The Company will submit to the Reserve Bank for its review a modified capital plan that provides for increased revenues from loan growth, which, if achieved, would offset the increased interest expense resulting from the issuance of the Debt Securities, net of interest expense reductions due to the redemption of outstanding subordinated notes. Such loan growth would be in addition to the approximately $520 million of recent and pending purchases of residential mortgage loans (see "Recent Developments--Financial Difficulties and Recent Strategic Initiatives--Further Revenue Enhancements: Increased Loan to Deposit Ratio"). The Company currently expects to pursue such additional growth principally through the origination of new business and consumer loans in its local community market. The amount of loan growth necessary to offset the increased interest expense will depend on a number of factors, including the

terms and amount of any Debt Securities issued, the amount of subordinated debt redeemed and the performance of its existing loan portfolio. The Company's ability to achieve its loan growth targets

will depend on various economic, financial and regulatory factors, many of which are beyond the Company's control. In the Company's primary markets, growth in demand for new loans has been relatively limited and competition among lenders has increased in recent years. See "--Competition." Consequently, there is no assurance that this additional loan growth can be achieved or as to the effect of such growth on the Company's results of operations or financial condition. In addition, the Reserve Bank will review the financial condition and results of operations of the Company in light of the Company's ability to achieve the operating results projected in the modified capital plan.

Although management currently believes that the parent company's liquid assets, including the estimated approximately $132 million of net proceeds from the October Equity Sale, will be sufficient to meet its cash needs for the next several years, unanticipated contingencies could reduce its liquidity and, thus, impair or limit its ability to make interest and principal payments on the Debt Securities. For example, the parent company could use a portion of its liquid assets, including the net proceeds from the October Equity Sale, to make investments in or loans to its banking subsidiaries if it determined such use was necessary to strengthen the capital base of any of those banks, or if required to do so by regulatory authorities. Moreover, the ability of the parent company to meet its cash needs beyond the next several years will depend on the ability of its subsidiary banks to begin generating earnings in amounts sufficient to permit substantial dividend payments to the parent and on its ability to successfully refinance by 1996 any of its subordinated debt that remains outstanding. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Interest Rate Sensitivity and Liquidity" and "Supervision and Regulation."

REGULATORY DEVELOPMENTS

On May 14, 1993, the Company entered into the Memorandum of Understanding with the Reserve Bank and Riggs-Washington entered into a written agreement (the "Written Agreement") with the OCC. The Written Agreement and the Memorandum of Understanding were the result of regulatory concern over financial and operational weaknesses and continued losses primarily related to the Company's domestic and United Kingdom commercial real estate exposure.

The Company's and Riggs-Washington's respective regulators have broad powers under current law and, if the Company or Riggs-Washington fails to comply with any material provisions of the Memorandum of Understanding or the Written Agreement, such regulators may take further supervisory action, including possible further constraints on operations, limitations on the payment of principal, interest or dividends and more severe regulatory oversight. The powers of the regulatory authorities and the potential adverse impact on holders of Debt Securities increase significantly if the subsidiary banks are not adequately capitalized. Such supervisory action could impair the Company's ability to make principal and interest payments on the Debt Securities. See "Supervision and Regulation."

REGULATORY CAPITAL REQUIREMENTS

The Company and each of its banking subsidiaries are subject to regulatory capital guidelines. At September 30, 1993, each of the Company's banking subsidiaries was in compliance with applicable regulatory capital requirements, including, in the case of Riggs-Washington, the capital targets set forth in the Written Agreement. The Company, at that date, had a total capital to risk-weighted assets ratio of 11.01% and a Tier 1 capital to risk-weighted assets ratio of 5.78%, both above the minimum requirements of 8.0% and 4.0%, respectively. The Company's leverage ratio at that date was 3.02% or, on a pro forma basis after giving effect to the October Equity Sale, 5.73%.

Although the minimum leverage ratio requirement is 3.00%, most bank holding companies, including the Company, are expected to maintain an additional cushion of at least 100 to 200 basis points above the minimum. However, the Federal Reserve Board may assign a specific capital ratio to an individual bank holding company, including the Company, based on its assessment of asset quality, earnings performance, interest-rate risk and liquidity. As of the date of this Prospectus, the Federal Reserve Board has not advised the Company of a specific leverage ratio requirement. Pursuant to the Memorandum of Understanding, on July 13, 1993, the Company submitted a capital plan to the Reserve Bank which projected an improvement in the Company's leverage ratio to approximately 5.00% by year-end 1993, which, as noted above, has been exceeded as a result of the October Equity Sale. The Memorandum of Understanding does not require the Company's capital plan to be approved by the Reserve Bank; however, the Company's plan was submitted to

and reviewed without objection by the Reserve Bank. A modified capital plan will be formally submitted to the Reserve Bank in early 1994. See "--Holding Company Liquidity." Riggs-Washington's capital plan has been approved by the OCC but a modified capital plan will be formally submitted to the OCC in early 1994.

There can be no assurance that the Company will continue to be able to meet all the capital projections in its capital plan or that Riggs-Washington will continue to meet the minimum capital ratios to which it is committed under the Written Agreement. In the event that the Company is unable to meet the projections in its capital plan, or any of its banking subsidiaries falls below the minimum capital requirements described above, the agencies may take additional regulatory action including, in the case of subsidiary banks that fail to meet capital requirements, "prompt corrective action." Such actions could impair the Company's ability to make principal and interest payments on the Debt Securities. See "Supervision and Regulation."

SUBORDINATION

Unless otherwise indicated in the applicable Prospectus Supplement, the Debt Securities will be unsecured and subordinated in right of payment to all existing and future Senior Indebtedness (as defined herein) of the Company and, in certain circumstances, to all existing and future Other Financial Obligations (as defined herein) of the Company. See "Description of the Debt Securities--Subordination." As of September 30, 1993, the Company had no Senior Indebtedness and no Other Financial Obligations outstanding. In addition, the Company is a holding company that conducts substantially all of its operations through its subsidiaries, and claims of creditors of the Company's subsidiaries generally will have priority as to the assets of such subsidiaries over the claims of the Company and its creditors, including holders of the Debt Securities. The Indenture under which the Debt Securities are to be issued does not limit or prohibit the incurrence of additional Senior Indebtedness, Other Financial Obligations or any other indebtedness by the Company, or the incurrence of any indebtedness by its subsidiaries, nor does the Indenture contain any provisions which would protect the holders of the Debt Securities (or any beneficial interest therein) against a decline in credit quality resulting from takeovers, recapitalizations or other similar restructurings. See "Description of the Debt Securities--Subordination."

Unless otherwise indicated in the applicable Prospectus Supplement, payment of the principal of the Debt Securities may be accelerated only in the case of certain events involving the bankruptcy, insolvency or reorganization of the Company. Unless otherwise indicated in the applicable Prospectus Supplement, there is no right of acceleration in the case of a default in the performance of any obligation of the Company under the Indenture or the Debt Securities, including any obligation to pay principal or interest on the Debt Securities. See "Description of the Debt Securities--Events of Default and Limited Rights of Acceleration."

COMPETITION

The Company competes with commercial banks, thrift institutions, mortgage banks, credit unions, insurance companies and other institutions. Such competition is primarily based on the scope and type of services offered, interest rates paid on deposits, pricing of loans and number and locations of branches, among other things. In addition, during the past few years, significant consolidation among financial institutions in the Washington, D.C. metropolitan area has occurred. Competition has intensified and is expected to continue to intensify in the Washington, D.C. metropolitan area as a result of the merger of C&S/Sovran Corporation into NCNB Bancorporation (now known as NationsBank Corporation), the recently completed acquisitions of First American Metro Corp. and Dominion Bankshares Corporation by First Union Corporation and the pending acquisition of MNC Financial, Inc. (the parent company of American Security Bank, N.A.) by NationsBank Corporation. These competitors and certain other competitors of the Company have substantially greater resources than the Company. Although management believes the Company has been able to compete effectively in its market areas, there can be no assurance that it will be able to continue to do so.

TRADING MARKET FOR THE DEBT SECURITIES

The Company does not intend to apply for listing of the Debt Securities on any national securities exchange or to have the Debt Securities approved for quotation on any interdealer quotation system. The liquidity of, and the trading market for, the Debt Securities may be adversely affected by declines in the market for high yield securities generally. Such a decline may adversely affect such liquidity and trading markets independent of the financial performance of, and prospects for, the Company. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Debt Securities.

THE COMPANY

Riggs National Corporation is a multi-bank holding company registered under the Bank Holding Company Act of 1956, as amended (the "BHCA"), and incorporated in the State of Delaware. Based on total assets as of June 30, 1993, the Company is the 88th largest bank holding company in the United States and the largest bank holding company headquartered in Washington, D.C. As of September 30, 1993, the Company had consolidated assets of $4.7 billion, consolidated deposits of $3.9 billion and consolidated stockholders' equity of $158 million ($289.9 million after giving effect to the October Equity Sale).

The Company, through its bank and non-bank subsidiaries, provides banking, trust, investment advisory and other financial services to selected domestic and international markets. The Company currently has banking subsidiaries in Washington, D.C.; Virginia; Maryland; Miami, Florida; London, England; Paris, France; and Nassau, Bahamas. Additionally, the Company provides investment advisory services domestically through a subsidiary registered under the Investment Advisers Act of 1940 and internationally through a subsidiary in Geneva, Switzerland. In addition to its domestic trust services, the Company provides trust services through two subsidiaries in Gibraltar.

The primary market for the Company is the Washington, D.C. metropolitan area, which it serves through three subsidiary banks: Riggs-Washington, Riggs-Virginia and Riggs-Maryland. The number of branches, deposits, assets and equity for each of these banking subsidiaries at September 30, 1993 are shown in the table below:

<TABLE>
<CAPTION>

	BRANCHES	DEPOSITS	ASSETS	EQUITY
		(dollars in millions)		
<S>	<C>	<C>	<C>	<C>
Riggs-Washington	34	$3,455	$4,079	$266
Riggs-Virginia	17	306	338	31
Riggs-Maryland	11	175	188	13

</TABLE>

The consolidation currently underway in the local banking industry has left Riggs-Washington as the only independent commercial bank with assets in excess of $4 billion headquartered in Washington, D.C. As of March 31, 1993, Riggs-Washington had the largest share of commercial bank deposits in Washington, D.C. at approximately 37%, based upon a recent study by the graduate school of business administration at the University of Virginia, which included the pro forma effects for the announced and pending mergers between banks in the Washington, D.C. area. The Company believes that it enjoys a highly respected position in Washington, D.C. because of its local management, name recognition and commitment to the community, which has resulted in this leading deposit share. In addition, the Company has developed an international business serving foreign embassies and missions and significant trust/private banking operations in the Washington, D.C. area.

The location of its headquarters in Washington, D.C. has provided the Company with a unique opportunity to develop banking relationships with foreign embassies and missions located in Washington, D.C. and their employees. Currently, Riggs-Washington has a dominant share of this business, serving embassies or missions for 158 of the 168 countries represented by embassies or missions in Washington, D.C. by providing a variety of services including deposit products, foreign exchange, cash management, letters of credit, private banking and credit assistance with U.S. Government programs. The embassy and mission business is complemented by the Company's international private banking, foreign correspondent banking and advisory services.

Riggs-Washington's Financial Services Group provides domestic trust, investment management and private banking services. At September 30, 1993, the Trust Division had $9.1 billion in assets under administration, with discretionary investment management responsibility for over $4.7 billion of that amount. In recent years, the Trust Division has expanded its investment management advisory services. As a result, assets under management grew at an annual compounded rate of 16.0% for the five years ended December

31, 1992 and trust revenue grew at an annual compounded rate of 12.5% during the same period. Trust revenues of $21.6 million for the first nine months of 1993 were slightly greater than those for the same period a year earlier as the reduction in corporate custodial business was offset by increased fees for trust and investment advisory services. Assets under management declined slightly from September 30, 1992 to September 30, 1993.

Management believes that the Company, as the largest commercial bank holding company headquartered in the nation's capital, has a unique position in the center of an affluent market combining significant public and private sector

customers. The Company's primary mission is to provide a full range of quality banking services throughout the greater Washington, D.C. community. In order to capitalize on its strong market position, deposit share and reputation in the Washington, D.C. area, the Company is implementing a strategy which emphasizes its ability to offer loan, deposit and investment advisory services as a "Super Community Bank." As part of this strategy, the Company will offer its customers a breadth of financial products typical of a regional bank with the personalized service and local decision-making of a community bank. The Company believes that its size will allow it to offer a broader product line than its smaller competitors, while its personalized service and local decision-making will give the Company a distinct advantage over its larger regional competitors. Local decision-making and a commitment to the community will be the key to retaining its existing customers and building new relationships.

The address of the principal executive offices of the Company is 1503 Pennsylvania Avenue, N.W., Washington, D.C. 20005. The telephone number is (202) 835-6000.

RECENT DEVELOPMENTS

OCTOBER EQUITY SALE

On October 21, 1993, as part of the strategic initiatives announced by the Company in the second quarter of 1993 and described below, the Company issued and sold 4,000,000 shares of its Series B Preferred Stock and 5,000,000 shares of its Common Stock to certain investors in transactions exempt from the registration requirements of the Securities Act. The shares of Series B Preferred Stock and Common Stock were sold for $25 per share and $7.75 per share, respectively. The net proceeds to the Company from the October Equity Sale (after deducting placement agent fees and related estimated expenses) were approximately $132 million. Adjusted for the estimated net proceeds from the transaction, the Company's pro forma risk-based capital and leverage ratios at September 30, 1993 were as follows: Tier 1--10.85%, Combined Tier 1 and Tier 2 - --16.98% and Leverage--5.73%.

All of the Series B Preferred Stock and 2,924,000 shares of the Common Stock sold in the October Equity Sale have been registered for resale by the investors referred to above (and their permitted assigns) pursuant to a separate shelf registration statement, which was recently filed with the Commission and is to be maintained in effect for a period of three years. The Company will not receive any of the proceeds from such resales.

1993 FOURTH QUARTER

For the quarter ending December 31, 1993, the Company reported net income of $3.1 million (compared to a loss of $24.1 million for the fourth quarter of 1992). These results were attributable largely to reduced provisions for loan losses during the quarter ($2.1 million compared to $27.3 million during the fourth quarter of 1992). The Company also reported that, between September 30 and December 31, 1993, nonperforming assets declined by $60 million. More than half of the fourth quarter reduction in nonperforming assets resulted from repayments. As of December 31, 1993, the Company's nonperforming assets were at their lowest level in more than three years.

FINANCIAL DIFFICULTIES AND RECENT STRATEGIC INITIATIVES

Since 1990, the Company has experienced significant and continuing losses totalling (as of September 30, 1993) in excess of $238 million, principally as a result of deterioration in its domestic commercial real estate portfolio in the Washington, D.C. metropolitan area and in the commercial real estate and corporate loan portfolios of the Company's London Operations. See "Risk Factors and Special Considerations." In its initial response to these difficulties, the Company took a number of steps in 1991 and 1992, as discussed in the next section. In 1993, largely under the direction of new senior management, the Company implemented a series of integrated strategic initiatives intended to restore the Company to financial soundness and profitability. These new initiatives include:

. NEW MANAGEMENT TEAM. In June 1993, Paul M. Homan was appointed President and Chief Executive Officer of Riggs-Washington and Vice-Chairman of the Company. From August 1991 through December 1992, Mr. Homan served as president and chief executive officer of First Florida Banks, Inc. of Tampa (assets of $5.8 billion at December 31, 1991) during which time the bank implemented restructuring programs to address asset quality problems and returned to profitability within six months. From 1985 to 1987, Mr. Homan was executive vice president of Continental Bank Corporation with responsibility for corporate finance, strategic planning, capital planning and government relations. Prior to joining Continental Bank Corporation, he was chairman and chief executive officer of Nevada National Bank, which also returned to profitability during his tenure. Prior to these bank management positions, Mr. Homan worked at the OCC from 1966 to 1983, rising

to the position of senior deputy comptroller for bank supervision, the OCC's top career position. As such, he supervised 4,700 national banks. He also served as senior adviser to the Comptroller of the Currency in 1990 and 1991.

In addition to the appointment of Mr. Homan, the Company has significantly strengthened its senior management team since early 1993 with the appointment of a new Chief Financial Officer, a new head of its General Banking Group and new heads of its Retail, Corporate and Commercial Lending, Commercial Real Estate Lending, Loan Review, Audit and Appraisal Services Divisions and its newly created Risk Management Division. Each of the new Division Heads has extensive banking experience. In addition to the large number of changes throughout the management team which have already occurred, other steps may be taken to strengthen senior management before year-end 1993. See "Management."

. FINANCIAL RESTRUCTURING. At the end of the second quarter of 1993, the Company announced a financial restructuring designed to facilitate its return to profitability. The steps taken included charging off the doubtful portions of all loans, exiting unprofitable lines of business in the United Kingdom, reducing its investments in certain foreign subsidiaries and increasing reserves against problem assets in order to facilitate their disposition. These actions led to second quarter provisions for loan losses of $44.2 million, restructuring charges of $20.8 million and expenses for other real estate owned of $21.9 million. Of the $44.2 million in provisions for loan losses, $19.7 million related to commercial real estate in the Washington, D.C. area and $24.5 million related to commercial property loans and corporate loans in the United Kingdom. See also "--Restructuring of London Operations."

. NEW CAPITAL. Concurrently with the announcement of its financial restructuring plan, the Company announced plans to raise approximately $100 million in new equity. As part of this plan, the Company completed the October Equity Sale, in which it raised equity totalling approximately $132 million. After taking account of the October Equity Sale, the Company's pro forma consolidated leverage ratio as of September 30, 1993 was 5.73%. See "Capitalization" and "Supervision and Regulation."

. RESTRUCTURING OF LONDON OPERATIONS. During the second quarter of 1993, the Company adopted a plan to address the potential risk in the loan and other real estate owned portfolios of its London Operations, to facilitate the disposition of certain of its troubled assets in the United Kingdom and to exit unprofitable lines of business in the United Kingdom. The London Operations have been reorganized on a basis consistent with the Company's strategy domestically to segregate its ongoing banking business from the management of problem assets. Continued ongoing business lines are now centered on financing

income-producing commercial real estate properties in the United Kingdom as well as financing international trade transactions, primarily for mid-sized corporations based in the United Kingdom. Management of the London Operations has been strengthened with the recent addition of individuals with specific experience in real estate appraisals, workouts and regulatory compliance issues, who have joined a Managing Director and Chief Credit Officer posted to London from Riggs-Washington within the last two years. Over the last two years, the Company has substantially completed its withdrawal
from certain business activities in the United Kingdom including commercial leasing, corporate banking, corporate finance and trading in foreign exchange and money market instruments.

. SPECIAL ASSETS GROUP. In order to improve the Company's ability to work out or liquidate problem assets, the Company has consolidated the majority of its nonperforming and other problem assets in the domestic and United Kingdom markets and transferred them into a Special Assets Group. The Special Assets Group now handles problem assets throughout the Company. The Special Assets Group is managed by dedicated personnel experienced in real estate and problem asset disposition strategies and led by a senior officer with an extensive banking background in loan and other real estate owned workouts. The Company believes that maintaining the separation of the workout function from the ongoing banking business will enable it to concentrate more efficiently on resolution of its nonperforming and other problem assets and at the same time focus attention on its "Super Community Bank" strategy in building new business. Since 1991, Riggs-Washington has had a Special Assets Committee to approve workout strategies for problem assets.

. BANKSTART '93. In January 1993, the Company initiated BankStart '93, a comprehensive, corporate-wide project designed to make the Company more cost-efficient and operationally effective. Through BankStart '93, the Company reexamined each of its lines of business in order to identify opportunities to improve efficiencies and reduce costs. The goal of the

project was to identify revenue enhancements, productivity advances, expense reductions and product line modifications needed to facilitate the Company's return to consistent profitability. A portion of the expense reductions is expected to come from reduced staffing. When the program began, the authorized number of full-time positions for the Company's domestic subsidiaries was 2,060. It was expected that approximately 550 positions would be eliminated as a result of BankStart '93, although the number of actual layoffs was expected to be considerably less due to normal turnover and attrition. At November 30, 1993, the number of full time equivalent domestic employees was approximately 1,650. After giving effect to further implementation of BankStart 93' and staff increases recently determined to be needed to implement the Company's Super Community Bank strategy, the Company currently anticipates that its authorized complement for 1994 will be approximately level with its number of full-time equivalent domestic employees at November 30, 1993.

In the first quarter of 1993, the Company took a restructuring charge of $13.8 million, representing management's best estimate of the cost of implementing BankStart '93. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Income--Nine Months 1993 vs. Nine Months 1992." While all of this charge was accrued in the first quarter, approximately $7.8 million of the actual expenses had been paid by September 30, 1993, and the remaining $6.0 million is expected to be paid between that date and the time when the program is fully implemented. BankStart '93 is expected to be substantially implemented by mid-year 1994. This estimate of the implementation cost is evaluated by management on an ongoing basis and, as adjustments become known, will be revised accordingly.

. FURTHER REVENUE ENHANCEMENTS: INCREASED LOAN TO DEPOSIT RATIO. As the Company placed increasing emphasis on its liquidity in the past few years, its loan to deposit ratio decreased from 62.0% as of December 31, 1990 to 53.5% as of September 30, 1993. This reduced ratio has had a negative impact on net interest income. The Company's goal is to improve its loan to deposit ratio to levels that currently are not expected to exceed approximately 77% (although this level could be exceeded depending on economic, financial and regulatory factors). The Company has moved toward that goal in the short term

by increasing residential mortgage loans through open market purchases of approximately $340 million of first mortgages through November 1993. In addition, the Company has entered into agreements to purchase approximately $180 million of residential mortgage loans which are expected to be acquired by February 1994. Substantially all of the mortgage loans acquired and to be acquired bear interest at fixed rates, were recently originated, have original maturities of 15 or 30 years and are secured by properties located in various regions throughout the United States. The Company intends further to pursue this goal over the longer term through a combination of new loan underwriting initiatives for consumer and business loans and a reduction of shorter-term assets. The Company believes this strategy, combined with its aforementioned strategy to become a "Super Community Bank," will have a significant positive impact on net interest income and will be an important component of the plan to increase profitability. Whether these lending goals will be achieved and profitability enhanced as currently intended will depend on a variety of economic, financial and regulatory factors, many of which are beyond the Company's control. In particular, in the Company's primary markets, growth in demand for new loans has been relatively limited and competition among lenders has increased in recent years. Consequently, there is no assurance that the Company will be successful in achieving its lending goals. See "Recent Developments and Special Considerations--Holding Company Liquidity."

INITIAL RESPONSES TO FINANCIAL DIFFICULTIES

Before implementing the strategic initiatives described in the preceding section, the Company took a number of initial steps in 1990, 1991 and 1992 in response to its financial difficulties. These initial steps were intended to restore the Company's capital and regulatory capital ratios to adequate levels, reduce the burden of nonperforming assets, control noninterest expense and improve its systems and controls for managing its loan and real estate portfolios. The Company believes that these initial steps were important in addressing its continuing financial difficulties as they developed and in establishing the foundation for the recently announced strategic initiatives. These initial actions included:

. ASSET REDUCTION. During 1991 and 1992, the Company sought to maintain its regulatory capital ratios and improve liquidity by reducing assets and shifting a greater proportion of its assets from loans into money market assets. Such assets generally carry a lower risk-weighting for capital purposes, although they typically generate lower yields than the Company's

lending activities. Over this period, the as Company reduced its total assets by approximately $2.0 billion, or 28%, while liquid assets increased as a percentage of total assets from 37.3% at December 31, 1990 to 48.7% at December 31, 1992. By September 30, 1993 total assets had declined by an additional $405 million, with liquid assets representing 46.6% of total assets.

. NEW CAPITAL. In a further move to improve capital levels and ratios, in January 1992, the Company raised $49.1 million in new common equity through a fully subscribed rights offering to its stockholders. This offering was followed in June 1992 by the private issuance of $19.0 million of the Company's 7.5% Cumulative Convertible Preferred Stock, Series A (the "Series A Preferred Stock") in exchange for certain outstanding debt. The Company also conserved capital by eliminating the payment of dividends on its Common Stock following the first quarter of 1991.

. REDUCED EXPOSURE TO COMMERCIAL REAL ESTATE. The Company significantly curtailed all new commercial real estate lending in the United States and the United Kingdom beginning in 1990 and 1991, respectively. As a result of these actions, as well as charge-offs, repayments and transfers to other real estate owned, commercial real estate-related loans (both foreign and domestic) decreased from $1.19 billion, or 17% of total assets, at December 31, 1990 to $687.6 million, or 14% of total assets, at December 31, 1992. (At September 30, 1993, these loans totalled $562.8 million, or 12% of total assets.)

. DISPOSITION OF CERTAIN PROBLEM ASSETS. During the third quarter of 1991, the Company initiated a program to accelerate the disposition of $191.0 million of domestic problem commercial real estate assets. Through June 30, 1992, when this program was discontinued, the Company had reduced these program assets by $146.3 million (or 77%) through sales, the return of loans to performing status and writedowns. The Company continues its efforts to dispose of problem assets as appropriate. During the second half of 1992 and the first nine months of 1993, the Company has offset substantial additions to

non-performing assets with reductions of $162.3 million through sales and repayments and $135.5 million through charge-offs, writedowns, provisions for other real estate owned and the return of loans to performing status.

. IMPROVED CREDIT ANALYSIS AND RISK MANAGEMENT. In early 1991, the Company began to refine (i) its underwriting methodology, (ii) its procedures for ongoing risk evaluation (including the estimation of reserves) and (iii) its process for determining workout strategies for criticized assets. In addition, an internal appraisal department was formed, loan policy manuals were rewritten and an enhanced commercial real estate lending policy manual was created. These manuals strengthened underwriting standards for the subsidiary banks to include requirements for cross-collateralization, personal guarantees, and sales release provisions as requirements for future commitments, renewals and workouts. In addition, the limit for senior loan committee approval was lowered from $1 million to $500,000. A Special Assets Committee consisting of managers with real estate and workout experience was also formed to approve workout strategies for problem assets. In 1991 and 1992, several consultants were retained to assist the Company in improving its appraisal review, documentation tracking and risk-rating procedures and systems. In late 1992, the Company began to allocate additional resources to the loan review process, doubling the size of this department, including a new manager of loan review and adding professionals with real estate experience.

IMPLEMENTATION OF INTERAGENCY GUIDANCE ON REPORTING OF IN-SUBSTANCE FORECLOSURES

At December 31, 1993, the Company implemented the narrower definition of In-Substance Foreclosure required by the March 10, 1993 Interagency Policy Statement on Credit Availability and the June 10, 1993 Interagency Guidance on Reporting of In-Substance Foreclosures. Under previous financial accounting guidelines, nonaccrual loans were transferred from loans receivable to other real estate owned when foreclosure was probable or the loan was considered in-substance foreclosed, which by definition in the Commission's Financial Reporting Release No. 28 means that the borrower has little or no equity in the property, proceeds for repayment of the loan can be expected to come only from the operation or sale of the collateral, and the debtor has either abandoned control of the collateral or it is doubtful that the debtor will be able to rebuild equity in the collateral or otherwise repay the loan in the foreseeable future. Loans considered in-substance foreclosed must be recorded at the lower of cost or fair value. Under current regulatory accounting guidelines, loans receivable are recognized as in-substance foreclosures when the Company has possession of an asset prior to obtaining legal title. This definition is consistent with Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan" which will be required for fiscal years beginning after December 15, 1994. This change in treatment only

impacts the classification of accounts in the financial statements and does not result in a change in the accounting policy related to the carrying value determination of these assets. The impact of this change in definition of in-substance foreclosures on certain categories in the Company's Consolidated Statements of Condition and Statements of Income for the nine month periods ended September 30, 1993 and 1992, and the years ended December 31, 1992 through 1988 is presented in the following table.

ADJUSTMENTS TO IMPLEMENT NEW DEFINITION OF IN-SUBSTANCE FORECLOSURES

<TABLE>
<CAPTION>

	SEPTEMBER 30,		DECEMBER 31,				
	1993	1992	1992	1991	1990	1989	1988
			(dollars in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
CONSOLIDATED STATEMENTS OF CONDITION							
Loans Receivable, Net...	$ 61,463	$ 32,735	$ 43,351	$ 13,774	$ 47,125	$ 31,861	$ --
Reserve for Loan Losses.	2,603	--	848	--	--	--	--
Other Real Estate Owned, Net.....	(58,860)	(32,735)	(42,503)	(13,774)	(47,125)	(31,861)	--
Net Affect on Total Assets.....	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

</TABLE>

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,		FOR THE YEAR ENDED DECEMBER 31,				
	1993	1992	1992	1991	1990	1989	1988
			(dollars in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
CONSOLIDATED STATEMENTS OF INCOME							
Provision for Loan Losses.....	$ 8,024	$ 1,350	$ 2,278	$ 130	$ 900	$ --	$ --
Other Real Estate Owned Exp., Net.....	(8,024)	(1,350)	(2,278)	(130)	(900)	--	--
Net Affect on Pretax Income.....	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Provision for Loan Losses							
As Reported.....	$59,141	$23,462	$49,789	$43,525	$105,508	$5,588	$1,176
As Adjusted.....	67,165	24,812	52,067	43,655	106,408	5,588	1,176
Other Real Estate Owned Exp., Net							
As Reported.....	$ 20,231	$ 16,986	$17,981	$14,370	$ 13,353	$1,208	$ (99)
As Adjusted.....	12,207	15,636	15,703	14,240	12,453	1,208	(99)

</TABLE>

The impact of the change in definition of in-substance foreclosures on nonperforming assets for the nine month periods ended September 30, 1993 and 1992 and the years ended December 31, 1992 through 1988 is presented in the following table. Nonperforming assets under the previous definition of in-substance foreclosure are disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations--Nonperforming Assets and Past Due Loans."

NONPERFORMING ASSETS AND PAST DUE LOANS--AS ADJUSTED

<TABLE>
<CAPTION>

	SEPTEMBER 30,		DECEMBER 31,				
	1993	1992	1992	1991	1990	1989	1988
			(dollars in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Nonaccrual Loans(1),(3).	$ 210,290	$ 183,439	$ 205,425	$ 245,610	$ 205,914	$ 36,365	$ 24,116
Renegotiated Loans(2)...	9,447	14,515	11,806	0	0	0	834
Other Real Estate Owned, Net(3).....	53,872	101,716	89,389	85,501	73,082	6,102	787
Total Nonperforming Assets, Net.....	$ 273,609	$ 299,670	$ 306,620	$ 331,111	$ 278,996	$ 42,467	$ 25,737

Total Loans, Net of Unearned Discount and Net Deferred Fees.....	$2,167,035	$2,387,344	$2,181,057	$3,006,467	$3,838,381	$3,840,621	$3,562,831
Ratio of Nonaccrual Loans to Total Loans...	9.70%	7.68%	9.42%	8.17%	5.36%	0.95%	0.68%
Ratio of Nonperforming Assets to Total Loans and Other Real Estate Owned, Net.....	12.32%	12.04%	13.50%	10.71%	7.13%	1.10%	0.72%

</TABLE>
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(1) Loans that are in default in either principal or interest for 90 days or more that are not well secured and in the process of collection.

(2) Loans for which terms have been renegotiated to provide a reduction or deferral of interest or principal as a result of a deterioration in the financial position of the borrower in accordance with Financial Accounting Standards Board Statement No. 15. Extensions of loans, at market terms, are not considered renegotiated for purposes of this Schedule.

(3) Balance includes Assets Subject to Accelerated Disposition, net of reserves, of $5,507 and $37,104 related to nonaccrual loans and other real estate owned, net, respectively, for the year ended December 31, 1991.

The impact of the change in definition of in-substance foreclosures on the reserve for loan losses for the nine month periods ended September 30, 1993 and 1992 and the years ended December 31, 1992 through 1988 is presented in the following table. The reserve for loan losses under the previous definition of in-substance foreclosure is disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations--Reserve for Loan Losses and Summary of Charge-offs and Recoveries."

RESERVE FOR LOAN LOSSES AND SUMMARY OF CHARGE-OFFS AND RECOVERIES--AS ADJUSTED

<TABLE>
<CAPTION>

	SEPTEMBER 30,		DECEMBER 31,				
	1993	1992	1992	1991	1990	1989	1988
			(dollars in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, Beginning of Period.....	$84,155	$103,674	$103,674	$108,887	$ 39,863	$49,038	$66,415
Additions:							
Provision for Loan Losses.....	67,165	24,812	52,067	43,655	106,408	5,588	1,176
Deductions:							
Loans Charged-Off.....	70,321	54,352	73,708	39,379	39,226	15,291	22,050
Recoveries on Charged-Off Loans.....	2,457	1,940	5,313	3,659	865	1,039	3,619
Net Charge-offs.....	67,864	52,412	68,395	35,720	38,361	14,252	18,431
Other:							
Reserve Transferred to Real Estate Assets Subject to Accelerated Disposition.....	--	--	--	13,165	--	--	--
Foreign Exchange Translation Adjustments.....	16	(1,554)	(3,191)	17	977	(511)	(122)
Balance, End of Period..	$83,472	$ 74,520	$ 84,155	$103,674	$108,887	$39,863	$49,038

</TABLE>

USE OF PROCEEDS

The Company expects to use the net proceeds of the offering made hereby, estimated at $120.7 million (assuming all the Debt Securities are sold, at par), to redeem approximately $51.5 million of its Floating Rate Subordinated Notes due 1996 (the "Floating Rate Subordinated Notes"), which have an outstanding principal amount of $51.5 million, and approximately $69.2 million of its Floating Rate Subordinated Capital Notes due 1996 (the "Subordinated Capital Notes"), which have an outstanding principal amount of $95.3 million. The Floating Rate Subordinated Notes mature in September 1996 and accrue interest at an adjustable annual rate equal to the London interbank offered rate for three-month Eurodollar deposits ("LIBOR"), which is determined quarterly, plus 1/4% (subject to a minimum annual rate of 5 1/4%). The

Subordinated Capital Notes mature in September 1996 and accrue interest at an adjustable annual rate equal to LIBOR, which is determined quarterly, plus 3/16% (subject to a minimum annual rate of 5 1/4%). As of September 30, 1993, the interest rates in effect for the Floating Rate Subordinated Notes and the Subordinated Capital Notes were 5 1/4% per annum and 5 1/4% per annum, respectively.

Any proceeds from the sale of Debt Securities that are held pending redemption of the subordinated notes described above will be invested in short-term money market assets.

CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as of September 30, 1993, (i) as adjusted to give effect to the October Equity Sale and the investment of the net proceeds thereof in short-term money market assets, and (ii) as adjusted to give effect to the October Equity Sale, the investment of the net proceeds thereof in short-term money market assets, the issuance and sale of all the Debt Securities (at par) and the use of the proceeds from such issuance to redeem approximately $120.7 million of outstanding subordinated debt. See "Use of Proceeds." The table should be read in conjunction with the detailed information and consolidated financial statements and related notes contained elsewhere in this Prospectus and incorporated by reference herein. See "Incorporation of Certain Documents by Reference."

<TABLE>
<CAPTION>

	AS OF SEPTEMBER 30, 1993	
	AS ADJUSTED FOR THE OCTOBER EQUITY SALE (1)	AS ADJUSTED FOR THE OCTOBER EQUITY SALE AND THE OFFERINGS (2)
	(dollars in thousands)	
<S>	<C>	<C>
LONG-TERM DEBT		
Floating Rate Subordinated Notes due 1996.	$ 51,500	$ --
Floating Rate Subordinated Capital Notes due 1996	95,300	26,050
9.65% Subordinated Debentures due 2009	66,525	66,525
Subordinated Debt Securities offered hereby	--	125,000
Total Long-Term Debt	213,325	217,575
STOCKHOLDERS' EQUITY		
Preferred Stock--$1.00 Par Value		
Shares Authorized--25,000,000 shares		
Shares Issued--		
7.5% Cumulative Convertible Preferred Stock, Series A (liquidation preference $25.00 per share)--764,537	765	765
10.75% Noncumulative Perpetual Preferred Stock, Series B (liquidation preference $25.00 per share)--4,000,000	4,000	4,000
Class B Common Stock--$2.50 Par Value		
Shares Authorized--20,000,000		
Shares Issued--None	--	--
Common Stock--$2.50 Par Value (3)		
Shares Authorized--50,000,000		
Shares Issued--31,122,812	77,807	77,807
Surplus		
Preferred Stock	109,541	109,541
Common Stock	156,022	156,022
Foreign Exchange Translation Adjustments	(792)	(792)
Undivided Profits	(33,688)	(34,362)
Treasury Stock--900,798 shares	(23,723)	(23,723)
Total Stockholders' Equity	289,932	289,258
Total Long-Term Debt and Stockholders' Equity	$503,257	$506,833
CAPITAL RATIOS (4)		
Combined Tier 1 and Tier 2 Risk-Weighted	16.98%	17.51%
Tier 1 Risk-Weighted	10.85%	10.82%
Leverage Ratio	5.73%	5.72%

</TABLE>

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(1) Adjusted to give effect to the October Equity Sale and the investment of

the net proceeds thereof (approximately $132 million) in short-term money market assets, which have been risk-weighted at 20% for purposes of capital ratio calculations.

(2) Adjusted to give effect to the October Equity Sale and the investment of the net proceeds thereof as described in note (1) above, the assumed issuance and sale of all the Debt Securities at par and the use of the net proceeds of the Debt Securities (estimated at $120.7 million) to redeem outstanding subordinated debt of the Company.

(3) Excludes shares which may be issued upon exercise of options now or hereafter granted under the 1993 Riggs National Corporation Stock Option (the "Plan"). Under the Plan, options to purchase 400,000 shares of Common Stock (at an exercise price of $8.125 per share) were granted to Paul M. Homan in June 1993 and options to purchase an additional 342,000 shares of Common Stock (at an exercise price of $9.00 per share) were granted to other officers (including options to purchase 185,000 shares which were granted to executive officers) in November 1993. Of the options to purchase 508,000 shares of Common Stock still available under the Plan, the Company currently estimates that options to purchase up to 108,000 additional shares of Common Stock may be granted to current or new officers of the Company in the near future. See "Management--Contract of New Chief Executive Officer of Riggs-Washington." Also excludes 2,002,141 shares initially reserved for issuance upon conversion of the Series A Preferred Stock.

(4) After adjustment as described in note (1) above, Tier 1 Capital and Combined Tier 1 and Tier 2 Capital would have been $279.6 million and $437.7 million, respectively, at September 30, 1993. After adjustment as described in note (2) above, Tier 1 Capital and Combined Tier 1 and Tier 2 Capital would have been $279.0 million and $451.3 million, respectively, at September 30, 1993.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following summary and related footnotes should be read in conjunction with, and are qualified in their entirety by, the detailed information and consolidated financial statements and related notes included in and incorporated by reference into this Prospectus. The information set forth below for the nine months ended as of September 30, 1992 and 1993 has been derived from unaudited condensed consolidated financial statements of the Company. In the opinion of management, the unaudited financial statements have been prepared on the same basis as the audited financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations for these periods. The results for the nine months ended September 30, 1993 are not necessarily indicative of the results for a full fiscal year. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." At December 31, 1993, the Company implemented the Interagency Guidance on Reporting of In-Substance Foreclosures. See "Recent Developments--Implementation of Interagency Guidance on Reporting of In-Substance Foreclosures."

SELECTED FINANCIAL DATA

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,				
<S>	<C> 1993	<C> 1992	<C> 1992	<C> 1991	<C> 1990	<C> 1989	<C> 1988
	(dollars in thousands, except per share amounts)						
CONSOLIDATED SUMMARY OF INCOME:							
Interest Income.....	$ 195,035	$ 258,350	$ 327,540	$ 474,815	$ 649,010	$ 621,200	$ 505,625
Interest Expense.....	95,384	152,531	189,604	319,719	476,397	442,099	342,146
Net Interest Income....	99,651	105,819	137,936	155,096	172,613	179,101	163,479
Less: Provision for Loan Losses.....	59,141	23,462	49,789	43,525	105,508	5,588	1,176
Net Interest Income after Provision for Loan Losses.....	40,510	82,357	88,147	111,571	67,105	173,513	162,303
Noninterest Income Excluding Securities Gains.....	67,486	68,123	96,200	92,961	78,179	65,144	56,861
Securities Gains (Losses), Net.....	23,925	34,798	34,213	13,692	1,263	8,285	(96)
Provision for Losses on Accelerated Disposition of Real							

Estate Assets.....	--	--	--	49,800	--	--	--
Noninterest Expense....	223,655	182,398	240,681	240,501	237,177	189,910	165,326
Income (Loss) before Taxes and Extraordinary Item....	(91,734)	2,880	(22,121)	(72,077)	(90,630)	57,032	53,742
Applicable Income Tax (Benefit) Expense.....	5,558	(129)	(1,069)	(6,130)	(29,413)	17,609	16,726
Income (Loss) before Extraordinary Item, Net of Taxes.....	(97,292)	3,009	(21,052)	(65,947)	(61,217)	39,423	37,016
Extraordinary Item--Net of Taxes(1).....	--	--	--	2,486	4,569	--	--
Net Income (Loss).....	$ (97,292)	$ 3,009	$ (21,052)	$ (63,461)	$ (56,648)	$ 39,423	$ 37,016
PER COMMON SHARE:							
Net Income (Loss).....	$ (3.90)	$ 0.12	$ (0.86)	$ (4.61)	$ (4.11)	$ 2.86	$ 2.54
Book Value (at period end).....	5.50	10.13	8.98	14.88	20.16	24.85	23.41
Average Shares Out-standing(2).....	25,222,014	24,303,072	24,534,063	13,777,014	13,777,014	13,777,014	14,594,131
CONSOLIDATED BALANCES AT PERIOD END:							
Total Assets.....	$4,672,922	$5,357,251	$5,077,522	$5,535,803	$7,050,602	$7,337,187	$7,001,910
Reserve for Loan Loss-es.....	80,869	74,520	83,307	103,674	108,887	39,863	49,038
Nonaccrual and Renegotiated Loans....	158,274	165,220	173,880	231,836	158,789	4,504	24,950
Other Real Estate Owned.....	112,732	134,450	131,892	99,275	120,207	37,963	787
Total Nonperforming As-sets(3).....	271,006	299,670	305,772	331,111	278,996	42,467	25,737
Loans, Net of Unearned Discount and Deferred Fees.....	2,105,572	2,354,609	2,137,706	2,992,693	3,791,256	3,808,760	3,562,831
Total Deposits.....	3,934,289	4,630,312	4,437,598	4,912,372	6,110,594	5,976,934	5,537,275
Long-Term Debt.....	213,325	213,325	213,325	232,127	245,897	308,914	223,175
Stockholders' Equity...	157,673	274,565	245,420	204,979	277,697	342,332	322,476

</TABLE>

SELECTED FINANCIAL DATA (CONTINUED)

<TABLE>
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	NINE MONTHS ENDED SEPTEMBER 30,	YEAR ENDED DECEMBER 31,					
<S>	<C> 1993	<C> 1992	<C> 1992	<C> 1991	<C> 1990	<C> 1989	<C> 1988
	(dollars in thousands, except per share amounts)						
SELECTED RATIOS:							
PERFORMANCE RATIOS:							
Return on Average As-sets.....	(2.59)%	0.07%	(.40)%	(1.04)%	(0.80)%	0.60%	0.59%
Return on Average Stockholders' Equity..	(63.06)	1.54	(7.99)	(25.19)	(16.63)	11.90	11.10
Net Interest Yield on Average Earning Assets.....	3.16	3.20	3.15	3.04	2.86	3.23	3.16
Ratio of Earnings to Fixed Charges(4):							
Including Interest on Deposits.....	--	1.02x	--	--	--	1.13x	1.16x
Excluding Interest on Deposits.....	--	1.19x	--	--	--	1.84x	2.12x
CAPITAL RATIOS AT PERIOD END:							
Combined Tier 1 and Tier 2 Risk-Weighted..	11.01%	15.05%	14.70%	10.46%	10.79%	N/A	N/A
Tier 1 Risk-Weighted...	5.78	8.60	8.31	5.23	5.39	N/A	N/A
Leverage.....	3.02	4.93	4.60	3.57	3.80	N/A	N/A
Stockholders' Equity to Total Assets.....	3.37	5.13	4.83	3.70	3.94	4.67%	4.61%
ASSET QUALITY RATIOS AT PERIOD END:							
Nonperforming Assets as a Percent of Period-End Loans and Other							

Real Estate Owned(3)..	12.22	12.04	13.47	10.71	7.13	1.10	0.72
Nonaccrual Loans as a Percent of Period-End Total Loans.....	7.07	6.40	7.58	7.75	4.19	0.12	0.70
Nonperforming Assets as a Percent of Total Assets.....	5.80	5.59	6.02	5.98	3.96	0.58	0.37
Net Charge-offs as a Percent of Average Loans.....	2.92	1.93	2.64	1.05	0.93	0.38	0.55
Reserve for Loan Losses as a Percent of Period-End Loans.....	3.84	3.16	3.90	3.46	2.87	1.05	1.38
Reserve for Loan Losses as a Percent of Nonaccrual, Renegotiated and Past Due Loans.....	49.76	44.68	47.52	44.05	50.82	237.82	156.13
SELECTED PRO FORMA DATA AT SEPTEMBER 30, 1993(5):							
Book Value Per Common Share.....	$5.81						
Number of Shares Outstanding.....	30,222,014						
Capital Ratios:							
Combined Tier 1 and Tier 2 Risk-Weighted..	16.98%						
Tier 1 Risk-Weighted...	10.85						
Leverage.....	5.73						
Stockholder's Equity to Total Assets.....	6.03						

</TABLE>
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(1) During 1991 and 1990, the Company purchased, on the open market at a discount, $13.2 million and $33.5 million principal amount of its subordinated long-term debt, which resulted in extraordinary gains.

(2) The Company purchased 900,798 shares of its common stock in the fourth quarter of 1988.

(3) Nonperforming assets consist of nonaccrual loans, renegotiated loans, other real estate owned (net of reserves) and, for the period from September 30, 1991 through the second quarter of 1992, assets subject to accelerated disposition (net of reserves).

(4) Earnings include the consolidated earnings of the national banking subsidiaries, which may not be available (due to legal limitations on the sources and amount of dividends national banks are permitted to pay their parent companies) to cover fixed charges of the holding company. Fixed charges include interest on long-term debt of the holding company. See "Risk Factors and Certain Considerations--Restrictions on Ability to Pay Dividends." During the nine month period ended September 30, 1993 and the years ended December 31, 1992, 1991 and 1990, earnings were insufficient to cover fixed charges (including interest on deposits) and preferred stock dividend requirements by $92.8 million, $22.8 million, $72.1 million and $90.6 million, respectively.

(5) Adjusted to give effect, as of September 30, 1993, to the October Equity Sale and the investment of the net proceeds thereof (approximately $132 million) in short-term money market assets, which have been risk-weighted at 20% for purposes of capital ratio calculations. No effect is given to any offering of Debt Securities or any redemption of any outstanding subordinated debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INCOME

Nine Months 1993 vs Nine Months 1992

For the first nine months of 1993, the Company reported a consolidated net loss of $97.3 million or $3.90 per share as compared to a net income of $3.0 million or $.12 per share for the first nine months of 1992. Included in the first nine months' results were provisions for loan losses of $59.1 million and provisions, writedowns and other expenses related to other real estate owned of $20.2 million. Also contributing to the loss were restructuring charges of $34.6 million. In the first quarter of 1993, a restructuring charge of $13.8 million was taken representing the cost of implementing BankStart '93. The $13.8 million of restructuring expenses related to BankStart '93 consisted of $7.0 million in consulting fees, $4.0 million in severance related costs, $1.0 million of occupancy related costs and $1.8 million of other costs. The costs represent management's best estimate of the costs of implementing BankStart '93. Implementation of BankStart '93 is expected to be mid-1994. The items were

accrued in the first quarter of 1993 upon adoption of the BankStart '93 plan. During the first nine months of 1993, $7.8 million of these expenses were paid while the remaining $6.0 million are expected to be paid over the implementation period. The estimate of the implementation cost is evaluated by management on an ongoing basis and, as adjustments become known, will be revised accordingly.

In the second quarter of 1993, a restructuring charge of $20.8 million was taken related to Riggs AP. The $20.8 million of restructuring expenses in the second quarter of 1993 consisted of $1.6 million in severance expenses, a $5.0 million writeoff of fixed assets, $2.2 million in writeoffs of service contracts, $544 thousand related to goodwill directly associated with terminated business lines and a $11.5 million writeoff of the foreign exchange translation accounts related to the Company's investment in Riggs AP Bank. As of September 30, 1993, $15.9 million of the second quarter restructuring expense had been paid leaving $4.9 million to be paid. These negative factors were partially offset by securities gains of $23.9 million. For the same period a year earlier, provisions for loan losses totaled $23.5 million and provisions, writedowns and other expenses related to other real estate owned were $17.0 million, which were partially offset by securities gains of $34.8 million.

For the third quarter of 1993, the Company reported net income of $3.0 million or $.10 per share compared to net income of $5.2 million or $.21 per share for the third quarter of 1992. Provisions for loan losses during the third quarter of 1993 totaled $2.0 million. In the third quarter of 1992, earnings were negatively impacted by provisions for loan losses of $5.5 million and provisions, writedowns and other expenses related to other real estate owned of $13.6 million, which were offset by securities gains of $22.1 million.

1992 vs 1991

The Company reported a net loss of $21.1 million for 1992 or $.86 per share, compared to a net loss of $63.5 million or $4.61 per share for 1991. Reflected in the 1992 results were $65.7 million of provisions for loan losses and provisions and writedowns related to problem assets compared to provisions of $101.5 million a year earlier. Provisions and writedowns during 1992 primarily related to commercial real estate and corporate loans in the United Kingdom and commercial real estate loans in the Washington, D.C. area. Partially offsetting these provisions were securities gains of $34.2 million in 1992 and $13.7 million in 1991. Additionally, 1992 results included $5.9 million of nonrecurring interest income related to a tax receivable, while 1991 results included extraordinary gains of $4.2 million from the purchase by the Company of its subordinated debt at a discount.

NET INTEREST INCOME

Nine Months 1993 vs Nine Months 1992

In the first nine months of 1993, net interest income on a tax-equivalent basis (net interest income plus an amount equal to the tax savings on tax-exempt interest) was $103.4 million, down $7.4 million from the

$110.8 million earned during the first nine months of 1992, as the effect of a $261.8 million decrease in average earning assets was compounded by an unfavorable change in the mix of earnings assets. Loans were 48.3% of average earning assets during the first nine months of 1993 as compared to 57.0% during the same period in 1992. The net interest yield (net interest income on a tax-equivalent basis divided by average earning assets) was 3.16% during the first nine months of 1993, down 4 basis points from the 3.20% for the same period of 1992, due to a decrease in demand deposits and an increase in nonperforming assets. Interest not included in income on nonaccrual loans ($7.8 million) had the effect of reducing the net interest yield by approximately 27 basis points during the first nine months of 1993. Net interest spread (the difference between the average tax-equivalent rate received on earning assets and the average rate paid on interest-bearing liabilities) for the first nine months was 2.84%, up 10 basis points over the 2.74% for the same period of 1992.

Net interest income on a tax-equivalent basis during the third quarter of 1993 was $33.3 million, down $2.3 million from the $35.7 million earned during the third quarter of 1992, as the negative effect of a $412 million decrease in average earning assets was partially offset by a 7 basis point increase in the net interest yield. Loans were 49.0% of average earning assets during the third quarter of 1993 as compared to 52.8% during the same quarter last year. The net interest yield was 3.11% during the third quarter of 1993, up slightly over the 3.04% for the same period in 1992. The net interest spread for the third quarter of 1993 was 2.82%, up 18 basis points over the 2.64% for the third quarter of 1992.

As described above, one of the Company's strategic objectives is to increase its loan to deposit ratio, from 53.5% at September 30, 1993 to approximately 77%. The Company has moved toward this goal in the short term by increasing

residential mortgage loans through open market purchases of approximately $340 million of predominantly fixed-rate, long-term first mortgages through November 1993. In addition, the Company has entered into agreements to purchase approximately $180 million of predominantly fixed-rate mortgage loans which are expected to be acquired by February 1994. The Company intends further to pursue this goal over the longer term through a combination of new loan underwriting initiatives for consumer and business loans and a reduction of shorter-term assets. The Company believes this strategy, combined with its aforementioned strategy to become a "Super Community Bank," will have a significant positive impact on net interest income. Whether this lending goal or increased interest income will be achieved will depend on a variety of economic, financial and regulatory factors, many of which are beyond the Company's control, and there is no assurance that the Company will be successful in this regard. See "Recent Developments--Financial Difficulties and Recent Strategic Initiatives--Further Revenue Enhancements: Increased Loan to Deposit Ratio."

1992 vs 1991

Net interest income on a tax-equivalent basis totalled $144.4 million during 1992, down $17.8 million or 11.0% below the $162.2 million earned in 1991 as the positive impact of an improved net interest spread was more than offset by the effect of a $745 million decrease in the volume of average earning assets and, to a lesser extent, a reduced benefit of noninterest bearing funds in a declining rate environment. The net interest yield was 3.15% during 1992, up from 3.04% for 1991. Net interest spread for 1992 was 2.71%, a 30 basis point improvement over 1991.

Average earning assets during 1992 decreased $745 million or 14.0% to $4.59 billion. This decline reflected both weak loan demand due to unfavorable economic conditions and management's desire to improve asset quality and further reduce the size of the Company to enhance capital ratios. During 1992, the loan portfolio declined primarily due to loan payments. Average loans were $2.54 billion during 1992, down $853 million or 25.1% below the average for 1991.

Net interest income in 1992 continued to be affected by a high level of nonperforming assets. Interest not included in income on nonaccrual loans during 1992 amounted to $16.6 million compared to interest of $29.6 million not included in income during 1991. Nonaccrual loans had the effect of reducing both the net interest yield and the net interest spread by approximately 36 basis points during 1992.

Over the last two years, the Company has experienced a favorable shift in the mix of its deposit base as a decline in higher cost foreign and domestic time deposits was partially offset by an increase in lower cost savings and NOW accounts as a percentage of total deposit liabilities. Average demand, savings and NOW accounts were 37.0% of average total deposits during 1992 compared to 31.6% during 1991 and 25.7% during 1990.

AVERAGE CONSOLIDATED STATEMENTS OF CONDITION AND RATES(1)

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,					
	1993			1992		
	AVERAGE BALANCES	INCOME/ EXPENSE	AVERAGE YIELDS/ RATES	AVERAGE BALANCES	INCOME/ EXPENSE	AVERAGE YIELDS/ RATES
	(dollars in thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans:						
Commercial-Taxable.....	$ 274,308	$ 13,994	6.82%	$ 403,955	$ 22,690	7.50%
Commercial-Tax-Exempt....	85,570	5,902	9.22	105,197	8,743	11.10
Real Estate-						
Commercial/Construction.	455,894	22,824	6.69	503,300	29,080	7.72
Residential Mortgage.....	603,107	36,023	7.99	646,153	45,243	9.35
Home Equity.....	266,971	13,865	6.94	305,678	17,547	7.67
Consumer.....	92,278	8,516	12.34	130,074	12,379	12.71
Foreign.....	334,275	18,431	7.37	547,926	45,650	11.13
Total Loans (Including Fees).....	2,112,403	119,555	7.57	2,642,283	181,332	9.17
Securities Held for Sale..	469,143	14,908	4.25	276,251	14,868	7.19
Investment Securities:						
U.S. Treasury Securities.	327,435	14,817	6.05	551,429	26,669	6.46
Obligations of States and Political Subdivisions..	1,999	154	10.30	1,999	154	10.29
Mortgage-Backed Securi-						

ties.....	402,665	17,549	5.83	24,542	1,618	8.81
Other Securities.....	39,763	2,708	9.11	75,153	4,310	7.66
Total Investment Securities.....	771,862	35,228	6.10	653,123	32,751	6.70
Time Deposits with Other Banks.....	434,536	15,454	4.75	531,888	19,296	4.85
Federal Funds Sold and Resale Agreements.....	581,873	13,592	3.12	528,065	15,122	3.83
Total Earning Assets and Average Rate Earned.....	4,369,817	198,737	6.08	4,631,610	263,369	7.60
Less: Reserve for Loan Losses.....	86,618			86,026		
Cash and Due from Banks...	291,473			300,995		
Premises and Equipment, Net.....	170,025			185,368		
Other Assets.....	273,656			296,414		
Total Assets.....	$5,018,353			$5,328,361		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-Bearing Deposits:						
Savings and NOW Accounts.	$ 928,278	$ 14,757	2.13%	$ 858,073	$ 21,074	3.28%
Money Market Deposit Accounts.....	1,203,172	22,345	2.48	1,227,695	33,503	3.65
Time Deposits in Domestic Offices.....	829,165	22,259	3.59	1,023,170	34,505	4.50
Time Deposits in Foreign Offices(2).....	514,552	20,127	5.23	720,916	48,234	8.94
Total Interest-Bearing Deposits.....	3,475,167	79,488	3.06	3,829,854	137,316	4.79
Borrowed Funds:						
Federal Funds Purchased and Repurchase Agreements.....	169,962	3,425	2.69	97,154	2,133	2.93
U.S. Treasury Demand Notes and Other Borrowed Funds.....	74,096	1,550	2.80	40,728	997	3.27
Long-Term Debt.....	213,325	10,921	6.84	225,213	12,085	7.17
Total Interest-Bearing Funds and Average Rate Incurred.....	3,932,550	95,384	3.24	4,192,949	152,531	4.86
Demand Deposits.....	834,705			846,116		
Other Liabilities.....	44,810			29,087		
Stockholders' Equity.....	206,288			260,209		
Total Liabilities and Stockholders' Equity.....	$5,018,353			$5,328,361		
Net Interest Income and Spread.....		$103,353	2.84%		$110,838	2.74%
Net Interest Yield on Earning Assets.....			3.16%			3.20%

</TABLE>

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(1) Where applicable, income and rates are computed on a tax-equivalent basis using a federal income tax rate of 34% and applicable local tax rates. Loan amounts include nonaccrual and renegotiated loans. Average foreign assets, excluding net pool funds provided, were 15.9% and 26.3% of average total assets for the periods presented, respectively. Average foreign liabilities were 19.1% and 30.2% of average total liabilities for the periods presented, respectively.

(2) The relatively high average rate on time deposits in foreign offices is primarily due to the inclusion of deposits at the Company's London Operations, which are predominantly sterling-based, a currency whose interest rates have been higher than for U.S. dollars.

AVERAGE CONSOLIDATED STATEMENTS OF CONDITION AND RATES(1)

<TABLE>
<CAPTION>

	TWELVE MONTHS ENDED DECEMBER 31,					
	1992			1991		
	AVERAGE	INCOME/	AVERAGE YIELDS/	AVERAGE	INCOME/	AVERAGE YIELDS/

	BALANCES	EXPENSE	RATES	BALANCES	EXPENSE	RATES
		(dollars in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans:						
Commercial-Taxable.....	$ 314,575	$ 22,721	7.22%	$ 574,522	$ 45,488	7.92%
Commercial-Tax-Exempt....	102,809	11,148	10.84	115,613	13,649	11.81
Real Estate-						
Commercial/Construction.	567,358	41,581	7.33	688,413	58,737	8.53
Residential Mortgage.....	619,384	57,076	9.21	770,882	72,988	9.47
Home Equity.....	300,509	22,602	7.52	337,562	33,963	10.06
Consumer.....	125,016	15,762	12.61	198,486	22,700	11.44
Foreign.....	510,827	54,438	10.66	707,516	85,933	12.15
Total Loans (Including Fees).....	2,540,478	225,328	8.87	3,392,994	333,458	9.83
Securities Held for Sale..	242,890	15,985	6.58	25,807	1,942	7.53
Investment Securities:						
U.S. Treasury Securities.	559,502	35,847	6.41	595,930	45,973	7.71
Obligations of States and Political Subdivisions..	1,999	205	10.26	10,359	936	9.04
Mortgage-Backed Securities.....	54,109	3,725	6.88	78,738	7,544	9.58
Other Securities.....	70,505	5,347	7.58	104,654	8,862	8.47
Total Investment Securities.....	686,115	45,124	6.58	789,681	63,315	8.02
Time Deposits with Other Banks.....	524,902	26,033	4.96	592,880	52,259	8.81
Federal Funds Sold and Resale Agreements.....	596,165	21,520	3.61	533,778	30,927	5.79
Total Earning Assets and Average Rate Earned.....	4,590,550	333,990	7.28	5,335,140	481,901	9.03
Less: Reserve for Loan Losses.....	82,498			109,117		
Cash and Due from Banks...	296,893			321,018		
Premises and Equipment, Net.....	183,080			182,325		
Other Assets.....	287,930			345,845		
Total Assets.....	$5,275,955			$6,075,211		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-Bearing Deposits:						
Savings and NOW Accounts.	$ 871,347	$ 27,045	3.10%	$ 775,107	$ 31,876	4.11%
Money Market Deposit Accounts.....	1,241,790	42,730	3.44	1,292,361	65,805	5.09
Time Deposits in Domestic Offices.....	991,130	42,774	4.32	1,198,124	80,301	6.70
Time Deposits in Foreign Offices(2).....	693,560	57,659	8.31	1,134,981	112,790	9.94
Total Interest-Bearing Deposits.....	3,797,827	170,208	4.48	4,400,573	290,772	6.61
Borrowed Funds:						
Federal Funds Purchased and Repurchase Agreements.....	87,339	2,502	2.86	99,120	5,058	5.10
U.S. Treasury Demand Notes and Other Borrowed Funds.....	40,235	1,278	3.18	91,395	4,929	5.39
Long-Term Debt.....	222,162	15,616	7.03	235,263	18,960	8.06
Total Interest-Bearing Funds and Average Rate Incurred.....	4,147,563	189,604	4.57	4,826,351	319,719	6.62
Demand Deposits.....	845,584			895,455		
Other Liabilities.....	19,210			101,423		
Stockholders' Equity.....	263,598			251,982		
Total Liabilities and Stockholders' Equity.....	$5,275,955			$6,075,211		
Net Interest Income and Spread.....		$144,386	2.71%		$162,182	2.41%
Net Interest Yield on Earning Assets.....			3.15%			3.04%

</TABLE>

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(1) Where applicable, income and rates are computed on a tax-equivalent basis using a federal income tax rate of 34% and applicable local tax rates.

Loan amounts include nonaccrual and renegotiated loans. Average foreign assets, excluding net pool funds provided, were 21.5% and 23.4% of average total assets for the periods presented, respectively. Average foreign liabilities were 23.9%, and 29.8% of average total liabilities for the periods presented, respectively.

(2) The relatively high average rate on time deposits in foreign offices is primarily due to the inclusion of deposits at the Company's London Operations, which are predominantly sterling-based, a currency whose interest rates have been higher than for U.S. dollars.

INTEREST RATE SENSITIVITY AND LIQUIDITY

A key element of banking is the monitoring and management of liquidity and interest rate risk. The process of planning and controlling asset and liability mixes, volumes and maturities to stabilize the net interest margin is referred to as asset and liability management. The goal of the asset and liability management process is to manage the structure of the balance sheet to maximize net interest income while maintaining acceptable levels of risk to changes in market rates of interest. This creates a balance between credit risk, profitability and liquidity. The Asset Liability Committee generally meets biweekly to monitor and manage the structure of the balance sheet, control interest rate exposure and evaluate pricing strategies for the Company and its domestic banking subsidiaries.

Liquidity is managed by the Company through controls over credit and market risk and through its asset and liability management process which ensures the maintenance of sufficient funds to meet expected and potential demand from both depositors and borrowers. Liquidity can be provided by the sale or maturity of assets or by the acquisition of funds in the form of deposits or other borrowings, such as repurchase agreements. During 1992 and the first nine months of 1993, the Company continued to maintain a relatively high level of liquidity. At year-end 1992 and September 30, 1993, liquid assets totalled $2.48 billion, or 48.7%, of total assets and $2.18 billion, or 46.6%, of total assets, respectively. Liquid assets consist of cash and due from banks, U.S. Treasury securities and Government obligations, trading account securities, Federal funds sold, resale agreements and time deposits with other banks. In light of the Company's strategic objective of increasing its loan to deposit ratio from 53.5% at September 30, 1993 to approximately 77%, the Company expects that its liquid assets, as a percentage of its total assets, will continue to decline for the foreseeable future. See "Recent Developments--Financial Difficulties and Recent Strategic Initiatives--Further Revenue Enhancements; Increased Loan to Deposit Ratio."

The Company's core deposits provide a relatively stable source of funds which enhances the overall liquidity position of the Company. Total average core deposits, which consist of total deposits in domestic offices, excluding negotiable certificates of deposit, averaged $3.73 billion during the first nine months of 1993 compared with $3.89 billion during 1992 and $4.10 billion in 1991.

On a consolidated basis, the Company seeks to maintain sufficient liquidity to meet customer credit requirements and depositor withdrawals. The Company's cash flows are impacted by its ongoing operations and its investing and financing activities. During the third quarter of 1993, cash and cash equivalents decreased $25 million as $460 million of net cash provided by investing activities more than offset $252 million used in financing activities and partially offset the $234 million of net cash used in operating activities.

For a discussion of the Company's cash needs and its ability to meet them, see "Risk Factors and Special Considerations--Holding Company Liquidity."

INTEREST RATE RISK MANAGEMENT

The Company's asset and liability management process closely monitors and manages, among other things, the balance sheet's interest rate sensitivity, investments, and funding and liquidity needs. All of these factors, as well as projected growth, current and potential pricing actions, competitive influences, national monetary and fiscal policy, and the national and regional economic environment, are considered in the asset and liability management decision process.

At September 30, 1993, the Company had interest-bearing liabilities subject to repricing in less than one year in excess of its earning assets subject to repricing within the same period. This liability-sensitive position was $111 million or 2.4% of total assets at September 30, 1993. At December 31, 1992, the Company had earning assets subject to repricing in less than one year in excess of its interest-bearing liabilities. This asset- sensitive position was $195 million or 3.8% of total assets at December 31, 1992. The change in the Company's position from asset-sensitive to liability-sensitive between December 31, 1992 and September 30, 1993 is primarily attributable to an increase in the Company's outstanding interest rate swaps and futures contracts combined with an increase in the percentage of residential mortgage loans to total loans

during the period, which percentage increased from 24.4% at December 31, 1992 to 28.6% at September 30, 1993. The increase in the Company's interest rate swaps and futures contracts position was effected to hedge the Company's current investments in money market related assets. Thus, as of September 30, 1993, upward movements in interest rates would tend to moderately decrease the Company's net interest income while downward movements would tend to moderately increase net interest income.

PERIOD-END RATE SENSITIVITY

<TABLE>
<CAPTION>

	SEPTEMBER 30, 1993						
	30 DAYS OR LESS	31-90 DAYS	91-180 DAYS	181-364 DAYS	1-5 YEARS	GREATER THAN 5 YEARS	TOTAL AMOUNT
	(dollars in thousands)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Time Deposits with Other Banks	$ 151,423	$ 73,936	$ 65,447	$ 2,116	$ --	$ --	$ 292,922
Federal Funds Sold and Resale Agreements	407,100	--	5,000	--	--	--	412,100
Securities Held for Sale	181,148	162,232	148,258	141,083	107,778	13,400	753,899
Investment Securities(1):							
Taxable	3,805	19,948	30,203	47,947	19,172	415,293	536,368
Tax-Exempt	--	--	--	--	--	1,999	1,999
Loans(2)	909,045	70,441	106,317	135,273	451,944	432,552	2,105,572
Total Earning Assets	1,652,521	326,557	355,225	326,419	578,894	863,244	4,102,860
Cash and Due from Banks							217,814
Less: Reserve for Loan Losses							80,869
Bank Premises and Equipment, Net							164,220
Other Assets							268,897
Total Assets	$1,652,521	$ 326,557	$ 355,225	$ 326,419	$578,894	$863,244	$4,672,922
Deposits:							
Savings and NOW Accounts(3)	$ 8,211	$ 16,783	$ 24,452	$ 50,799	$211,228	$590,827	$ 902,300
Money Market Deposits	1,203,867	--	--	--	--	--	1,203,867
Other Time Deposits	300,728	200,033	191,432	148,246	103,332	--	943,771
Federal Funds Purchased and Repurchase Agreements	160,460	--	--	--	--	--	160,460
U.S. Treasury Demand Notes and Other Borrowings	150,728	--	--	--	--	--	150,728
Long-Term Debt	--	146,800	--	--	--	66,525	213,325
Total Interest-Bearing Liabilities	1,823,994	363,616	215,884	199,045	314,560	657,352	3,574,451
Demand Deposits							884,351
Other Liabilities							56,447
Stockholders' Equity							157,673
Total Liabilities and Stockholders' Equity	$1,823,994	$ 363,616	$ 215,884	$ 199,045	$314,560	$657,352	$4,672,922
Repricing Differential	$ (171,473)	$ (37,059)	$ 139,341	$ 127,374	$264,334	$205,892	$ --
Effect of Interest Rate Swaps and Futures	(202,449)	11,869	33,342	(12,366)	169,604	--	--
Adjusted Repricing Differential	$ (373,922)	$ (25,190)	$ 172,683	$ 115,008	$433,938	$205,892	$ --
Cumulative Adjusted Repricing	$ (373,922)	$(399,112)	$(226,429)	$(111,421)	$322,517	$528,409	--

</TABLE>

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(1) Differences between the distribution of investment securities based upon rate sensitivity and distributions based upon maturity exist as a result of $206 million of floating rate securities.

(2) Differences between the distribution of loans based upon rate sensitivity and distributions based upon maturity exist as a result of certain floating rate loans.

(3) Savings and NOW accounts have been distributed for rate sensitivity purposes based upon the Company's historical experience and independent studies regarding retention of such deposits. Although such accounts are subject to immediate withdrawal, the Company's experience indicates that they generally provide a stable source of funds.

NONINTEREST INCOME

Nine Months 1993 vs Nine Months 1992

Noninterest income for the first nine months of 1993 was $91.4 million, down $11.5 million or 11.2% compared to the first nine months of 1992. Excluding securities gains of $23.9 million and $34.8 million for the first nine months of 1993 and 1992, respectively, noninterest income was down $637 thousand or 0.9%. Trust income of $21.6 million was up $918 thousand or 4.4% as a decrease in institutional custody fees due to a loss of corporate custodial business was largely offset by increased fees for trust and investment services. The loss of these corporate custodial accounts should not have a material impact on future trust income as they provided marginal profitability. Total assets under management by the Trust Group at September 30, 1993 were approximately $4.7 billion, down from $4.8 billion at September 30, 1992. The market value of trust and custody assets of the Company's Trust Group decreased $12.9 billion or 58.7% to $9.1 billion from $22.0 billion a year earlier. Service charges of $37.2 million were up $1.5 million or 4.3% primarily due to an increase in advisory fee income of $1.0 million. Other noninterest income of $8.6 million was down $3.1 million, due primarily to a decrease of $1.7 million in foreign exchange income and $747 thousand in letters of credit fees.

Noninterest income for the third quarter of 1993 was $21.9 million compared to $45.2 million for the same period last year. Excluding securities losses of $77 thousand and securities gains of $22.1 million for the third quarters of 1993 and 1992, respectively, noninterest income was down $1.1 million, or 4.8% from last year. Trust income of $7.7 million was up to $937 thousand or 13.8% primarily due to growth and increased market value of assets under management. Service charge income of $11.7 million was down $158 thousand or 1.3%. Other noninterest income of $2.6 million was down $1.9 million or 42.2% from 1992, primarily due to a decrease in foreign exchange income of $1.3 million and letter of credit fees of $346 thousand.

1992 vs 1991

Noninterest income during 1992 increased $23.8 million or 22.3% to $130.4 million. Included in noninterest income during the year were $34.2 million of securities gains as compared to securities gains of $13.7 million for 1991. Excluding securities transactions and $5.9 million of nonrecurring interest income related to a tax receivable, noninterest income for the year was down $2.7 million or 2.9% from 1991. Trust income was $27.5 million, up $235 thousand as growth in personal trust account income was partially offset by a reduction in institutional custody account income. Total assets under management by the Trust Group were $4.4 billion, down from $4.6 billion a year earlier. The market value of trust and custody assets of the Company's Trust Group decreased $19.5 billion or 50.6% to $19.0 billion from $38.5 billion a year earlier due to the loss of corporate custodial business. The loss of these accounts should not have a material impact on future trust income as they provided marginal profitability.

Service charge income was $38.4 million for 1992, down $2.4 million below the 1991 level due to a decline in the volume of services provided. International noncredit commissions and fees were $9.5 million, up $1.8 million or 23.3% over 1991. Foreign exchange income was $5.0 million, down $3.2 million or 39.1% from 1991 due to a reduced trading volume and lower margins. Other noninterest income, which includes letter of credit fees, safe deposit income and trading income, amounted to $9.9 million during the year, up $939 thousand or 10.5% from 1991.

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,	
	1993	1992	1992	1991
	(dollars in thousands)			
<S>	<C>	<C>	<C>	<C>
Trust Income	$ 21,634	$ 20,716	$ 27,530	$ 27,295
Service Charges	29,914	28,730	38,436	40,859
International Advisory Fees	7,333	6,982	9,458	7,672
Foreign Exchange Income	2,262	3,968	4,993	8,194
Interest on Tax Receivable	--	--	5,903	--
Other Noninterest Income	6,343	7,727	9,880	8,941
Noninterest Income Excluding Securities Gains	67,486	68,123	96,200	92,961

Securities Gains, Net.....	23,925	34,798	34,213	13,692
Total Noninterest Income.....	$ 91,411	$ 102,921	$130,413	$106,653

</TABLE>

NONINTEREST EXPENSE

Nine Months 1993 vs Nine Months 1992

Noninterest expense for the first nine months of 1993 was $223.7 million compared to $182.4 million for the first nine months of 1992.

Noninterest expense for the first nine months of 1993 included restructuring expense of $34.6 million, of which $20.8 million related to Riggs AP. The Riggs AP charge consists of severance of $1.6 million, the writeoff of the foreign currency translation account associated with Riggs-Washington's investment in Riggs AP of $11.5 million and $7.7 million of other restructuring expenses. The $20.8 million restructuring charge included $14.2 million of noncash expenses for the writeoff of the foreign currency translation account ($11.5 million), the writeoff of fixed assets ($2.2 million) and the writeoff of goodwill ($500 thousand). The remaining charge of $6.6 million is for severance, excess space and equipment leases which will be charged against the accrual as the expenses are incurred. The $13.8 million of restructuring expense related to BankStart '93 consisted of $7.0 million in consulting fees, $4.0 million in severance related costs, $1.0 million of occupancy-related costs and $1.8 million of other costs. These costs represented management's best estimate of the total costs of implementing BankStart '93 (implementation of which is expected to be substantially completed by May 1994) and were accrued in the first quarter of 1993. This estimate is evaluated by management on an ongoing basis and, as adjustments become known, will be revised accordingly.

Other real estate owned expense, net of revenues, was $20.2 million, up $3.2 million over the $17.0 million recorded in the first nine months of 1992. For the first nine months of 1992, writedowns and disposition-related losses and expenses associated with the Company's asset-disposition program of $35.2 million were charged to program-related reserves rather than as other real estate owned expense. Had these losses and expenses been charged as other real estate owned expense, other real estate owned expense for the first nine months of 1993 would have decreased $32.0 million compared to the same period in 1992.

Excluding restructuring expenses and other real estate owned expense, noninterest expense for the first nine months of 1993 was up $3.5 million, or 2.1%, over the $165.4 million reported during the same period in 1992. Salaries and related benefits were $67.4 million, up $692 thousand or 1.0% from the first nine months of 1992 due to an increase in medical and life insurance premiums, pension expense and relocation expenses. Net occupancy expense of $19.9 million was down $1.7 million or 7.9% due to decreases in rent expense of $997 thousand, real estate taxes of $669 thousand and repairs of $509 thousand. These reductions in occupancy expense were partially offset by a $1.1 million decrease in rental income. Equipment expenses of $8.7 million decreased $944 thousand or 9.8% due to decreases in equipment depreciation of $451 thousand and a decrease in equipment rentals of $310 thousand.

FDIC insurance of $7.8 million was up $1.2 million as an increase in the assessment rate more than offset the decrease in the deposit base. Since January 1, 1993, FDIC insurance premiums have been based on

a risk-based deposit insurance assessment system adopted by the FDIC. See "Supervision and Regulation." Each institution has been assigned a capital group and a supervisory subgroup which in turn determines each institution's assessment rate. Data processing expense of $12.5 million was down $742 thousand from a year earlier. Other noninterest expense, which totalled $52.6 million, was up $5.0 million or 10.5%. Accounting for the majority of the increase was $3.6 million of writeoffs related to mortgage insurance claims on other real estate owned in the United Kingdom. Also contributing to this unfavorable variance were increases in consultant fees of $844 thousand and an increase in stationery and supplies of $2.1 million.

Noninterest expense for the third quarter of 1993 was $49.3 million compared to $68.2 million for the third quarter of 1992, a decrease of $18.9 million or 27.7%. Salaries and related benefits of $21.0 million were down $1.2 million or 5.3% due to a decrease in full-time salaries of $2.3 million, which was partially offset by an increase in pension and insurance expenses and contract labor. Net occupancy expense of $6.4 million was down $871 thousand or 12.0% due to decreases in rent expense of $276 thousand, repairs of $231 thousand, real estate taxes of $228 thousand and depreciation of premises of $103 thousand. The favorable impact of these reductions in occupancy expenses was partially offset by a decrease in rental income of $172 thousand. Equipment expenses of $2.6 million decreased $536 thousand or 17.0% primarily due to decreases in equipment rentals and depreciation. Revenues from other real estate owned exceeded other real estate owned expense by $731 thousand for the

third quarter of 1993. This compares to other real estate owned expense, net of revenues, of $13.6 million for the third quarter of 1992. During the third quarter of 1993, the Corporation recorded gains of $2.2 million on the sale of other real estate owned and $983 thousand in rent receipts on other real estate owned. These revenues were partially offset by $2.5 million in writedowns and other expenses related to other real estate owned. Data processing expense of $3.9 million was down $187 thousand from a year earlier. FDIC insurance expense of $2.5 million was up $354 thousand or 16.4% over the third quarter of 1992. Other noninterest expense, which totaled $13.5 million, was down $2.2 million or 13.9%.

1992 vs 1991

Noninterest expense for 1992 was $240.7 million, which represented a decline of $49.6 million or 17.1% below 1991 primarily due to the nonrecurring $49.8 million reserve created in the third quarter of 1991 in connection with the Company's program to accelerate the disposition of domestic problem commercial real estate assets. Excluding the $49.8 million provision to create the special reserve for problem asset dispositions, noninterest expense for 1992 was up $180 thousand over 1991. Salaries and wages were $74.1 million, down $4.3 million or 5.5% less than 1991 due to staff reductions. The Company's full-time equivalent employees totalled 2,147 at December 31, 1992, down from 2,187 on the same date the previous year. Pension and other employee benefits were up $752 thousand or 5.2% over the previous year due to increases in miscellaneous benefits, payroll taxes, relocation expenses and placement fees.

Other real estate owned expense of $18.0 million was up $3.6 million over the $14.4 million reported in 1991. From the fourth quarter of 1991 through the second quarter of 1992, writedowns and disposition expenses associated with real estate assets held for accelerated disposition were charged to the reserve for losses on accelerated disposition of real estate assets rather than to the other real estate expense category. During the first six months of 1992, writedowns and disposition related losses and expenses of $35.2 million were charged to the program-related reserves.

Occupancy expense of $28.4 million was down $1.8 million or 6.0% less than 1991 primarily due to a decrease in property rentals, repairs and services. Furniture and equipment expense of $15.4 million decreased $1.6 million or 9.2% as a result of the sale of equipment and the transfer of equipment and leases under an agreement to outsource computer operations to IBM. Advertising and public relations expenses were $6.1 million, up $207 thousand or 3.5%. Legal fees of $5.1 million were down $628 thousand or 10.9%. FDIC insurance expense was $8.8 million, down $267 thousand or 2.9% as a decrease in deposit base was substantially offset by an increase in the premium. Data processing expense of $17.7 million was up $297 thousand primarily due to the computer operations outsourcing arrangement with IBM. Other noninterest

expense totalled $51.9 million, up $3.9 million or 8.0% over 1991 primarily due to an increase in interest on delayed funds, interest costs of hedges, consultant fees and nonrecurring losses on disposal of equipment.

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,	
	1993	1992	1992	1991
	(dollars in thousands)			
<S>	<C>	<C>	<C>	<C>
Restructuring Expense	$ 34,554	$ --	$ --	$ --
Other Real Estate Owned Expense, net	20,231	16,986	17,981	14,370
Provision for Losses on Accelerated Disposition of Real Estate Assets	--	--	--	49,800
Salaries and Wages	53,151	55,270	74,145	78,444
Pensions and Other Employee Benefits	14,225	11,414	15,141	14,389
Occupancy Expense of Premises, Net	19,917	21,623	28,354	30,152
Furniture and Equipment Expense	8,687	9,631	15,419	16,972
Other Noninterest Expense:				
Advertising and Public Relations	4,509	4,640	6,129	5,922
Legal Fees	3,175	3,316	5,121	5,749
FDIC Insurance Expense	7,793	6,627	8,789	9,056
Data Processing Services	12,546	13,288	17,684	17,387
Other Noninterest Expenses	44,867	39,603	51,918	48,060
Total Noninterest Expense	$223,655	$182,398	$240,681	$290,301

</TABLE>

In addition to charge-offs, writedowns and the nonaccrual of interest income, the Company is presently incurring significant costs to address its asset quality problems. Direct costs associated with problem assets include selling

expense accruals, legal fees, real estate taxes, appraisal fees, property management fees and insurance. These direct costs, combined with the cost of maintaining staff specifically assigned to the management of problem assets, were approximately $19.0 million during 1992 and $13.7 million for the first nine months of 1993.

TOTAL ASSETS

September 30, 1993 vs December 31, 1992

The decrease in total assets of $405 million from December 31, 1992 to September 30, 1993 is primarily the result of decreases in deposits. The restructuring of Riggs AP included exiting the deposit-gathering business in London and internally funding this subsidiary. Domestic deposits have declined as a result of lower interest rates.

December 31, 1992 vs December 31, 1991

The decrease in total assets of $458 million was due to the Company seeking to maintain its regulatory capital ratios and improve liquidity by reducing assets and shifting a greater proportion of its assets from loans into money market assets. Such assets generally carry a lower risk-weighting for capital purposes, although they typically generate lower yields than the Company's lending activities. During 1992, loans decreased $863 million while liquid assets increased $356 million.

SECURITIES HELD FOR SALE

September 30, 1993 vs September 30, 1992

Securities Held for Sale totalled $754 million at September 30, 1993 compared to $143 million at September 30, 1992. In the second quarter of 1992, the Company sold approximately $344 million of mortgage-backed securities, which were classified as Held for Sale. The Company recognized pretax gains of

$8.5 million on the second quarter sales and the proceeds were invested in U.S. Treasury securities. In view of management's intention to use securities as part of its asset/liability strategy and the possibility that securities could be sold in response to changes in interest rates or for liquidity purposes, $487 million of securities, including those purchased with the proceeds from the sale of mortgage-backed securities, were classified as Held for Sale at June 30, 1992. During the third quarter of 1992, these securities were sold and pretax gains of $22.1 million were realized. The proceeds of these sales were invested in money market assets. In the first quarter of 1993, in view of management's intention to continue to use securities as part of its asset/liability strategy and the possibility that securities could be sold in response to changes in interest rates or for liquidity purposes, $983 million of securities were classified as Held for Sale and $697 million were subsequently sold in the second quarter of 1993 for a pretax gain of $25.5 million. Proceeds were used to purchase shorter duration and variable rate securities classified as held for sale and money market assets. There were no sales of securities in the third quarter of 1993.

December 31, 1992 vs December 31, 1991

As of December 31, 1992, there were $160 million of U.S. Treasury securities and Other Securities classified as Held for Sale. The weighted average yield to maturity of these securities was 3.64% at year-end 1992. The average maturity on these securities was six months. The "Other Securities" category consisted of $16.0 million of United Kingdom Government Obligations and $366 thousand of Nigerian Bonds received in exchange for the Company's Nigerian loans. The market value of Securities Held for Sale at December 31, 1992 was $161 million, $1.1 million more than the book value at that date. Unrealized gains were $1.1 million. There were no unrealized losses in the portfolio.

During 1992, proceeds from the sale of Securities Held for Sale totalled $1.10 billion, as compared to 1991 when no Securities Held for Sale were sold. Gross gains and losses from the sale of Securities Held for Sale were $39.5 million and $4.7 million, respectively, in 1992.

Securities Held for Sale at December 31, 1991 amounted to $101 million, which consisted entirely of U.S. Treasury securities. During the first quarter of 1992, these securities were sold at a pretax gain of $4.2 million and the Company reinvested the proceeds in mortgage-backed securities. In the second quarter of 1992, the Company sold approximately $344 million of mortgage-backed securities and $126 million of U.S. Treasury securities, all of which were classified as Held for Sale. The Company recognized pretax gains of $8.5 million on the second quarter sales and the proceeds were invested in U.S. Treasury securities. At June 30, 1992, $487 million of securities were classified as Held for Sale. During the third quarter of 1992, these securities were sold and pretax gross gains of $26.9 million were realized. The proceeds of these sales were invested in mortgage-backed securities and money market

assets. Also during the third quarter of 1992, an additional $143 million of U.S. Treasury securities were classified as Held for Sale. During the fourth quarter of 1992, $16.0 million of United Kingdom Government securities were classified as Held for Sale.

<TABLE>
<CAPTION>

	SEPTEMBER 30, 1993			DECEMBER 31, 1992		
	BOOK VALUE	GROSS UNREALIZED GAINS	MARKET VALUE	BOOK VALUE	GROSS UNREALIZED GAINS	MARKET VALUE
	(dollars in thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
U.S. Treasury Securities:						
Due within 1 year.....	$438,801	$ 189	$438,990	$143,263	$ --	$143,263
Due after 1 but within 5 years.....	99,318	1,057	100,375	--	--	--
Other Securities:						
Due after 1 but within 5 years.....	32,624	66	32,690	15,963	1,128	17,091
Due after 10 years.....	183,156	252	183,408	366	--	366
Total Securities Held for Sale.....	$753,899	$1,564	$755,463	$159,592	$1,128	$160,720

</TABLE>

INVESTMENT SECURITIES

September 30, 1993 vs September 30, 1992

Investment securities at September 30, 1993 totalled $538 million, down $114 million from September 30, 1992. The market value of investment securities at September 30, 1993 was $544.9 million, $6.5 million more than the book value at that date. Investment securities maturing within one year, one to five years and over five years were $88.2 million, $29.1 million and $421.1 million, respectively.

U.S. Treasury securities at September 30, 1993 were $94.6 million, down from $588.9 million on September 30, 1992. Mortgage-backed securities, which are collateralized by residential mortgage loans and guaranteed by the Federal National Mortgage Association ("FNMA") or Federal Home Loan Mortgage Corporation ("FHLMC"), were $406.5 million at September 30, 1993. There were no mortgage-backed securities at September 30, 1992. Other securities, which primarily consist of floating rate notes, preference shares of United Kingdom companies and Federal Reserve stock, were $35.3 million at September 30, 1993, down $26.7 million from September 30, 1992.

December 31, 1992 vs December 31, 1991

Investment securities at December 31, 1992 totalled $795 million, up $312 million or 64.4% from December 31, 1991. The increase in investment securities was a result of the reinvestment of a portion of the proceeds from loan maturities and payments and problem asset sales. The market value of investment securities at December 31, 1992 was $804 million, $8.9 million more than the book value at that date, as $13.7 million in unrealized gains more than offset $4.8 million in unrealized losses.

U.S. Treasury securities at December 31, 1992 were $580 million, up from $357 million on the same date a year earlier. The weighted average yield to maturity on these securities was 5.93% at year-end 1992. The average maturity on U.S. Treasury securities was two years and three months on December 31, 1992, compared to two years and six months on December 31, 1991. Obligations of states and political subdivisions at year-end 1992 were $2 million, level with year-end 1991. Mortgage-backed securities were $174 million at December 31, 1992, compared to $51 million at year-end 1991. The weighted average yield to maturity on these securities was 6.12% at year-end 1992. The average contractual maturity of these securities was six years, nine months at December 31, 1992, as compared to twenty-one years, eight months at December 31, 1991. Other securities were $40 million at December 31, 1992, down $34 million from year-end 1991. The decline was due to the sale of $13 million of preference shares and floating rate notes by the Company's United Kingdom subsidiary as well as a transfer of $16 million of United Kingdom Government securities to the Held for Sale category. The weighted average yield to maturity on these securities was 5.76% on December 31, 1992, as compared to 7.66% at December 31, 1991.

BOOK VALUE OF INVESTMENT SECURITIES

<TABLE>
<CAPTION>

	SEPTEMBER 30,		DECEMBER 31,		
	1993	1992	1992	1991	1990
	(dollars in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
U.S. Treasury Securities.....	$ 94,556	$588,875	$579,576	$356,706	$653,071
Obligations of States and Political Subdivisions.....	1,999	1,999	1,999	1,999	17,798
Mortgage-Backed Securities.....	406,509	--	173,782	51,015	167,768
Other Securities.....	35,303	61,984	40,036	73,984	122,250
Total Investment Securities.....	$538,367	$652,858	$795,393	$483,704	$960,887

</TABLE>

LOANS

September 30, 1993 vs September 30, 1992

As of September 30, 1993, loans, net of discount and unearned fees, were $2.11 billion, down $249 million or 10.6% since September 30, 1992 due to loan curtailments, particularly with respect to first mortgage loans,

the transfer of loans to the other real estate owned category and weak loan demand resulting from economic conditions domestically and in the United Kingdom.

Domestic commercial and financial loans were $340.5 million, down $127.2 million or 27.2% at September 30, 1993 as compared to $467.7 million at September 30, 1992, principally due to loan curtailments.

Domestic real estate-commercial/construction loans were $394.3 million, down $66.4 million or 14.4% as a result of transfers to other real estate owned, charge-offs and curtailments. Domestic real estate-commercial construction loans were 18.7% of total loans and 8.4% of total assets at September 30, 1993. Permanent domestic mortgage loans, which were primarily to finance owner-occupied commercial buildings, represented one-third of real estate-commercial/construction loans. The remainder of the domestic real estate-commercial construction portfolio was for the development of commercial properties, including office buildings, warehouses, shopping centers and hotels. Approximately 99.6% of the Company's domestic real estate-commercial/construction loans were secured by properties located in the Baltimore-Washington, D.C.-Richmond corridor, with the overwhelming majority concentrated in the Washington, D.C. metropolitan area.

Residential mortgage loans totaled $747.9 million at September 30, 1993, up $182.3 million or 32.2% over September 30, 1992. Home equity loans, which are floating rate loans secured by first or second trusts on single-family residential properties, decreased $36.9 million or 12.7% to $253.7 million at September 30, 1993. Consumer loans were $88.4 million, down $30.8 million or 25.8% from September 30, 1992.

The Company has recently purchased, or agreed to purchase, in the open market approximately $520 million of residential mortgage loans. Substantially all of these loans were recently originated, have original maturities of 15 or 30 years, bear interest at fixed rates and are secured by properties located in various regions throughout the United States. See "Recent Developments--Financial Difficulties and Recent Strategic Initiatives--Further Revenue Enhancements: Increased Loan to Deposit Ratio."

Foreign loans were $281.8 million, down $175.4 million or 38.4% from the September 30, 1992. Sterling denominated loans made in the United Kingdom by the London Operations were $228.3 million or 81.0% of the Company's foreign loans at September 30, 1993.

December 31, 1992 vs December 31, 1991

Total loans at December 31, 1992 were $2.14 billion, $855 million or 28.6% below the $2.99 billion of loans reported on the same date in the previous year as a result of loan payments, limited opportunities for quality loan growth, and the transfer of loans to other real estate owned.

Commercial and financial loans were down $163 million or 30.6% principally due to loan curtailments.

Domestic real estate-commercial/construction loans were $500 million, down $106 million or 17.5% as a result of transfers to other real estate owned, charge-offs and curtailments. Real estate-commercial/

construction is the only industry concentration in excess of 10% of year-end loans. Domestic real estate-commercial construction loans were 23.4% of total loans and 9.8% of total assets at December 31, 1992. As of year-end 1992, $105.7 million or 21.1% of these loans were classified as nonaccrual. In view of current market conditions, the Company has significantly curtailed new real estate-commercial/construction lending during the past three years.

Approximately 21.7% of the Company's domestic real estate-commercial/construction loan portfolio at December 31, 1992 was for the development of single-family residential properties. Permanent domestic mortgage loans represented 21.2% of real estate-commercial/construction loans. The remainder of the domestic real estate-commercial construction portfolio at that date was for the development of commercial

properties, including office buildings, warehouses, shopping centers and hotels. Approximately 95.7% of the Company's domestic real estate-commercial/construction loans at December 31, 1992 were secured by properties located in the Baltimore-Washington, D.C.-Richmond corridor, with the overwhelming majority concentrated in the Washington, D.C. metropolitan area.

Residential mortgage loans totalled $529 million at December 31, 1992, a decrease of $196 million or 27.0% from December 31, 1991. The decline was due to a high volume of prepayments which were caused by refinancings due to declining interest rates. Residential mortgage loans, which represent 24.8% of the Company's loan portfolio, are recognized as being higher quality than other categories of loans as they are secured by first trusts on the primary residence of the borrowers and underwritten based upon both appraised home values and borrower incomes. The Company generally requires full documentation and adherence to customary underwriting criteria including a maximum 80% loan to value ratio. Essentially all of the Company's residential lending activity is in the Washington, D.C. metropolitan area. The historical charge-off figures attest to the quality of these loans as total charge-offs during the last five years totalled only $217,000. At September 30, 1993, approximately 52.3% of the total residential mortgage loans were adjustable rate instruments. While there are limitations on the amount that the interest rate can increase or decrease at each interval and over the life of the loan, the adjustable feature of these loans provides the Company a degree of protection against the impact of interest rate fluctuations on funding costs.

Home equity loans, which are floating rate loans secured by first or second trusts on single-family residential properties, decreased $49 million or 15.4% to $272 million at December 31, 1992. This decrease was primarily attributable to prepayments associated with refinancings. Home equity loans are originated with essentially the same standards employed in the underwriting of the Company's residential mortgage loans.

Consumer loans were $107 million at December 31, 1992, down $51 million or 32.4% from year end 1991. The Company's consumer credit portfolio consists principally of installment loans for personal expenditures and student loans.

Foreign loans were $364 million at December 31, 1992, down $297 million or 45.0% from December 31, 1991. Sterling denominated loans made in the United Kingdom by Riggs AP were $293 million or 80.4% of the Company's foreign loans at December 31, 1992. Approximately 39% of the decline in the foreign loan portfolio was due to repayments, 26% was due to exchange rate fluctuation, 24% related to transfers to other real estate owned and 11% related to charge-offs. Riggs AP's lending activities have been reduced due to weak economic conditions in the United Kingdom. Riggs AP's loan portfolio at December 31, 1992 consisted of $187 million of commercial property loans which are secured by leased properties and $105 million of corporate loans. At year-end 1992, Riggs AP's commercial property loans were down $139 million or 42.6% and its corporate loans were down $122 million or 53.6% from year-end 1991.

Riggs AP's commercial property loans are diversified by project type and geographic location and have maturities ranging from 3 to 5 years. Vacancy rates on the properties securing these loans have increased due to weak economic conditions in the United Kingdom. At June 30, 1992, Riggs AP's $88.9 million of nonperforming assets were transferred to Riggs-Washington and the Company. These assets were transferred at book value, net of related reserves, and are serviced by Riggs AP. During the last six months of 1992, the transferred assets were reduced $45.2 million or 51% as a result of sales, writedowns and exchange rate fluctuations. As of year-end 1992 an additional $15.2 million of Riggs AP's loans were placed on nonperforming status including approximately $4 million or 2.2% of its remaining commercial property loans, as the borrowers were not able to fully support debt service.

PERIOD-END LOANS

<TABLE>

<CAPTION>

	SEPTEMBER 30,		DECEMBER 31,				
	1993	1992	1992	1991	1990	1989	1988
			(dollars in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Domestic:							
Commercial and Financial	$ 340,477	$ 467,675	$ 369,447	$ 532,068	$ 805,319	$ 962,452	$1,223,419
Real Estate-Commercial/ Construction	394,267	460,639	500,073	606,094	760,974	820,515	835,803
Residential Mortgage	747,863	565,593	529,163	724,842	840,403	845,412	455,681
Home Equity	253,667	290,560	272,225	321,690	341,100	276,220	235,370
Consumer	88,428	119,199	107,382	158,872	249,124	278,463	270,557
Total Domestic	1,824,702	1,903,666	1,778,290	2,343,566	2,996,920	3,183,062	3,020,830
Foreign:							
Governments and Official Institutions	26,883	26,083	29,319	27,377	30,477	46,545	53,960
Banks and Other Financial Institutions	17,502	30,425	24,734	28,481	65,722	80,438	107,308
Commercial and Industrial and Commercial Property	222,501	385,665	283,775	581,499	689,137	500,265	386,236
Other	14,896	15,051	25,948	23,886	33,228	29,304	21,674
Total Foreign	281,782	457,224	363,776	661,243	818,564	656,552	569,178
Total Loans	2,106,484	2,360,890	2,142,066	3,004,809	3,815,484	3,839,614	3,590,008
Less: Unearned Discount and Net Deferred Fees	912	6,281	4,360	12,116	24,228	30,854	27,177
Total Loans, Net of Unearned Discount and Net Deferred Fees	2,105,572	2,354,609	2,137,706	2,992,693	3,791,256	3,808,760	3,562,831
Less: Reserve for Loan Losses	80,869	74,520	83,307	103,674	108,887	39,863	49,038
Total Loans, Net	$2,024,703	$2,280,089	$2,054,399	$2,889,019	$3,682,369	$3,768,897	$3,513,793

</TABLE>

NONPERFORMING ASSETS AND PAST DUE LOANS

September 30, 1993 vs September 30, 1992

Nonperforming assets, which include nonaccrual loans, renegotiated loans and other real estate owned, net, totalled $271.0 million at September 30, 1993, a decrease of $28.7 million from the $299.7 million reported at September 30, 1992, and a decrease of $34.8 million from the $305.8 million reported at December 31, 1992.

In light of current economic conditions domestically and in the United Kingdom and the possibility of further deterioration in commercial real estate values in the Baltimore-Washington, D.C.-Richmond corridor, nonperforming assets may continue to rise. The extent to which additional loans will move to nonperforming status will depend, among other factors, on whether economic conditions continue to deteriorate domestically and in the United Kingdom. The level of nonperforming assets also will depend on the extent to which nonperforming assets return to performing status.

At September 30, 1993, nonaccrual loans, including both domestic and foreign loans, were $148.8 million or 7.1% of outstanding loans compared to $150.7 million or 6.4% of outstanding loans at September 30, 1992 and $162.1 million or 7.6% of outstanding loans at December 31, 1992. This decrease was primarily due to a decrease in domestic nonaccrual loans from $113.1 million at September 30, 1992 to $85.3 million at September 30, 1993. Of the $63.6 million of foreign nonaccrual loans at September 30, 1993, $33.5 million related to nonaccrual real estate-commercial mortgage loans at the United Kingdom offices.

The decrease of $13.3 million in nonaccrual loans between December 31, 1992 and September 30, 1993 is attributable to sales and repayments of $27.1 million combined with transfers to other real estate owned of

nonaccrual loans totalling $55.2 million, which more than offset net additions to nonaccrual loans of $69.0 million during the period. Nonaccrual foreign loans increased $26.0 million during the nine month period ended September 30, 1993. This increase is attributable to net increases in nonperforming loans and deteriorating credits in the United Kingdom portfolio, which was adversely affected by several factors such as: unfavorable reports by court-appointed

receivers on two commercial properties, borrowers experiencing reduced cash flows from the ongoing soft commercial property market and external and internal evaluations of United Kingdom assets reflecting more conservative assumptions due to ongoing concerns about the United Kingdom economy.

Renegotiated loans totalled $9.4 million at September 30, 1993 compared to $14.5 million at September 30, 1992 and $11.8 million at December 31, 1992. The domestic renegotiated loans consisted entirely of commercial real estate loans which were renegotiated to provide a reduction or deferral of interest or principal as a result of a deterioration in the financial position of the borrower.

Other real estate owned, net ("OREO"), which is property acquired through foreclosure, or deemed to have been acquired through foreclosure ("in substance foreclosure" or "ISF") or by acceptance of a deed in lieu of foreclosure, was $112.7 million at September 30, 1993, down from $134.5 million at September 30, 1992 and $131.9 million at December 31, 1992.

Past due loans, on which the Company is accruing interest as they are well secured and in the process of collection, were $4.2 million at September 30, 1993, compared to $1.6 million at September 30, 1992 and $1.4 million at December 31, 1992. At September 30, 1993, the Company had identified approximately $18.7 million in potential problem loans currently performing and therefore not included as nonaccrual or past due. Potential problem loans represent loans which are currently performing but which management believes may become nonaccrual or past due in the foreseeable future. These loans consist of approximately $5.3 million of domestic loans, principally commercial real estate loans, and approximately $13.4 million of commercial property and corporate loans in the United Kingdom.

December 31, 1992 vs December 31, 1991

Nonperforming assets, which include nonaccrual loans, renegotiated loans, other real estate owned (net of reserves) and, for the period from September 30, 1991 through the second quarter of 1992, real estate assets subject to accelerated disposition (net of reserves), totalled $305.8 million (13.5% of outstanding loans, real estate assets subject to accelerated disposition and other real estate owned) at December 31, 1992, a decrease of $25.3 million from the $331.1 million (10.7% of outstanding loans, other real estate owned (net of reserves) and real estate assets subject to accelerated disposition (net of reserves)) reported at December 31, 1991. Excluding the $46.8 million reserve for losses on accelerated dispositions of real estate assets, nonperforming assets would have been $377.9 million at December 31, 1991.

At December 31, 1992, nonaccrual loans were $162.1 million or 7.6% of outstanding loans as compared to $231.8 million or 7.8% of outstanding loans at December 31, 1991. This decrease is primarily due to the accelerated disposition of real estate assets as well as a decrease in foreign nonaccrual loans from $78.9 million to $44.9 million. Of the $44.9 million of foreign nonaccrual loans at December 31, 1992, $23.5 million relates to nonaccrual real estate-commercial loans at the Company's London Operations, which are secured by properties located in the United Kingdom. The decrease in foreign nonaccrual loans is attributable to the transfer of $29.3 million of nonaccrual loans to other real estate owned. Included in year-end 1992 foreign nonaccrual loans was a $15 million loan originated at Riggs-Washington.

At December 31, 1992, the Company had renegotiated loans totalling $11.8 million as compared to no loans classified as renegotiated at December 31, 1991. The renegotiated loans consisted entirely of domestic commercial real estate loans which were renegotiated to provide a reduction or deferral of interest or principal as a result of a deterioration in the financial position of the borrower.

Other real estate owned (net of reserves), was $131.9 million at December 31, 1992, up $106.4 million from $25.5 million at December 31, 1991. At December 31, 1991, the Company had other real estate owned

(net of reserves) of $99.3 million including real estate assets subject to accelerated disposition (net of reserves) of $73.7 million.

Past due loans, on which the Company is accruing interest as they are well secured and in the process of collection, were $1.4 million at December 31, 1992 compared to $3.5 million at year-end 1991. At December 31, 1992, the Company had identified approximately $41.6 million in potential problem loans.

NONPERFORMING ASSETS AND PAST DUE LOANS

<TABLE>
<CAPTION>

	SEPTEMBER 30,		DECEMBER 31,				
	1993	1992	1992	1991	1990	1989	1988

			(dollars in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Nonperforming Assets:							
Nonaccrual Loans: (1)							
Domestic	$ 85,256	$ 113,068	$ 117,182	$ 137,340	$ 137,544	$ 3,313	$ 19,068
Foreign	63,571	37,636	44,892	78,855	21,245	1,191	5,048
Subject to Accelerated Disposition, Net (3)	--	--	--	15,641	--	--	--
Total Nonaccrual Loans	148,827	150,704	162,074	231,836	158,789	4,504	24,116
Renegotiated Loans: (2)							
Domestic	8,533	14,516	11,806	--	--	--	834
Foreign	914	--	--	--	--	--	--
Total Renegotiated Loans	9,447	14,516	11,806	--	--	--	834
Other Real Estate Owned, Net:							
Domestic	99,870	92,965	97,592	21,316	120,154	37,919	737
Foreign	12,862	41,485	34,300	4,211	53	44	50
Subject to Accelerated Disposition, Net (3)	--	--	--	73,748	--	--	--
Total Other Real Estate Owned, Net	112,732	134,450	131,892	99,275	120,207	37,963	787
Total Nonperforming Assets, Net	$ 271,006	$ 299,670	$ 305,772	$ 331,111	$ 278,996	$ 42,467	$ 25,737
Total Loans, Net of Unearned Discount and Net Deferred Fees	$2,105,572	$2,354,609	$2,137,706	$2,992,693	$3,791,256	$3,808,760	$3,562,831
Ratio of Nonaccrual Loans to Total Loans	7.07%	6.40%	7.58%	7.75%	4.19%	0.12%	0.68%
Ratio of Nonperforming Assets to Total Loans and Other Real Estate Owned, Net	12.22%	12.04%	13.47%	10.71%	7.13%	1.10%	0.72%
Past Due Loans: (4)							
Domestic	$ 4,214	$ 1,567	$ 1,369	$ 2,743	$ 46,756	$ 12,258	$ 6,458
Foreign	31	15	55	790	8,733	--	--
Total Past Due Loans	$ 4,245	$ 1,582	$ 1,424	$ 3,533	$ 55,489	$ 12,258	$ 6,458

</TABLE>

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(1) Loans that are in default in either principal or interest for 90 days or more that are not well secured and in the process of collection.

(2) Loans for which terms have been renegotiated to provide a reduction or deferral of interest or principal as a result of a deterioration in the financial position of the borrower in accordance with Financial Accounting Standards Board Statement No. 15. Extensions of loans, at market terms, are not considered renegotiated for purposes of this Schedule.

(3) Balances are net of reserves of $10,134 and $36,644 related to loans and other real estate owned, respectively, held for accelerated disposition.

(4) Loans contractually past due 90 days or more in principal or interest which are well secured and in the process of collection and, accordingly, are not classified as either nonaccrual or renegotiated.

During the 12 month period ended September 30, 1993, the ratio of nonperforming assets to total loans and other real estate owned, net, increased from 12.04% to 12.22%. This increase is principally due to the 10.6% decline in total loans from $2.35 billion to $2.11 billion over the same period. As presented in the table above, the dollar level of nonperforming assets decreased 9.6% over the same 12 month period.

PROVISION AND RESERVE FOR LOAN LOSSES

The Company's banking subsidiaries maintain reserves for loan losses which are available to absorb potential losses in the current loan portfolio. The reserve for loan losses is increased by loan loss provisions and recoveries on charged-off loans, and is reduced by loan charge-offs. The Company determines its reserve requirements based upon an analysis of risk factors affecting the entire loan portfolio and specific reviews of individual loans. The Company's loan loss reserve methodology is a formal process that is primarily dependent on the risk ratings assigned to each of the Company's loans, including commercial real estate, corporate, and other large balance, non-homogenous loans. The Company's loan officers risk rate the loans for which they are responsible. In addition, the Company's loan review department periodically independently reviews and risk rates these loans and has authority to downgrade

credits if it concludes that a more severe risk rating is appropriate.

The Company's reserve for loan losses is based on management's assessment of existing conditions and reflects potential losses determined to be probable and subject to reasonable estimation. The Company's reserve for loan losses is determined quarterly by evaluating loans individually and pools of similar type loans, taking into consideration the primary source of repayment, the liquidity and financial condition of the borrowers and guarantors, and general economic conditions and other factors that exist as of the determination date. In addition, the Company prepares a migration analysis of charge-offs over the prior three years in order to assist in the process of estimating inherent losses for different categories of risk rated credits. The Company's actual charge-off experience is then adjusted for judgmental factors such as trends in delinquencies, nonaccrual loans and charge-offs, volume, maturity and composition of the portfolio, effects of changes in lending policies, economic trends and credit concentration considerations. From these analyses and related information, the Company determines reserve percentages by risk rating for each loan portfolio type (including, for example, commercial real estate, residential construction and corporate loans). These estimated reserve percentages are applied to the portfolio. The resultant amount is then subjected to an overall reasonableness test by evaluating such factors as annual charge-off experience and loan loss reserve coverage.

All significant criticized loans are reviewed by the Loan Loss Reserve Committee on a quarterly basis to insure their classification is accurate. General allocations are made for all loans and legal contingencies including the consideration of specific reserve requirements for individual loans, if appropriate. The allocations are designed to be sufficient to cover any losses inherent in the portfolio. Identifiable and quantifiable losses are charged-off against the reserve for loan losses.

On a quarterly basis, the Loan Loss Reserve Committee also evaluates the adequacy of the reserve for loan losses. The Audit Committee of each of the Boards of Directors of the Company's subsidiary banks reviews management's determination of the adequacy of the reserve for loan losses. The loan portfolio is continuously monitored by management to identify loans requiring particular attention.

Nine Months 1993 vs Nine Months 1992

Provisions for loan losses totalled $59.1 million during the first nine months of 1993 compared with $23.5 million for the first nine months of 1992. Approximately $29.6 million of the $59.1 million of provisions were taken for loans originated in the United Kingdom, as severe recessionary conditions there led to deterioration in the corporate and commercial property loan portfolios. The remaining provisions related primarily to domestic commercial real estate loans.

Provisions for loan losses totaled $2.0 million for the third quarter of 1993 compared to $5.5 million for the third quarter of 1992. The 1993 provisions for loan losses were primarily for domestic commercial real estate loans.

Net charge-offs during the first nine months of 1993 were $61.6 million, up from $51.1 million of net charge-offs during the first nine months of 1992. Charge-offs for the first nine months of 1993 primarily related to domestic commercial real estate loans. The remainder of the charge-offs related to corporate and

commercial property loans in the United Kingdom. As of June 30, 1993, 100% of the portions of the loans classified as doubtful for regulatory purposes were charged off. Previously, it had been the Company's policy to provide reserves against, rather than to charge-off the doubtful portion of credits.

Net charge-offs during the third quarter of 1993 were $4.2 million compared to net charge-offs of $9.4 million during the third quarter of 1992. In the third quarter 1993, the Corporation charged off $4.0 million of an international loan which is in the process of being restructured. There were no charge-offs in the Corporation's London operations during the third quarter of 1993.

The reserve for loan losses was $80.9 million or 3.84% of outstanding loans at September 30, 1993 compared to a reserve balance of $74.5 million or 3.16% of outstanding loans at September 30, 1992. The Company's coverage ratio was 49.8% at September 30, 1993 compared to 44.7% at September 30, 1992. The coverage ratio is calculated by dividing total reserves by nonaccrual, renegotiated and past due loans. At September 30, 1993, 47.5% of the Company's loan portfolio consisted of residential mortgage and home equity loans. These loans require minimal reserves based upon the Company's favorable loss experience. Further, the Company has no credit card loans in its portfolio. Credit card loans, which require relatively high levels of reserves based on loss experience, will inflate an institution's coverage ratio as such loans are typically charged-off rather than classified as nonaccrual or past due.

Finally, the coverage ratio does not account for the existence of collateral which limits the risk of principal loss on nonaccrual and past due loans. At September 30, 1993, 66.2% of the Company's nonaccrual, renegotiated and past due loans were partially or fully secured by commercial real estate.

In light of current conditions domestically and in the United Kingdom, and the possibility of further deterioration in commercial real estate values in the Washington, D.C. area and the United Kingdom and increases in interest rates in the United Kingdom, significant additional provisions and writedowns are possible and nonperforming assets (as well as the cost of carrying nonperforming assets) could increase. However, given the uncertainties created by current economic conditions both in the United Kingdom and domestically, additional provisions and writedowns could not be reasonably estimated at September 30, 1993 and the extent to which they may be required will depend on future economic conditions and their impact on specific borrowers' operations and liquidity.

1992 vs 1991

Provisions for loan losses totalled $49.8 million for 1992 as compared to $43.5 million for 1991. Domestic provisions in 1992 of $22.9 million were taken primarily in recognition of further deterioration in commercial and residential property development loans and deterioration in a foreign loan which was originated by Riggs-Washington. Provisions for loans originated in the United Kingdom were $26.9 million as weak economic conditions in the United Kingdom resulted in further deterioration in several unrelated corporate loans, including loans to financial institutions and loans to finance operating commercial properties which have experienced a rise in vacancy rates.

Net charge-offs were $67.0 million or 2.64% of average loans during 1992 compared to $35.6 million or 1.05% of average loans during 1991.

The reserve for loan losses was $83.3 million or 3.90% of outstanding loans at December 31, 1992 as compared with $103.7 million or 3.46% of outstanding loans at December 31, 1991.

The Company's ratio of reserves to nonperforming, renegotiated and past due loans was 47.5% at December 31, 1992 compared to 44.05% at December 31, 1991.

RESERVE FOR LOAN LOSSES AND SUMMARY OF CHARGE-OFFS AND RECOVERIES

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,		TWELVE MONTHS ENDED DECEMBER 31,				
	1993	1992	1992	1991	1990	1989	1988
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	(dollars in thousands)						
Balance, Beginning of the Period	$ 83,307	$ 103,674	$ 103,674	$ 108,887	$ 39,863	$ 49,038	$ 66,415
Additions:							
Provision for Loan Losses	59,141	23,462	49,789	43,525	105,508	5,588	1,176
Total Additions	59,141	23,462	49,789	43,525	105,508	5,588	1,176
Deductions:							
Loans Charged-Off:							
Commercial and Financial	4,579	2,316	3,156	7,457	11,643	4,040	1,672
Real Estate-Commercial/Construction	33,161	18,956	30,604	14,281	20,429	3,878	--
Residential Mortgage	33	133	190	25	--	--	2
Home Equity	146	123	350	450	639	320	--
Consumer	1,652	2,064	2,745	3,864	2,430	1,759	1,203
Foreign	24,481	29,410	35,233	13,172	3,185	5,294	19,173
Total Charge-Offs	64,052	53,002	72,278	39,249	38,326	15,291	22,050
Recoveries on Charged-Off Loans:							
Commercial and Financial	303	468	616	1,033	220	168	500
Real Estate-Commercial/Construction	230	315	3,172	--	--	--	--
Residential Mortgage	124	14	15	14	14	--	--
Home Equity	--	--	--	26	--	--	--
Consumer	791	996	1,231	908	547	417	348
Foreign	1,009	147	279	1,678	84	454	2,771
Total Recoveries on Charged-Off Loans	2,457	1,940	5,313	3,659	865	1,039	3,619
Net Charge-Offs	61,595	51,062	66,965	35,590	37,461	14,252	18,431
Reserve Transferred to							

Real Estate Assets Subject to Accelerated Disposition.....	--	--	--	13,165	--	--	--
Foreign Exchange Translation Adjustments.....	16	(1,554)	(3,191)	17	977	(511)	(122)
Balance, End of the Period.....	$ 80,869	$ 74,520	$ 83,307	$ 103,674	$ 108,887	$ 39,863	$ 49,038
Average Loans.....	$2,112,403	$2,642,263	$2,540,478	$3,392,994	$4,041,756	$3,715,369	$3,349,464
Ratio of Net Charge-Offs to Average Loans.....	2.92%	1.93%	2.64%	1.05%	.93%	.38%	.55%
Ratio of Reserve for Loan Losses to Outstanding Loans.....	3.84%	3.16%	3.90%	3.46%	2.87%	1.05%	1.38%

DEPOSITS AND BORROWED FUNDS

September 30, 1993 vs September 30, 1992

Total deposits at September 30, 1993 were $3.93 billion compared to $4.63 billion at September 30, 1992, down $696 million or 15.0% as a result of reductions in wholesale funding sources and a decline in demand for certificates of deposits in a lower interest rate environment. Average deposits during the first nine months of 1993 were $4.3 billion, down $366 million or 7.8% below the $4.7 billion averaged during the first nine months of 1992. The majority of the decline in average deposits was due to a decrease in time deposits in foreign offices of $207 million or 27.3%. Deposits in domestic offices averaged $3.8 billion, a decrease of $158 million or 4.1% from the first nine months of 1992. Average core deposits (total deposits in domestic offices, excluding negotiable certificates of deposits) were $3.7 billion, down $165 million or 4.2% from the first nine months of 1992. Average savings and NOW accounts were $924 million, up $71 million or 8.4% over the first nine months of 1992. The increase in savings and NOW accounts was partially offset by decreases in

demand deposits and investment certificates of deposit. Average demand deposits were $835 million, down $11 million from the first nine months of 1992. Money market deposits averaged $1.2 billion, a slight decrease of $22 million or 1.9% below the first nine months of 1992. Time deposits in domestic offices averaged $829 million, a decrease of $194 million or 19.0%.

The following table reflects the balances and maturities for the Company's time deposits in domestic offices of $100 thousand or more.

	SEPTEMBER 30,		DECEMBER 31,	
(dollars in thousands)	1993	1992	1992	1991
Certificates of Deposit:				
Due within three months.....	$ 97,444	$262,172	$100,483	$228,626
Three to six months.....	36,907	48,219	44,569	71,835
Six to twelve months.....	26,349	25,645	22,502	30,858
Over twelve months.....	12,157	10,477	10,637	10,492
Total.....	$172,857	$346,513	$178,191	$341,811

Borrowed funds, which includes Federal funds purchased and repurchase agreements, U.S. Treasury demand notes and other borrowed funds, averaged $244 million during the first nine months of 1993, up $106 million over the $138 million averaged during the first nine months of 1992. Average Federal funds purchased and repurchase agreements were up $73 million. U.S. Treasury and other borrowings were up $33 million compared to the previous year.

Long-term debt totalling $213 million was level with September 30, 1992.

December 31, 1992 vs December 31, 1991

Total deposits at December 31, 1992 were $4.44 billion as compared to $4.91 billion at year-end 1991, down $475 million or 9.7%. At December 31, 1992, foreign time deposits and time deposits in domestic offices were down $311 million and $306 million, respectively, from December 31, 1991.

Average deposits during 1992 were $4.64 billion, down $653 million or 12.3% below the $5.30 billion averaged during 1991. The majority of the decline in

average deposits was due to a decrease in time deposits in foreign offices of $433 million or 37.2% as liquid assets were used to reduce wholesale funding sources. Deposits in domestic offices averaged $3.91 billion, a decrease of $219 million or 5.3% from 1991. Average core deposits (total deposits in domestic offices, excluding negotiable certificates of deposits) were $3.89 billion, down $207 million or 5.0% from 1991. Average savings and NOW accounts were $866 million, up $97 million or 12.6% over 1991 levels. The increase in savings and NOW accounts was partially offset by decreases in demand deposits, money market accounts and investment certificates of deposit. Average demand deposits were $846 million, down $66 million from the 1991 average. Money market deposits averaged $1.22 billion, a decrease of $57 million or 4.4% below the 1991 average. Time deposits in domestic offices averaged $991 million, a decrease of $191 million or 16.2%. Average negotiable certificates of deposit in domestic offices, which are included in time deposits in domestic offices, decreased $12 million between 1992 and 1991.

Borrowed funds averaged $128 million during 1992, down $63 million below the $191 million averaged during 1991. Average Federal funds purchased and repurchase agreements were down $12 million. U.S. Treasury and other borrowings were down $51 million compared to last year. These decreases were the result of the Company's efforts to reduce assets and liabilities as part of its strategy to improve its leverage capital ratio.

AVERAGE DEPOSITS AND BORROWED FUNDS

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,				TWELVE MONTHS ENDED DECEMBER 31,					
	1993		1992		1992		1991		1990	
	AVERAGE BALANCES	RATES	AVERAGES BALANCES	RATES	AVERAGE BALANCES	RATES	AVERAGES BALANCES	RATES	AVERAGE BALANCES	RATES
	(dollars in thousands)									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Deposits in Domestic Offices:										
Noninterest-Bearing Demand Deposits.....	$ 821,416		$ 835,009		$ 834,300		$ 902,513		$ 832,907	
Savings and NOW Accounts.....	924,139	2.12%	852,698	3.27%	865,608	3.09%	768,866	4.10%	627,860	4.88%
Money Market Deposits..	1,183,198	2.49%	1,205,564	3.66%	1,220,784	3.45%	1,277,606	5.10%	1,328,464	6.26%
Other Core Deposits....	805,235	3.41%	1,005,729	4.38%	972,841	4.21%	1,151,432	6.80%	1,168,254	8.15%
Total Average Core Deposits.....	3,733,988		3,899,000		3,893,533		4,100,417		3,957,485	
Negotiable Certificates of Deposit.....	23,930	5.66%	17,383	11.99%	18,290	9.94%	30,727	6.41%	59,353	7.25%
Total Average Deposits in Domestic Offices....	$3,757,918		$3,916,383		$3,911,823		$4,131,144		$4,016,838	
Deposits in Foreign Offices:*										
Noninterest-Bearing Demand Deposits.....	13,289		11,107		11,284		8,907		7,579	
Interest-Bearing Bank Deposits.....	158,800	9.97%	254,198	14.61%	234,490	13.57%	377,240	13.59%	699,074	13.36%
Negotiable Certificates of Deposit.....	22,972	6.41%	48,748	10.50%	51,640	9.86%	94,208	11.85%	176,393	12.38%
Interest-Bearing Non-Bank Deposits.....	356,893	3.11%	445,534	5.20%	434,174	4.99%	684,529	7.51%	817,365	9.85%
Total Average Deposits in Foreign Offices.....	551,954		759,587		731,588		1,164,884		1,700,411	
Total Average Deposits..	$4,309,872		$4,675,970		$4,643,411		$5,296,028		$5,717,249	
Borrowed Funds:										
Federal Funds Purchased and Repurchase Agreements.....	$ 169,962	2.69%	$ 97,154	2.94%	$ 87,339	2.86%	$ 99,120	5.10%	$ 337,824	7.79%
U.S. Treasury Demand Notes and Other Borrowed Funds.....	74,096	2.80%	40,728	3.27%	40,235	3.18%	91,395	5.39%	174,524	7.01%
Total Average Borrowed Funds.....	$ 244,058		$ 137,882		$ 127,574		$ 190,515		$ 512,348	

</TABLE>
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* The majority of interest-bearing deposits in foreign offices are denominated in amounts of $100 thousand or more.

CAPITAL RESOURCES

Under the Federal Reserve Board's risk-based capital guidelines, bank holding companies are required to meet a minimum ratio of qualifying total (combined Tier 1 and Tier 2) capital to risk-weighted assets of 8.00%, at least half of which must be comprised of core (Tier 1) capital elements. The Company's total and core capital ratios were 11.01% and 5.78% at September 30, 1993 as compared to 14.70% and 8.31% at December 31, 1992 and 15.05% and 8.60% at September 30, 1992.

The Federal Reserve Board has established an additional capital adequacy guideline referred to as the leverage ratio, which measures the ratio of Tier 1 capital to average quarterly assets. The most highly rated bank holding companies which are not contemplating or experiencing significant growth are required to maintain a minimum leverage ratio of 3.00%. However, most bank holding companies, including the Company, are expected to maintain an additional cushion of at least 100 to 200 basis points above the 3.00% minimum. The actual required ratio for individual bank holding companies is based on the Federal Reserve Board's assessment of the company's asset quality, earnings performance, interest-rate risk and liquidity. The Federal Reserve Board has not advised the Company of a specific minimum leverage ratio requirement applicable to the Company.

As a result of the losses incurred in the fourth quarter of 1992 and the first nine months of 1993, which were attributable to provisions and writedowns, including those associated with the Company's restructuring plan announced in the second quarter of 1993, the Company's leverage ratio decreased from 4.97% at June 30, 1992 to 4.60% at December 31, 1992 and 3.02% at September 30, 1993. In a capital plan submitted to the Reserve Bank, the Company indicated that it would seek to achieve a leverage ratio of approximately 5.0% by December 31, 1993. After giving effect to the October Equity Sale (see "Recent Developments--October Equity Sale"), the Company's leverage ratio as of September 30, 1993 on a pro forma basis was 5.73%. The Memorandum of Understanding does not require the Company's capital plans to be approved by the Reserve Bank; however, the Company's plans were submitted to and reviewed without objection by the Reserve Bank.

The Company's policy is to ensure that its bank subsidiaries are capitalized in accordance with regulatory guidelines. The three national bank subsidiaries of the Company are subject to minimum capital ratios prescribed by the OCC which are the same as those of the Federal Reserve Board. Pursuant to the Written Agreement, Riggs-Washington has committed to the OCC to maintain a leverage ratio of 5.00%, a Tier 1 to risk-weighted asset ratio of 6.00% and a total capital to risk-weighted assets ratio of 10.00%. Riggs-Washington's ratios were 5.69%, 11.04%, and 12.31%, respectively, at September 30, 1993.

The following table reflects the actual and required minimum ratios for the Company and its national banking subsidiaries based upon fully phased-in capital requirements.

CAPITAL RATIOS

<table>
<caption></caption>
<tr><th></th><th></th><th></th><th colspan="4">SEPTEMBER 30, / DECEMBER 31,</th></tr>
<tr><th></th><th>REQUIRED MINIMUM</th><th>SEPTEMBER 30, 1993</th><th colspan="4">SEPTEMBER 30, / DECEMBER 31,</th></tr>
<tr><th></th><th></th><th></th><th>1993</th><th>1992</th><th>1992</th><th>1991</th></tr>
<tr><th></th><th></th><th>AS ADJUSTED FOR THE OCTOBER EQUITY SALE(1)</th><th></th><th></th><th></th><th></th></tr>
<tr><td>LEVERAGE RATIO:(2)</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Riggs National Corporation</td><td>3.00%</td><td>5.73%</td><td>3.02%</td><td>4.93%</td><td>4.60%</td><td>3.57%</td></tr>
<tr><td>Riggs-Washington</td><td>5.00</td><td>5.69</td><td>5.69</td><td>6.32</td><td>6.32</td><td>5.79</td></tr>
<tr><td>Riggs-Virginia</td><td>3.00</td><td>8.80</td><td>8.80</td><td>8.30</td><td>8.42</td><td>7.83</td></tr>
<tr><td>Riggs-Maryland</td><td>3.00</td><td>6.57</td><td>6.57</td><td>6.44</td><td>6.20</td><td>6.70</td></tr>
<tr><td>TIER 1:</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Riggs National Corporation</td><td>4.00</td><td>10.85</td><td>5.78</td><td>8.60</td><td>8.31</td><td>5.23</td></tr>
<tr><td>Riggs-Washington</td><td>6.00</td><td>11.04</td><td>11.04</td><td>10.88</td><td>11.29</td><td>8.36</td></tr>
<tr><td>Riggs-Virginia</td><td>4.00</td><td>16.43</td><td>16.43</td><td>16.71</td><td>16.80</td><td>14.32</td></tr>
<tr><td>Riggs-Maryland</td><td>4.00</td><td>11.13</td><td>11.13</td><td>11.70</td><td>11.73</td><td>11.23</td></tr>
<tr><td>COMBINED TIER 1 AND TIER 2:</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Riggs National Corpo-</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

ration.....	8.00	16.98	11.01	15.05	14.70	10.46
Riggs-Washington.....	10.00	12.31	12.31	12.15	12.56	9.64
Riggs-Virginia.....	8.00	17.68	17.68	17.97	18.05	16.42
Riggs-Maryland.....	8.00	12.37	12.37	12.96	12.98	12.48

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(1) Adjusted to give effect to the October Equity Sale and the investment of the net proceeds thereof (approximately $132 million) in short-term money market assets, which have been risk-weighted at 20% for purposes of capital ratio calculations. No effect is given to the sale of any Debt Securities or the redemption of any outstanding subordinated debt of the Company.

(2) Most bank holding companies and national banks, including the Company and the Company's national bank subsidiaries, are expected to maintain an additional cushion of at least 100 to 200 basis points above the 3.00% minimum. Under the terms of the Written Agreement, Riggs-Washington has committed to the OCC to maintain a leverage ratio of 5.00%.

MANAGEMENT

The table below sets forth certain information with respect to the executive officers of the Company and certain executive officers of Riggs-Washington:

NAME	AGE	POSITION
Joe L. Allbritton.....	68	Chairman of the Board and Chief Executive Officer of the Company and Chairman of the Board of Riggs-Washington
Paul M. Homan.....	53	Vice Chairman of the Board of the Company and President and Chief Executive Officer of Riggs-Washington
Timothy C. Coughlin.....	51	President of the Company
John L. Davis.....	52	Chief Financial Officer of the Company and Senior Vice President and Chief Financial Officer of Riggs-Washington
David Lesser.....	38	General Counsel of the Company and Executive Vice President and General Counsel of Riggs-Washington
Alexander C. Baker.....	47	Secretary of the Company and Senior Vice President, Trust Officer and Secretary of Riggs-Washington
Randall R. Reeves.....	46	Senior Executive Vice President and Chief Credit Officer and Head of Special Assets Group of Riggs-Washington
Joseph W. Barr.....	44	Executive Vice President of Riggs-Washington--Head of Retail Banking
Fred L. Bollerer.....	51	Executive Vice President of Riggs-Washington--Head of General Banking Group
Paul Cushman, III.....	33	Executive Vice President of Riggs-Washington--Head of International Banking Group
George W. Grosz.....	55	Executive Vice President of Riggs-Washington-- Head of Financial Services Group
Gloria A. Lembo.....	44	Executive Vice President of Riggs-Washington--Head of Technology Services Group
S. Dean Lesiak.....	41	Executive Vice President of Riggs-Washington--Head of Risk Management

EXPERIENCE OF MANAGEMENT

JOE L. ALLBRITTON has been Chairman of the Board and Chief Executive Officer of the Company since 1981. He has served as Chairman of the Board of Riggs-Washington since 1983 and was the Chief Executive Officer of Riggs-Washington from 1982 to June 1993. Mr. Allbritton was the beneficial owner of approximately 33% of the Common Stock of the Company as of September 20, 1993. He also serves as Chairman of the Board of, and is the owner of, Perpetual Corporation, Westfield News Advertiser, Inc. and University Bancshares.

PAUL M. HOMAN was appointed President and Chief Executive Officer of Riggs-Washington and Vice Chairman of the Company in June 1993. See "Recent Developments--Recent Strategic Initiatives." Mr. Homan served as president and chief executive officer of First Florida Banks, Inc. of Tampa from August 1991 through December 1992 before returning to serve as principal of Homan & Associates, a bank consulting firm which he founded in 1987. Mr. Homan served as senior adviser to the Comptroller of the Currency in 1990 and 1991, as executive vice president of Continental Bank Corporation from 1985 to 1987 and

as

chairman and chief executive officer of Nevada National Bank from 1983 to 1985. Mr. Homan also worked at the OCC from 1966 to 1983, rising to the position of senior deputy controller for bank supervision, the OCC's top career position.

TIMOTHY C. COUGHLIN has served as President of the Company since 1992. He served as President and Chief Operating Officer of Riggs-Washington from 1983 to 1992. He has been a Director of the Company since 1988 and a Director of Riggs-Washington since 1983.

JOHN L. DAVIS joined the Company in June 1993 and is Chief Financial Officer of the Company and Senior Vice President and Chief Financial Officer of Riggs-Washington. Mr. Davis served as Senior Vice President and Controller of First Florida Bank, N.A. from 1990 to 1992 and as Senior Vice President and Chief Financial Officer of First Union National Bank of Georgia from 1987 to 1990.

DAVID LESSER has served as General Counsel of the Company and Executive Vice President and General Counsel of Riggs-Washington since 1987.

ALEXANDER C. BAKER has served as Secretary of the Company and as Secretary of Riggs-Washington since 1992 and as Senior Vice President and Trust Officer of Riggs-Washington since 1987.

RANDALL R. REEVES has served as Senior Executive Vice President and Chief Credit Officer of Riggs-Washington since 1991. Mr. Reeves was President and Chief Executive Officer of University Bancshares, Inc. from 1985 to 1992.

JOSEPH W. BARR joined the Company as Executive Vice President in charge of Retail Banking in June 1993. He served as Executive Vice President in charge of Retail Banking at First American Metro Corp. from 1992 to June 1993 and as Executive Vice President in charge of Community Banking at Perpetual Savings Bank, F.S.B. from 1989 to 1992.

FRED L. BOLLERER joined Riggs-Washington as Executive Vice President in charge of the General Banking Group in October 1993. During 1988 and 1989, Mr. Bollerer was the President and Chief Operating Officer of First American, N.A. of Washington, D.C. From 1989 to 1993, Mr. Bollerer was the Chairman and Chief Executive Officer of First American Metro Corp.

PAUL CUSHMAN, III has served as Executive Vice President of Riggs-Washington in charge of the International Banking Group since 1992. He was Senior Vice President of Riggs-Washington from 1989 to 1992 and Vice President of Riggs-Washington from 1987 to 1989.

GEORGE W. GROSZ has served as Executive Vice President of Riggs-Washington in charge of the Financial Services Group, which includes the Trust and Investment Department and the Private Banking Division, since 1987. He was a Director of Riggs-Washington from 1989 to 1993.

GLORIA A. LEMBO has served as Executive Vice President in charge of the Technology Services Group of Riggs-Washington since August 1993. She has been a Senior Vice President since 1988 with various responsibilities for Deposit Operations, Corporate Operations, Commercial Real Estate Operations and Loan Operations.

S. DEAN LESIAK joined the Company in July 1993 as Executive Vice President of Riggs-Washington in charge of Risk Management. He served as Chief Compliance Officer of First Florida Banks, Inc. from 1991 to 1993 and also as Senior Vice President--Senior Credit Policy Officer of First Florida Banks, Inc. from 1988 to 1991. Mr. Lesiak also served as a National Bank Examiner at the OCC for over ten years.

CONTRACT OF NEW CHIEF EXECUTIVE OFFICER OF RIGGS-WASHINGTON

In June 1993, the Company entered into a three year contract with Paul Homan to serve as Vice Chairman of the Company and as President and Chief Executive Officer of Riggs-Washington. Mr. Homan

will receive a base salary of $650,000 per year with an annual performance bonus of $300,000 payable in 1995 and 1996 if certain performance goals for the prior year are met and the Company and Riggs-Washington achieve substantial compliance with their respective regulatory understandings and agreements. Mr. Homan shall be deemed to have satisfied the performance goal for 1994 if the Company achieves a return on average assets of 50 basis points for the year ended December 31, 1994 and for 1995 if the Company achieves a return on average assets of 75 basis points for the year ended December 31, 1995. Mr. Homan also received options to purchase 400,000 shares of Common Stock at $8.125 per share. The options are not exercisable until the earlier of: (1)

June 9, 1998, (2) a "change of control" of the Company as defined in the Company's 1993 Stock Option Plan and (3) the date on which the reported closing price of the Common Stock has been at least $12 per share on ninety percent of the trading days during any rolling six-month period.

PRINCIPAL STOCKHOLDER

At November 15, 1993, there were 30,222,014 shares of Common Stock of the Company outstanding and eligible to vote. At such date, Mr. Joe L. Allbritton, Chairman of the Board and Chief Executive Officer of the Company, beneficially owned 9,970,489 shares of Common Stock representing 33.0% of the outstanding shares of Common Stock.

Mr. Allbritton has sole voting and investment power with regard to 6,920,489 of these shares. Under federal securities laws, he is deemed to share voting and investment power with regard to 470,000 shares with Allwin, Inc., which is wholly owned by Mr. Allbritton. In addition, Mr. Allbritton may be deemed to share voting and investment power with regard to 1,250,000 shares owned by a charitable foundation of which Mr. Allbritton, Mrs. Allbritton and their son are the trustees although the assets of the foundation may not be used for their benefit and all investment decisions must by law be made with regard to the charitable interests of the foundation. Mr. Allbritton disclaims beneficial ownership of 1,732 shares owned by Mrs. Barbara B. Allbritton, a director of the Company, member of the Executive Committee of the Board of Directors and wife of Joe L. Allbritton, and 31,110 shares held for the benefit of their son by a trust of which Riggs-Washington is one of three trustees. As described below, Mr. Allbritton has shared voting and investment power with regard to the 1,330,000 shares of Common Stock purchased by Mrs. Allbritton in the October Equity Sale.

The shares of Common Stock owned directly by Mr. Allbritton are pledged to secure a loan with a commercial bank. Should an event of default set forth in the related loan agreement (which contains standard default provisions) occur, the lending bank may be able to sell or transfer the shares depending on the circumstances. In the absence of such an event of default, Mr. Allbritton retains the right to receive the dividends and the power to vote the shares. For a more complete description of the loan, including default provisions, see the Schedule 13D and amendments thereto filed by Mr. Allbritton with the Commission.

Mrs. Allbritton purchased 1,330,000 shares of Common Stock in the October Equity Sale (the "Shares") on the same terms as other investors that purchased Common Stock in the transaction. Mrs. Allbritton owns an additional 1,732 shares. Mrs. Allbritton has granted to Mr. Allbritton an irrevocable proxy to vote the Shares and has agreed not to sell the Shares free of the proxy except in limited market transactions, although she is not restricted from pledging the Shares. Mrs. Allbritton disclaims beneficial ownership of the 7,390,489 shares beneficially owned by Mr. Allbritton directly or indirectly through Allwin, Inc. as described above.

As of November 15, 1993, taking into account the October Equity Sale, Mrs. Allbritton beneficially owned 1,331,732 shares of Common Stock or 4.4% of the total number of shares of Common Stock outstanding or 8.6% if the 1,250,000 shares owned by the charitable foundation described above, over which she shares voting and investment power, are included (excluding the 31,110 shares held in trust for her son as described above). The shares purchased by Mrs. Allbritton in the October Equity Sale are covered by a shelf registration statement recently filed by the Company with the Commission and, when such registration

statement becomes effective, may be freely resold, subject to the agreement with Mr. Allbritton described above. She has agreed with the Company and the placement agents from the October Equity Sale, however, not to sell any such shares prior to April 19, 1994, except to members of her immediate family or to certain family-affiliated or charitable entities; provided that such agreement does not prohibit Mrs. Allbritton from pledging such shares as collateral security for a loan made by a lender in the ordinary course of its business, nor does it prohibit such lender from foreclosing or otherwise realizing on such collateral.

The Company knows of no other stockholder who beneficially owns more than five percent of its common stock.

SUPERVISION AND REGULATION

GENERAL

The Company and certain of its subsidiaries are subject to the supervision of and regulation by the Federal Reserve Board under the BHCA. The Company's national banking subsidiaries and their subsidiaries are subject to the supervision of and regulation by the OCC under the National Bank Act. Other federal, state, and foreign laws govern many aspects of the businesses of the

Company and its subsidiaries. Generally, bank holding companies and banks are subject to a comprehensive regulatory structure.

Under the BHCA, bank holding companies may not directly or indirectly acquire the ownership or control of five percent or more of the voting shares or substantially all of the assets of any company, including a bank, without the prior approval of the Federal Reserve Board. The BHCA also restricts the types of activities in which a bank holding company and its subsidiaries may engage. Generally, activities are limited to banking and activities found by the Federal Reserve Board to be so closely related to banking as to be a proper incident thereto. In addition, the BHCA prohibits the Federal Reserve Board from approving an application by a bank holding company to acquire shares of a bank or bank holding company located outside the acquiror's principal state of operations unless such an acquisition is specifically authorized by statute in the state in which the bank or bank holding company whose shares are to be acquired is located. Most states have adopted statutes permitting an out-of-state bank holding company to acquire in-state banks and bank holding companies, but in many cases only if the state in which the acquiring company is located permits reciprocal acquisitions of its banks and bank holding companies and in some cases subject to geographic restrictions. The District of Columbia has authorized banks and bank holding companies within a thirteen-state region in the Southeastern United States to acquire banks within the District of Columbia subject to certain reciprocity and other requirements. Banks and bank holding companies outside this region may also acquire banks within the District of Columbia provided they make substantial financial commitments to the District of Columbia; it has not been established whether the District of Columbia statute satisfies the reciprocity requirements of states outside the thirteen-state region.

The Company and its bank subsidiaries are required to maintain minimum levels of qualifying capital under the Federal Reserve Board's and the OCC's capital guidelines. For full discussion of these guidelines, see "Management Discussion and Analysis of Financial Condition and Results of Operations--Capital Resources."

REGULATORY DEVELOPMENTS

On May 14, 1993, the Company entered into the Memorandum of Understanding with the Federal Reserve Bank of Richmond and Riggs-Washington entered into the Written Agreement with the OCC. The Written Agreement and the Memorandum of Understanding were the result of regulatory concern over financial and operational weaknesses and continued losses primarily related to the Company's domestic and United Kingdom commercial real estate exposure.

Under the terms of the Memorandum of Understanding, the Company will notify the Reserve Bank in advance of dividend declarations, the issuance and redemption of long-term debt and use of cash assets in

certain circumstances. Pursuant to the Memorandum of Understanding, the Company has notified the Reserve Bank of the proposed issuance of Debt Securities and the use of the net proceeds thereof to redeem outstanding subordinated notes of the Company. The Reserve Bank has advised the Company that it has no objection to the proposed issuance of Debt Securities or redemption of such outstanding subordinated notes. Under the terms of the Memorandum of Understanding, the Company will also submit plans and reports to the Reserve Bank relating to capital, asset quality, loan loss reserves and operations, including contingency measures if projected operational results do not occur. In addition, the Audit Committee of the Company's Board of Directors will review and submit a report to the Reserve Bank on the adequacy of data submitted to it and the Board, and the Company has appointed a compliance committee of Directors to monitor performance under the Memorandum of Understanding.

In accordance with the terms of the Written Agreement, Riggs-Washington has appointed a committee of its Board of Directors to monitor and coordinate compliance with the agreement, implement recommendations previously made by an independent management consultant, and continue to implement the action plan and work plan adopted by Riggs-Washington. Riggs-Washington has met a number of the requirements of the agreement, including filing amended call reports, adopting policies and procedures relating to the preparation of call reports, adopting a capital plan which has been approved by the OCC that requires, among other things, a minimum total risk-based capital ratio of 10.00%, a minimum Tier 1 risk-based capital ratio of 6.00% and a minimum leverage ratio of 5.00%, submitting for review by the OCC the results of BankStart '93, and appointing a president and chief executive officer.

RECENT BANKING LEGISLATION

Pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), in September 1992, the FDIC issued regulations to implement a risk-based deposit insurance assessment system under which the assessment rate for an insured depository institution varies according to the level of risk incurred in its activities. An institution's risk category is based partly upon

whether the institution is well capitalized, adequately capitalized or less than adequately capitalized. In addition, each insured institution is assigned to one of the following "supervisory subgroups": "healthy"; "supervisory concern"; or "substantial supervisory concern." Based on its capital category and supervisory subgroup, each insured institution is assigned an annual FDIC assessment rate, which currently varies between $.23 and $.31 per $100 of deposits. The new rates were effective for the semi-annual assessment period beginning January 1, 1993. The Company anticipates that insurance premiums for its three insured banking subsidiaries will rise by approximately $1.5 million during 1993 as a result of the new assessment schedule.

FDICIA contains numerous other provisions. Among other things, FDICIA requires the federal banking agencies to take "prompt corrective action" in respect of depository institutions that do not meet minimum capital requirements. FDICIA required each Federal banking agency, including the OCC, to specify within nine months after the date of enactment of the statute, by regulation, the levels at which an insured institution would be considered "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized." In October 1992, each of the Federal banking agencies, including the OCC, issued uniform final regulations defining such capital levels. Under these regulations, a bank is considered "well capitalized" if it has (i) a total risk-based capital ratio of 10 percent or greater, (ii) a Tier 1 risk-based capital ratio of 6 percent or greater, (iii) a leverage ratio of 5 percent or greater and (iv) is not subject to any order or written directive to meet and maintain a specific capital level. An "adequately capitalized" bank is defined as one that has (i) a total risk-based capital ratio of 8 percent or greater, (ii) a Tier 1 risk-based capital ratio of 4 percent or greater and (iii) a leverage ratio of 4 percent or greater (or 3 percent or greater in the case of a bank with the highest composite regulatory examination rating). A bank is considered (A) "undercapitalized" if it has (i) a total risk-based capital ratio of less than 8 percent, (ii) a Tier 1 risk-based capital ratio of less than 4 percent or (iii) a leverage ratio of less than 4 percent (or 3 percent in the case of a bank with the highest composite regulatory examination rating); (B) "significantly undercapitalized" if the bank has (i) a total risk-based capital ratio of less than 6 percent, (ii) a Tier 1 risk-based capital ratio of less than 3 percent or (iii) a leverage ratio of less than 3 percent; and

(C) "critically undercapitalized" if the bank has a ratio of tangible equity to total assets of equal to or less than 2 percent. Under these standards, Riggs-Washington is deemed to be "adequately capitalized" and each of Riggs-Maryland and Riggs-Virginia is deemed to be "well-capitalized". The applicable federal bank regulator for a depository institution may, under certain circumstances, reclassify a "well capitalized" institution as "adequately capitalized" or require an "adequately capitalized" or "undercapitalized" institution to comply with supervisory actions as if it were in the next lower category. Such a reclassification may be made if the regulatory agency determines that the institution is in an unsafe or unsound condition (which could include unsatisfactory examination ratings). A summary of applicable regulatory capital ratios and the minimums required by the OCC under its capital guidelines for Riggs-Washington, Riggs-Virginia and Riggs- Maryland on a historical basis are shown above under "Management's Discussion and Analysis of Financial Condition and Operating Results--Capital Ratios."

FDICIA generally prohibits a depository institution from making any capital distribution (including payment of a dividend) or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized. Undercapitalized depository institutions are subject to increased regulatory monitoring and growth limitations and are required to submit capital restoration plans. A depository institution's holding company must guarantee that capital plan in order for it to be accepted by the regulators, up to an amount equal to the lesser of 5% of the depository institution's assets at the time it becomes undercapitalized or the amount needed to comply with the plan. The federal banking agencies may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution's capital. If a depository institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized.

Significantly or critically undercapitalized institutions and undercapitalized institutions that do not submit and comply with capital restoration plans acceptable to the applicable Federal banking agency will be subject to one or more of the following sanctions: (i) forced sale of shares to raise capital or, where grounds exist for the appointment of a receiver or conservator, a forced merger; (ii) restrictions on transactions with affiliates; (iii) limitations on interest rates paid on deposits; (iv) further restrictions on growth or required shrinkage; (v) replacement of directors or senior executive officers, subject to certain grandfather provisions for those elected prior to the enactment of FDICIA; (vi) prohibitions on the receipt of correspondent deposits; (vii) restrictions on capital distributions by the holding companies of such institutions; (viii) required divestiture of subsidiaries by the institution; or (ix) other restrictions, as determined by

the regulator. In addition, the compensation of executive officers would be frozen at the level in effect when the institution failed to meet the capital standards. A forced sale of shares or merger, restrictions on affiliate transactions and restrictions on rates paid on deposits would be required to be imposed by the primary federal regulator unless that regulator determined that they would not further capital improvement.

FDICIA generally requires the appointment of a conservator or receiver within 90 days after a depository institution becomes critically undercapitalized, unless the FDIC and the institution's primary federal regulator jointly determine that another course of action would better protect the federal deposit insurance fund. FDICIA also provides that the board of directors of an insured depository institution will not be liable to the institution's shareholders or creditors for consenting in good faith to the appointment of a receiver or conservator for the institution or to an acquisition or merger of the institution required by the regulators.

Under the FDIC's final regulations governing the receipt of brokered deposits, a bank cannot accept brokered deposits unless (i) it is "well capitalized" or (ii) it is "adequately capitalized" and receives a waiver from the FDIC. In addition, a bank that is not well capitalized may not offer rates of interest on deposits that are more than 75 basis points above prevailing rates. Also, "pass through" deposit insurance is not available for deposits of certain employee benefit plans in banks that do not meet all minimum capital requirements. As mentioned above, under the current regulations, Riggs-Washington is "adequately capitalized" and each of Riggs-Maryland and Riggs-Virginia is "well capitalized." Riggs-Washington does not solicit brokered deposits and, accordingly, the Company does not believe that the regulations will have

an adverse effect on its operations. However, Riggs-Washington has received a waiver from the FDIC to provide pass-through deposit insurance to employee benefit plans held in the Trust Department.

Among FDICIA's numerous other provisions are new reporting requirements, termination of the "too big to fail" doctrine except in special cases, limitations on the FDIC's ability to pay deposits at foreign branches and provisions requiring federal banking agencies to promulgate regulations and specify standards in numerous areas of bank operations, including interest rate exposure, asset growth, internal controls, credit underwriting, executive officer and director compensation, real estate construction financing, additional review of capital standards, interbank liabilities and other operational and managerial standards as the agencies determine appropriate. These regulations have increased and may continue to increase the cost of and the regulatory burden associated with the banking business.

CROSS-GUARANTY LIABILITY

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") provides for "cross-guarantees" by insured depository institutions that are commonly controlled. Pursuant to these cross-guarantee provisions, an insured depository institution is required to reimburse the FDIC for any loss suffered by either the Bank Insurance Fund ("BIF") or the Savings Association Insurance Fund ("SAIF") as a result of the default of a commonly controlled insured depository institution or for any assistance provided to such an insured depository institution in danger of default. The FDIC may decline to enforce the cross-guarantee provisions if it determines that a waiver is in the best interest of the SAIF or the BIF or both. The FDIC's claim for damages is superior to claims of stockholders of the insured depository institution or its holding company but is subordinate to claims of depositors, secured creditors and holders of subordinated debt (other than affiliates) of the commonly controlled insured depository institution. The Company's bank subsidiaries are subject to these cross-guarantee provisions. As a result, any loss suffered by the FDIC in respect of any of the Company's bank subsidiaries would likely result in assertion of the cross-guarantee provisions, the assessment of such estimated losses against the Company's other bank subsidiaries and a potential loss of the Company's investment in such subsidiaries (and ultimately shareholders' investment in the Company).

RESTRICTIONS ON DIVIDENDS AND TRANSACTIONS WITH BANK SUBSIDIARIES

Under Federal Reserve Board policy, a bank holding company should generally not pay dividends on its stock that exceed operating earnings. In addition, the Federal Reserve Board may prohibit payment of a dividend if the Federal Reserve Board deems such a payment to be an unsafe and unsound banking practice.

As national banks subject to the supervision and examination of the OCC, Riggs-Washington, Riggs-Virginia and Riggs-Maryland are subject to legal limitations on the source and amount of dividends they are permitted to pay to the Company. A national bank may pay dividends only to the extent that retained net profits (including the portion transferred to surplus) exceed bad debts (as defined by regulation). Moreover, unless a national bank's surplus fund equals

its common capital, dividends may be paid only after 10 percent of its net profits (as defined) for the specified preceding period have been transferred to the bank's surplus fund. In addition, prior approval of the OCC is required if the total of all dividends declared by a national bank in any calendar year will exceed the sum of that bank's net profits (as defined) for that year and its retained net profits for the preceding two calendar years, less any required transfers to either surplus or any fund for retirement of any preferred stock. The payments of dividends by the Company's national bank subsidiaries may also be affected by other factors, such as requirements for the maintenance of adequate capital. See "Risk Factors and Special Considerations--Holding Company Liquidity." In addition, the OCC is authorized to determine under certain circumstances relating to the financial condition of a national bank whether the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. The Written Agreement requires that Riggs-Washington notify the OCC before paying any dividends to the Company.

There are legal restrictions on the extent to which the Company and certain of its non-bank subsidiaries may borrow or otherwise obtain credit from Riggs-Washington, Riggs-Virginia and Riggs-Maryland. Subject to certain limited exceptions, a bank subsidiary may not extend credit to the Company or to any other affiliate (as defined) in an amount which exceeds 10% of its capital stock and surplus and may not extend credit in the aggregate to such affiliates in an amount which exceeds 20% of its capital stock and surplus. Further, there are legal requirements as to the type, amount and quality of collateral which must secure such extensions of credit by these banks to the Company or to other affiliates. Finally, extensions of credit and other transactions between the bank subsidiary and the Company or other affiliates must be on terms and under circumstances, including credit standards, that are substantially the same or at least as favorable to such bank as those prevailing at the time for comparable transactions with non-affiliated companies.

Under Federal Reserve Board policy, bank holding companies are expected to act as a source of financial strength to their subsidiary banks and to commit resources to support such banks in circumstances where a bank holding company might not do so absent such policy. In addition, any capital loans by a bank holding company to any of its subsidiary banks are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

Because the Company is a holding company, its right to participate in the assets of any subsidiary upon the latter's liquidation or reorganization will be subject to the prior claims of the subsidiary's creditors (including depositors in the case of bank subsidiaries) except to the extent that the Company may itself be a creditor with recognized claims against the subsidiary.

Omnibus Budget Reconciliation Act of 1993

The recently enacted Omnibus Budget Reconciliation Act of 1993 included a so-called depositor preference provision. Under the provision, in the event of a liquidation of an insured bank, claims of depositors and their subrogees, including the FDIC in respect of the payment of insured deposits, would be entitled to a preference over all other claimants against the bank, including senior creditors other than depositors. To date, the Company's bank subsidiaries have not experienced a negative impact from this provision, but the Company is unable to predict whether it will have a negative impact in the future.

DESCRIPTION OF THE DEBT SECURITIES

The Debt Securities are to be issued under an Indenture (the "Indenture") between the Company and The Bank of New York, as Trustee (the "Trustee"). A copy of the form of the Indenture is filed as an exhibit to the Registration Statement of which this Prospectus is a part. See "Available Information." Specific terms of Offered Debt Securities sold in each offering will be described in the Prospectus Supplement relating thereto. The following summaries of certain provisions of the Indenture and the Debt Securities do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the Indenture, including the definition therein of certain terms, and, in the case of any particular Offered Debt Securities, the description of the terms thereof in the applicable Prospectus Supplement. Wherever particular sections or defined terms of the Indenture are referred to herein or in a Prospectus Supplement, it is intended that such sections or defined terms shall be incorporated by reference herein or therein, as the case may be. References in this section entitled "Description of the Debt Securities" to the "Company" mean only Riggs National Corporation and not its subsidiaries.

GENERAL

The Indenture does not limit the aggregate principal amount of Debt Securities which may be issued thereunder and provides that Debt Securities may be issued from time to time in one or more separate series. In addition, Debt Securities issued at different times in different offerings may constitute part of a single series.

Unless otherwise indicated in the relevant Prospectus Supplement, the Debt Securities will be unsecured and subordinated in right of payment to all existing and future Senior Indebtedness (as defined below) of the Company and, in certain circumstances, to all existing and future Other Financial Obligations (as defined below) of the Company. See "--Subordination." At September 30, 1993, the Company had no Senior Indebtedness and no Other Financial Obligations outstanding. The Debt Securities are also effectively subordinate in right of payment to all existing and future indebtedness of the Company's subsidiaries. The Indenture does not limit or prohibit the incurrence of additional indebtedness (including additional Senior Indebtedness or Other Financial Obligations) by the Company, or the issuance of additional indebtedness by its subsidiaries, nor does the Indenture contain provisions which would protect the Holders of, or owners of beneficial interests in, the Debt Securities against a sudden decline in credit quality resulting from takeovers, recapitalizations or other similar restructurings.

Unless otherwise indicated in the relevant Prospectus Supplement, payment of the principal of the Debt Securities may be accelerated only in the case of certain events involving the bankruptcy, insolvency or reorganization of the Company. There is no right of acceleration in the case of a default in the performance of any obligation of the Company under the Indenture or the Debt Securities, including any obligation to pay principal or interest on the Debt Securities. See "--Events of Default and Limited Rights of Acceleration."

The Prospectus Supplement will set forth the price or prices at which the Offered Debt Securities will be issued and will describe the following terms of the Offered Debt Securities: (1) the title of the Offered Debt Securities; (2) any limit on the aggregate principal amount of the Offered Debt Securities; (3) whether the Offered Debt Securities are convertible into Common Stock, or cash in lieu thereof, and if so, the terms and conditions upon which such conversion will be effected, including the initial conversion price or conversion rate and other conversion provisions; (4) the date or dates on which the Offered Debt Securities will mature; (5) the rate or rates per annum at which the Offered Debt Securities will bear interest, if any, or the manner in which such rates will be determined and the date from which such interest, if any, will accrue; (6) the Interest Payment Dates on which such interest (if any) on the Offered Debt Securities will be payable and the Regular Record Dates for such Interest Payment Dates; (7) the currency or currency unit, if other than United States dollars, of payment of principal of, and premium and interest, if any, on the Offered Debt Securities; (8) whether the Offered Securities will be represented in whole or in part by one or more Global Securities; (9) any mandatory or optional sinking fund or analogous provisions; (10) any additions to, or modifications or deletions of, any Events of Default or covenants and the remedies with respect thereto provided for with respect to the Offered Debt Securities; (11) any redemption terms; (12) if other than the principal amount thereof, the portion of the principal amount of the Offered Debt Securities payable upon acceleration of the maturity thereof; and (13) any other specific terms of the Offered Debt Securities.

Unless otherwise specified in the Prospectus Supplement, principal of, and premium and interest, if any, on, the Offered Debt Securities will be payable at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, the City of New York, and the Offered Debt Securities may be surrendered for transfer or exchange at said office or agency; provided that payment of interest, if any, may be made at the option of the Company by check mailed to the address of the person entitled thereto as it appears in the register for the Offered Debt Securities on the Regular Record Date for such interest. (Sections 3.1, 3.7 and 10.2) The office of the Trustee in the Borough of Manhattan, the City of New York, will initially be designated such office or agency.

FORM, EXCHANGE & TRANSFER

The Debt Securities will be issued only in fully registered form without coupons and, unless otherwise indicated in the Prospectus Supplement, if denominated in United States dollars, will be issued in denominations of $1,000 and any integral multiple thereof. At the option of the Holder, subject to the terms of the Indenture and the limitations applicable to Global Securities, Debt Securities of each series will be

exchangeable for other Debt Securities of the same series of any authorized denomination and of a like tenor and aggregate principal amount. (Section 3.5)

Subject to the terms of the Indenture and the limitations applicable to Global Securities, Debt Securities may be presented for exchange as provided above or for registration of transfer (duly endorsed or with the form of transfer endorsed thereon duly executed) at the office of the Security Registrar or at the office of any transfer agent designated by the Company for such purpose. No service charge will be made for any transfer or exchange of the Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

If Debt Securities of any series are to be redeemed in part, the Company will not be required (i) to issue, register the transfer of or exchange any Debt Security of any series during a period beginning at the opening of business 15 days before the date of the mailing of a notice of redemption of any Debt Securities of that series selected for redemption and ending at the close of business on the date of such mailing or (ii) to register the transfer of or exchange any Debt Security so selected for redemption in whole or in part, except the unredeemed portion of Debt Securities being redeemed in part. (Sections 3.2 and 3.5) Offered Debt Securities may also be represented by one or more Global Securities. See "--Global Securities."

All moneys paid by the Company to the Trustee or any Paying Agent for the payment of principal of or any premium or interest on any Debt Security which remain unclaimed for two years after such principal, premium or interest shall have become due and payable may be repaid to the Company and thereafter the Holder of such Debt Security shall look only to the Company for payment thereof. (Section 10.3)

If any Offered Debt Securities are payable in a currency or currency unit other than United States dollars, special federal income tax and other considerations applicable to such Debt Securities will be described in the Prospectus Supplement relating thereto.

The Debt Securities may be issued as Original Issue Discount Securities (bearing no interest or bearing interest at a rate which at the time of issue is below market rates) to be sold at a substantial discount below their principal amount. If any Debt Securities are issued as Original Issue Discount Securities, special federal income tax and other considerations applicable to such Debt Securities may be described in the Prospectus Supplement relating thereto.

GLOBAL SECURITIES

If indicated in the applicable Prospectus Supplement, any Offered Debt Securities may be issued in the form of one or more Global Securities registered in the name of the Depository or a nominee thereof. Except as described herein or in the applicable Prospectus Supplement, Offered Debt Securities in definitive form will not be issued in exchange for any Global Security. A Global Security may not be transferred by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any nominee to a successor of the Depository or a nominee of such successor unless (i) the Depository has notified the Company that it is unwilling or unable to continue as Depository for such Global Security or has ceased to be qualified to act as such as required by the Indenture and a successor is not appointed by the Company within 90 days, (ii) there shall have occurred and be continuing an Event of Default with respect to the Debt Securities represented by such Global Security or (iii) there shall exist such circumstances, if any, in addition to or in lieu of those described above as may be described in the applicable Prospectus Supplement. (Sections 2.4 and 3.5). Upon the occurrence of any of the foregoing events, the Company will issue Debt Securities in definitive form upon registration of transfer of,

or in exchange for, such Global Security. In addition, the Company may at any time and in its sole discretion determine that any Debt Securities represented by a Global Security shall no longer be represented by a Global Security and, in such event, will issue Debt Securities in definitive form in exchange for the entire principal amount of such Global Security. (Section 3.5) All securities issued in exchange for a Global Security or any portion thereof will be registered in such names as the Depository may direct.

Ownership of beneficial interests in a Global Security will be limited to persons that have accounts with the Depository or its nominee ("Participants") or persons that may hold interests through Participants. The Company expects that upon the issuance of a Global Security, the Depository will credit, on its book-entry registration and transfer system, the Participants' accounts with

the respective principal amounts of the Offered Debt Securities represented by such Global Security. The accounts to be credited will be designated by the underwriters or agents engaging in the distribution of the Offered Debt Securities. Ownership of beneficial interests in each Global Security will be shown on, and the transfer of such ownership interests will be effected only through, records maintained by the Depository or its nominee (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons held through Participants). The laws of some states may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to own, transfer or pledge beneficial interests in a Global Security.

So long as the Depository or its nominee is the registered owner of a Global Security, the Depository or its nominee, as the case may be, will be considered the sole owner or Holder of the Offered Debt Securities represented by such Global Security for all purposes under the Indenture. (Section 3.8) Accordingly, each person owning a beneficial interest in a Global Security must rely on the procedures of the Depository and, if such person is not a Participant, on the procedures of the Participant through which such person owns its interest, to exercise any rights of a Holder under the Indenture, and these procedures may change from time to time. The Company understands that under existing industry practices, in the event the Company requests any action of Holders or an owner of a beneficial interest in a Global Security desires to take any action which a Holder is entitled to take under the Indenture, the Depository would authorize the Participants holding the relevant beneficial interests to take such action, and such Participants would authorize beneficial owners owning through such Participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Payment of principal of, and any premium or interest on, any Debt Securities represented by a Global Security will be made to the Depository or its nominee, as the registered owner of such Global Security. The Company expects that upon receipt of any payment of principal of, or interest on, a Global Security, the Depository will immediately credit Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Security as shown on the records of the Depository. Payments by Participants to owners of beneficial interests in such Global Security held through such Participants will be the responsibility of such Participants, as is now the case with securities held for the accounts of customers registered in "street name." None of the Company, the Trustee, any Paying Agent or any other agent of the Company or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in any such Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Depository has advised the Company as follows: it is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. The Depository was created to hold securities for Participants and to facilitate the clearance and settlement of securities transactions between Participants in such securities through electronic book-entry changes in accounts of Participants. Participants include securities brokers and dealers, banks and trust companies, clearing corporations and certain other organizations. Access to the Depository's system is also available to others such as banks, brokers, dealers

and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly ("Indirect Participants"). Persons who are not Participants may beneficially own securities held by the Depository only through Participants or Indirect Participants.

Secondary trading in notes and debentures of corporate issuers is generally settled in clearing-house or next-day funds. In contrast, beneficial interests in a Global Security, in some cases, may trade in the Depository's same-day funds settlement system, in which secondary market trading activity in those beneficial interests would be required by the Depository to settle in immediately available funds. There is no assurance as to the effect, if any, that settlement in immediately available funds would have on trading activity in such beneficial interests. Also, settlement for purchases of beneficial interests in a Global Security upon the original issuance thereof may be required to be made in immediately available funds.

SUBORDINATION

The Debt Securities will be expressly subordinated in right of payment, to the extent set forth in the Indenture, to all Senior Indebtedness. (Section 13.1) In certain events of insolvency, the Debt Securities will, to the extent set forth in the Indenture, also be effectively subordinated in right of payment to the prior payment of all Other Financial Obligations. (Section 13.15)

If the Company shall default (and during the continuation of any such default beyond any applicable grace period) in the payment of any principal of, or premium or interest on, any Senior Indebtedness when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration of acceleration or otherwise, or if any event of default with respect to Senior Indebtedness shall have occurred and be continuing permitting the holders thereof (or a trustee on behalf of such holders) to accelerate the maturity thereof, or any judicial proceeding shall be pending with respect to any such default in payment or event of default then, unless and until such default or event of default shall have been cured or waived or shall have ceased to exist and any such acceleration shall have been rescinded or annulled, or such judicial proceeding shall be no longer pending, no payment shall be made by the Company on account of principal of or premium or interest on the Debt Securities, or on account of the purchase or other acquisition of any of the Debt Securities other than payment made in Common Stock (or cash in lieu of fractional shares thereof) upon conversion pursuant to the Indenture. In the event that any Debt Securities are declared due and payable before their Stated Maturity, holders of Senior Indebtedness will be entitled to be paid in full (or provision shall be made for such payment in cash) before any payment may be made on account or in respect of the Debt Securities other than payment made in Common Stock (or cash in lieu of fractional shares thereof) upon conversion pursuant to the Indenture. If the Company makes any payment to the Trustee or to or on behalf of any Holder of Debt Securities prohibited by the provisions described above, such payment must be paid over to the Company. (Sections 13.3 and 13.4) "Senior Indebtedness" of the Company means the principal of, premium, if any, and interest on all indebtedness for money borrowed or purchased by the Company, or borrowed or purchased by another and guaranteed by the Company (including any deferred obligation for the payment of the purchase price of property or assets evidenced by a note or similar agreement and any obligation to pay rent or other amounts under a capitalized lease obligation), whether outstanding on the date of execution of the Indenture or subsequently created, assumed or incurred, and any amendments, renewals, extensions, modifications and refundings of any such Senior Indebtedness, other than (i) the Floating Rate Subordinated Notes, the Subordinated Capital Notes and the Company's 9.65% Subordinated Debentures due 2009, (ii) such other indebtedness as by its terms is expressly stated not to be superior in right of payment or to rank pari passu in right of payment to the Debt Securities and (iii) the Debt Securities. (Section 1.1)

In the event of any insolvency, bankruptcy, receivership, reorganization, assignment for the benefit of creditors, marshalling of assets and liabilities or similar proceedings relating to, or any liquidation, dissolution or winding-up of, the Company, whether voluntary or involuntary, all obligations of the Company to holders of Senior Indebtedness shall be entitled to be paid in full (or provision shall be made for such payment in

money or money's worth) before any payment shall be made on account of the principal of or premium or interest on the Debt Securities. In the event of any such proceeding, if any payment by or distribution of assets of the Company of any kind or character, whether in cash, property or securities (other than shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment, in each case, the payment of which is subordinate, at least to the extent provided in the subordination provisions with respect to the Debt Securities, to the payment of all Senior Indebtedness at the time outstanding), shall be received by the Trustee or by or on behalf of the Holders of the Debt Securities before all Senior Indebtedness is paid in full or payment therefor is provided for, such payment or distribution shall be held (in trust if received by the Holders of the Debt Securities) for the benefit of the holders of such Senior Indebtedness and shall be paid over to the trustee in bankruptcy or other Person making payment or distribution of the assets of the Company for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness. (Section 13.2) If, upon any such payment or distribution of assets to creditors, there remain, after giving effect to such subordination provisions in favor of the holders of Senior Indebtedness, any amounts of cash, property or securities available for payment or distribution in respect of the Debt Securities (as defined in the Indenture, "Excess Proceeds") and if, at such time, any person entitled to payment pursuant to the terms of Other Financial Obligations has not received payment in full of all amounts due or to become due on or in respect of such Other Financial Obligations, then such Excess Proceeds shall first be applied to pay or provide for the payment in full of such Other Financial Obligations before any payment or distribution may be made in respect of the Debt Securities. (Section 13.15) Payments or distributions received by the Trustee or by or on behalf of any Holder in contravention of the provisions described above must be paid over to the trustee in bankruptcy or other Person making payment or distribution of the assets of the Company. The term "Other Financial Obligations," as defined in the Indenture, includes all obligations of the Company (including guarantees of

obligations of others), whether outstanding on the date of execution of the Indenture or subsequently created, assumed or incurred, to make payment pursuant to the terms of financial instruments, such as: (i) securities contracts and currency and foreign exchange contracts, and (ii) derivative instruments, such as swap agreements (including interest rate and currency and foreign exchange rate swap agreements), cap agreements, floor agreements, collar agreements, interest rate agreements, foreign exchange agreements, options, commodity futures contracts and commodity options contracts, other than (x) obligations on account of Senior Indebtedness and (y) obligations on account of indebtedness for money borrowed which by their terms expressly ranks pari passu with or subordinate to the Debt Securities. (Section 1.1)

By reason of such subordination, in the event of the bankruptcy or insolvency of the Company or similar event, whether before or after maturity of the Debt Securities, holders of Senior Indebtedness or of Other Financial Obligations may receive more, ratably, and Holders of the Debt Securities having a claim pursuant to the Debt Securities may receive less, ratably, than creditors of the Company who do not hold Senior Indebtedness, Other Financial Obligations or Debt Securities.

In addition, in the event of the insolvency, bankruptcy, receivership, conservatorship or reorganization of the Company, the claims of the Holders of the Debt Securities would be subject as to enforcement to the broad equity power of a Federal bankruptcy court, and to the determination by that court of the nature of the rights of the Holders.

CONSOLIDATION, MERGER, SALE OR CONVEYANCE

The Company may not consolidate with or merge into, or convey, transfer or lease its properties and assets substantially as an entirety to, any person (a "successor person"), and may not permit any person to merge into, or convey, transfer or lease its properties and assets substantially as an entirety to, the Company, unless (i) the successor person (if any) is a corporation, partnership, trust or other entity organized and validly existing under the laws of any domestic jurisdiction and expressly assumes the Company's obligations on the

Debt Securities and under the Indenture, (ii) immediately after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing and (iii) certain other conditions are met. Notwithstanding the foregoing, the Company may, without the consent of any Holder of the Debt Securities of any series, convey or transfer its assets substantially as an entirety to any person in connection with a transfer that is assisted by a Federal bank regulatory authority and in such case the Company's obligations under the Indenture need not be assumed by the entity acquiring such assets. (Section 8.1)

EVENTS OF DEFAULT AND LIMITED RIGHTS OF ACCELERATION

Unless otherwise provided in the applicable Prospectus Supplement, pursuant to the Indenture, an Event of Default with respect to the Debt Securities of any series is defined as any one of the following events: (a) default for 30 days in the payment of any interest upon any Debt Security of such series when it becomes due and payable; (b) default in the payment of the principal of any Debt Security of such series at its maturity; (c) default in the deposit of any sinking fund payment, when and as due by the terms of the Debt Securities of such series; (d) default in the performance, or breach, of any covenant or warranty of the Company in the Indenture (other than a covenant or warranty included in the Indenture solely for the benefit of Debt Securities of another series) which continues for 60 days after the Holders of at least 25% in principal amount of Outstanding Debt Securities of such series have given written notice as provided in the Indenture; and (e) certain events of bankruptcy, insolvency or reorganization of the Company. (Section 5.1)

If an Event of Default of a type set forth in clause (e) above with respect to the Debt Securities of any series at the time Outstanding occurs and is continuing, either the Trustee or the Holders of at least 25% in principal amount of the Outstanding Debt Securities of that series may declare the principal amount (or, if the Debt Securities of that series are Original Issue Discount Securities, such portion of that principal amount as may be specified in the terms of that series) of all the Debt Securities of such series to be due and payable immediately. At any time after a declaration of acceleration with respect to the Debt Securities of any series has been made, but before a judgment or decree for payment of the money due based on such acceleration has been obtained, the Holders of a majority in aggregate principal amount of the Outstanding Debt Securities of such series may, under certain circumstances, rescind and annul such acceleration. (Section 5.2)

The Indenture does not provide for any right of acceleration of the payment of the principal of the Debt Securities of any series upon a default in the

payment of principal, premium or interest or a default in the performance of any covenant or agreement in the Debt Securities of such or any other series or in the Indenture. Accordingly, the Trustee and the Holders of Debt Securities of any series will not be entitled to accelerate the maturity of such Debt Securities upon the occurrence of any of the Events of Default with respect thereto described above, except for those described in clause (e) above. If a default in the payment of principal, premium or interest or in the performance of any covenant or agreement in the Debt Securities of any series or in the Indenture occurs, the Trustee may, subject to certain limitations and conditions, seek to enforce payment of such principal, premium or interest on such Debt Securities, or the performance of such covenant or agreement. (Section 5.3)

The Indenture provides that, subject to the duty of the Trustee during the continuance of an Event of Default with respect to the Debt Securities of any series to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders of such Debt Securities, unless such Holders shall have offered to the Trustee reasonable indemnity. (Section 6.3) Subject to certain limitations, the Holders of a majority in principal amount of the Outstanding Debt Securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Debt Securities of such series. (Section 5.12) The right of a Holder of any Debt Security to institute a proceeding with respect to the Indenture is subject to certain conditions precedent, but each Holder has an absolute and unconditional right to receive payment of principal

of and any premium and any interest when due and to institute suit for the enforcement of any such payment. (Sections 5.7 and 5.8)

The Company is required to furnish to the Trustee annually a statement as to the performance by the Company of certain of its obligations under the Indenture and as to any default in such performance. (Sections 1.2 and 10.4) The Trustee may withhold notice to Holders of Debt Securities of any series of any default (except in payment of principal, premium or interest on such Debt Securities) if it in good faith determines that it is in the interests of such Holders to do so.

DEFEASANCE AND COVENANT DEFEASANCE

Defeasance and Discharge. Unless otherwise provided in the applicable Prospectus Supplement, the Company may, at its option and at any time, be discharged from all its obligations, and the provisions of Article Thirteen relating to subordination will cease to be effective, with respect to any Offered Debt Securities (except for certain obligations to exchange or register the transfer of Debt Securities, to replace stolen, lost or mutilated Debt Securities, to maintain paying agencies, to hold moneys for payment in trust and to effect conversion of Convertible Debt Securities (as defined below)) upon the deposit in trust for the benefit of the Holders of such Offered Debt Securities of (a) money or (b) certain U.S. Government Obligations which, through the payment of principal and interest in respect thereof in accordance with their terms, will provide money in an amount sufficient to pay the principal of and any premium and interest on such Offered Debt Securities on their stated maturity in accordance with the terms of the Indenture and such Offered Debt Securities or (c) a combination thereof subject to certain requirements. Such defeasance or discharge may occur only if, among other things, the Company has delivered to the Trustee an Opinion of Counsel to the effect that the Company has received from, or there has been published by, the United States Internal Revenue Service a ruling, or there has been a change in tax law, in either case to the effect that Holders of such Offered Debt Securities will not recognize gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such defeasance was not to occur. (Sections 14.2 and 14.4)

Defeasance of Certain Covenants. Unless otherwise provided in the applicable Prospectus Supplement, the Company may, at its option and at any time, omit to comply with certain restrictive covenants in the Indenture relating to the maintenance of properties and the payment of taxes (as well as any other restrictive covenants in the Indenture that may be described in the applicable Prospectus Supplement), whereafter the occurrence of certain Events of Default, which are described above in clause (d) (with respect to any such restrictive covenants) and clause (e) under "Events of Default" (as well as any other Events of Default that may be described in the applicable Prospectus Supplement) will be deemed not to be or result in an Event of Default and the provisions of Article Thirteen relating to subordination will cease to be effective, in each case with respect to any Offered Debt Securities. The Company, in order to exercise such option with respect to any Offered Debt Securities, will be required to deposit in trust for the benefit of the Holders of such Offered Debt Securities of (a) money or (b) certain U.S. Government

Obligations which, through the payment of principal and interest in respect thereof in accordance with their terms, will provide money in an amount sufficient to pay the principal of and any premium and interest on such Offered Debt Securities on their stated maturity accordance with the terms of the Indenture and such Offered Debt Securities or (c) a combination thereof subject to certain requirements. The Company will also be required, among other things, to deliver to the Trustee an Opinion of Counsel to the effect that Holders of such Offered Debt Securities will not recognize gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such defeasance was not to occur. In the event the Company exercises this option with respect to any Offered Debt Securities and such Offered Debt Securities were declared due and payable because of the occurrence of any Event of Default described in clause (e) under "Events of Default" the amount of money and U.S. Government Obligations so deposited in trust would be sufficient to pay amounts due on such Offered Debt Securities at the time of their stated maturity but may not be sufficient to pay amounts due on such Offered

Debt Securities upon any acceleration resulting from such Event of Default. In such case, the Company would remain liable for such payments. (Sections 14.3 and 14.4)

MODIFICATION AND WAIVER

The Indenture provides that the Company and the Trustee may enter into a supplemental indenture to amend the Indenture or any Debt Securities without the consent of any Holder of any Debt Security: (1) to evidence the succession of another Person to the Company and the assumption by such successor of the Company's covenants in the Indenture and any Debt Securities; (2) to add to the covenants of the Company further covenants, restrictions or conditions for the benefit of the Holders of any Debt Securities; (3) to add to, change or eliminate any of the provisions of the Indenture, provided, however, that any such addition, change or elimination (i) does not apply to any Debt Security created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor modify the rights of the Holder of any such Debt Security with respect to such provision or (ii) becomes effective only when there is no such Debt Security Outstanding; (4) to add to, change or eliminate any of the provisions relating to subordination of the Debt Securities, provided that any such addition, change or elimination does not adversely effect the rights of any Holder of Debt Securities in any material respect; (5) to add to or change any of the provisions of the Indenture necessary to permit or facilitate the issuance of Debt Securities in bearer or uncertificated form; (6) to provide for the terms and conditions of conversion into securities or other property of any Debt Securities that are so convertible to the extent such terms and conditions differ from those in the Indenture; (7) to establish the form or terms of Debt Securities of any series in certain circumstances; (8) to secure any Debt Securities; (9) to evidence and provide for the acceptance of appointment by a successor trustee or to add to or change any of the provisions of the Indenture necessary to provide for or facilitate the administration of the trust by more than one Trustee; (10) to cure any ambiguity, defect or inconsistency or to make such other provision in regard to matters or questions arising under the Indenture which do not adversely affect the interests of the Holders of the Debt Securities of any series in any material respect; or (11) to add any additional Events of Default for the benefit of the Holders of any Debt Securities. (Section 9.1)

In addition to the foregoing, modifications and amendments of the Indenture with respect to Debt Securities of any series may be made by the Company and the Trustee with the consent of the Holders of a majority in principal amount of Outstanding Debt Securities of such series, provided, however, that no such modification or amendment may, without the consent of the Holder of each Outstanding Debt Security affected thereby, (a) change the stated maturity date of the principal of, or any installment of interest on, any Debt Security, (b) reduce the principal amount of, or any premium or interest on, any Debt Security, (c) reduce the amount of principal of any Debt Securities payable upon the acceleration of the Maturity thereof, (d) change the place or currency of payment of principal of, or premium or interest on, any Debt Security, (e) impair the right to institute suit for the enforcement of any such payment on or with respect to any Debt Security when due, (f) modify the provisions of the Indenture with respect to the subordination of Debt Securities in a manner adverse to the Holders or (g) reduce the percentage of the principal amount of Outstanding Debt Securities of any series the consent of whose Holders is required for modification or amendment of the Indenture or for any waiver. (Section 9.2)

The Holders of a majority in principal amount of Outstanding Debt Securities may, on behalf of all Holders of Debt Securities of such series, waive, insofar as the Debt Securities of such series are concerned, compliance by the Company with certain restrictive provisions of the Indenture. (Section 10.8) The Holders of a majority in principal amount of the Outstanding Debt Securities of any series may, on behalf of all Holders of Debt Securities of such series,

waive any past default under the Indenture with respect to the Debt Securities of such series except a default in the payment of principal of, or any premium or interest, or in respect of a provision which under the Indenture cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security affected thereby. (Section 5.13)

The Company may, in the circumstances permitted by the Trust Indenture Act of 1939, fix any day as the record date for the purpose of determining the Holders of Debt Securities of any series entitled to give or take any request, demand, authorization, direction, notice, consent, waiver or other action, or to vote on any action, authorized or permitted to be given or taken by Holders of Debt Securities of such series. (Section 1.4)

CONVERSION

If any of the Offered Debt Securities are convertible into shares of Common Stock ("Convertible Debt Securities"), specific terms with respect to such Convertible Debt Securities, including the conversion price, will be set forth in the Prospectus Supplement relating thereto. Convertible Debt Securities may be presented for conversion to the conversion agent identified in the Prospectus Supplement. Unless otherwise indicated in the applicable Prospectus Supplement, the following provisions will generally apply to such Convertible Debt Securities.

The Convertible Debt Securities shall be convertible into the number of shares of Common Stock obtained by dividing the principal amount so to be converted by the conversion price. The right to convert a Convertible Debt Security, or portion thereof, shall begin on the date of issuance of such Convertibled Debt Security and shall terminate on the maturity of such Convertible Debt Security. The right to convert a Convertible Debt Security, or portion thereof, called for redemption or delivered for repurchase shall terminate on the redemption date or repurchase date. (Section 15.2)

Convertible Debt Securities surrendered for conversion during the period from any record date for such Convertible Debt Securities to the related interest payment date (except Convertible Debt Securities called for redemption within such period) shall be accompanied by payment of an amount equal to the interest payable on the principal amount of the Convertible Debt Security being surrendered for conversion. No other payment or adjustment shall be made for interest or dividends upon conversion. (Section 15.3) Cash will be paid in lieu of the issuance of fractional shares of Common Stock upon conversion based on the market price (determined in accordance with the Indenture) of the Common Stock. (Section 15.4)

The conversion price shall be adjusted, with certain exceptions, in the event of (a) dividends (and other distributions) on the Common Stock payable in shares of Common Stock, (b) the issuance to all holders of Common Stock of rights, options or warrants entitling them to subscribe for or purchase Common Stock at less than the current market price of the Common Stock, (c) distribution to all holders of the Common Stock of evidences of indebtedness, equity securities other than Common Stock or assets (other than cash paid from retained earnings of the Company), and (d) distribution to all holders of Common Stock of rights, options or warrants to subscribe for or purchase for securities (other than those referred to in subsection (b) above). In addition to the foregoing adjustments, the Company will be permitted to make such reductions in conversion price as it considers to be advisable in order that any stock dividend, subdivision of shares, distribution rights or warrants to purchase stock or securities, or distribution of other assets (other than cash dividends made by the Company) will not be taxable. (Section 15.5)

No adjustments in the conversion price shall be required unless such an adjustment would require an increase or decrease of at least 1% of the conversion price; provided that any adjustment that would otherwise be required to be made shall be carried forward and taken into account in any subsequent adjustment.

In the case of any consolidation or merger of the Company with or into any other Person (with certain exceptions) or any sale or transfer of all or substantially all the assets of the Company, the holder of Convertible Debt Securities, after the consolidation, merger, sale or transfer, will have the right to convert such Convertible Debt Securities only into the kind and amount of securities, cash or other property which the holder would have been entitled to receive upon such consolidation, merger, sale or transfer, if the holder had held such Common Stock issuable upon conversion of such Convertible Debt Securities immediately prior to such consolidation, merger, sale or transfer. (Section 15.5)

GOVERNING LAW

The Indenture and the Debt Securities will be governed by and construed in accordance with the laws of the State of New York.

INFORMATION CONCERNING THE TRUSTEE

The Company and its subsidiaries maintain deposit accounts and conduct other banking transactions with the Trustee in the ordinary course of business.

PLAN OF DISTRIBUTION

The Company may sell Debt Securities to one or more underwriters (which may include Dillon, Read & Co. Inc. and Friedman, Billings, Ramsey & Co., Inc.) for public offering and sale by them or may sell Debt Securities to investors either directly or through agents. Any such underwriter or agent involved in the offer and sale of the Offered Debt Securities will be named in the applicable Prospectus Supplement.

Underwriters may offer and sell the Offered Debt Securities at a fixed price or prices, which may be changed, or from time to time at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. In connection with the sale of the Offered Debt Securities, underwriters may be deemed to have received compensation from the Company in the form of underwriting discounts or commissions and may also receive commissions from purchasers of the Offered Debt Securities for whom they may act as agent. Underwriters may sell the Offered Debt Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agent.

Any underwriting compensation paid by the Company to underwriters or agents in connection with the offering of the Offered Debt Securities, and any discounts, concessions or commissions allowed by underwriters to participating dealers, will be set forth in the applicable Prospectus Supplement. Underwriters, dealers and agents participating in the distribution of the Offered Debt Securities may be deemed to be underwriters, and any discounts and commissions received by them and any profit realized by them on resale of the Offered Debt Securities may be deemed to be underwriting discounts and commissions under the Securities Act. Underwriters, dealers and agents may be entitled, under agreements entered into with the Company, to indemnification against and contribution toward certain civil liabilities, including liabilities under the Securities Act.

Unless otherwise specified in the applicable Prospectus Supplement, each offering of Offered Debt Securities will be a new issue of securities with no established trading market. Any underwriters to whom Offered Debt Securities are sold by the Company for public offering and sale may make a market in such Offered Debt Securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for any Offered Debt Securities.

Certain of the underwriters and their associates may be customers of, engage in transactions with and perform services for the Company or its subsidiaries in the ordinary course of business.

VALIDITY OF THE DEBT SECURITIES

The validity of the Debt Securities will be passed upon for the Company by David Lesser, General Counsel of the Company, and by Sullivan & Cromwell, New York, New York, and unless otherwise indicated in the applicable Prospectus Supplement, for any underwriters or agents by Simpson Thacher & Bartlett (a partnership which includes professional corporations), New York, New York. Sullivan & Cromwell and Simpson Thacher & Bartlett will rely as to the due incorporation of the Company upon the opinion of Mr. Lesser. As of the date of this Prospectus, Mr. Lesser owned or held options to purchase 21,000 shares of Common Stock, and he held an additional 1,000 shares of Common Stock as custodian for his minor son.

EXPERTS

The consolidated financial statements of the Company as of December 31, 1992 and 1991 and for the years ended December 31, 1992, 1991 and 1990, incorporated by reference in this Prospectus, have been audited by Arthur Andersen & Co., independent public accountants, as stated in their report with respect thereto, which is incorporated by reference herein upon the authority of said firm as experts in giving said reports. With respect to the financial statements of Riggs AP, an indirect, wholly owned subsidiary of the Company, as of December 31, 1992 and 1991 and for the years ended December 31, 1992, 1991 and 1990, Arthur Andersen & Co. has based its report referred to above, as stated in such

report, solely on the report of Ernst & Young Chartered Accountants, independent auditors, with respect to such financial statements of Riggs AP given upon the authority of such firm as experts in accounting and auditing. The report of Ernst & Young Chartered Accountants with respect to such financial statements is incorporated herein by reference.

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NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF ANY OFFER TO BUY ANY SECURITY OTHER THAN THE SECURITIES OFFERED BY THIS PROSPECTUS, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY ANY SECURITIES BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

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$125,000,000

RIGGS NATIONAL CORPORATION

SUBORDINATED
DEBT SECURITIES

[LOGO OF RIGGS APPEARS HERE]

PROSPECTUS

- ---

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

Securities and Exchange Commission registration fee	$43,103.75
Printing and engraving expenses	70,000*
Legal fees and expenses	125,000*
Accounting fees and expenses	150,000*
Blue Sky fees and expenses	15,000*
Miscellaneous expenses	96,896.25*
Total	$ 500,000*

* Estimated.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the General Corporation Law of the State of Delaware, Article Eleventh of the Company's Certificate of Incorporation and Section 14.1 of the Company's Bylaws provide for indemnification of the Company's directors and officers in a variety of circumstances which may include liabilities under the Securities Act of 1933.

The general effect of the provisions in the Company's Certificate of Incorporation and Delaware General Corporation Law is to provide that the Company shall indemnify its directors and officers against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by them in connection with the defense or settlement of any judicial or administrative proceedings in which they become involved by reason of their status as directors or officers of the Company, if they acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. With respect to legal proceedings by or in the right of the Company in which a director or officer is adjudged liable for improper performance of his duty to the Company or another enterprise which he served in a similar capacity at the request of the Company, indemnification is limited by such provisions to that amount which is permitted by the court. In addition, the Company has purchased insurance as permitted by Delaware law on behalf of directors, officers, employees or agents, which may cover liabilities under the Securities Act of 1933.

In addition, Article Eleventh of the Company's Certificate of Incorporation provides that no director of the Company will be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director. This provision does not eliminate or limit the liability of a director for; (i) breach of the director's duty of loyalty to the Company or its stockholders; (ii) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (iii) willful or negligent conduct in paying illegal dividends or improperly purchasing or redeeming the Company's own stock; or (iv) any transaction in which the director obtains an improper personal benefit.

ITEM 16. EXHIBITS

1	Form of Underwriting Agreement will be filed as an exhibit to a Current Report on Form 8-K and incorporated herein by reference
4	Indenture to be dated as of January 1, 1994 between Riggs National Corporation and The Bank of New York as Trustee
5*	Opinion of David Lesser, General Counsel of Riggs National Corporation, as to the validity of the Debt Securities
12*	Computation of Ratio of Earnings to Fixed Charges
23.1	Consent of Arthur Andersen & Co.
23.2	Consent of Ernst & Young
24*	Power of Attorney
25	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of The Bank of New York

* Previously filed

ITEM 17. UNDERTAKINGS

1. The undersigned registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(i) and (a)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

(b) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

2. The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 15 above, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT HAS DULY CAUSED THIS REGISTRATION STATEMENT OR AMENDMENT THERETO TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF WASHINGTON, D.C., ON THE 13TH DAY OF JANUARY, 1994.

Riggs National Corporation

* Joe L. Allbritton

_____

Name: JOE L. ALLBRITTON
Title: CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT OR AMENDMENT THERETO HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED:

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	TITLE	DATE
<S>	<C>	<C>

* Joe L. Allbritton (JOE L. ALLBRITTON)	Chairman of the Board and Chief Executive Officer	January 13, 1994
* Paul M. Homan (PAUL M. HOMAN)	Vice Chairman of the Board	January 13, 1994
* Timothy C. Coughlin (TIMOTHY C. COUGHLIN)	President	January 13, 1994
* John L. Davis (JOHN L. DAVIS)	Chief Financial Officer (Principal Financial and Accounting Officer)	January 13, 1994
* Barbara B. Allbritton (BARBARA B. ALLBRITTON)	Director	January 13, 1994
(NORMAN R. AUGUSTINE)	Director	
* Calvin Cafritz (CALVIN CAFRITZ)	Director	January 13, 1994
* Charles A. Camalier, III (CHARLES A. CAMALIER, III)	Director	January 13, 1994
* Floyd E. Davis, III (FLOYD E. DAVIS, III)	Director	January 13, 1994
* Jacqueline C. Duchange (JACQUELINE C. DUCHANGE)	Director	January 13, 1994

SIGNATURES	TITLE	DATE
* Michela A. English (MICHELA A. ENGLISH)	Director	January 13, 1994
* James E. Fitzgerald (JAMES E. FITZGERALD)	Director	January 13, 1994
(DAVID J. GLADSTONE)	Director	
* Lawrence I. Hebert (LAWRENCE I. HEBERT)	Director	January 13, 1994
(MICHAEL J. JACKSON)	Director	
* Leo J. O'Donovan, S.J. (LEO J. O'DONOVAN, S.J.)	Director	January 13, 1994

* Steven B. Pfeiffer (STEVEN B. PFEIFFER)	Director	January 13, 1994
* John A. Sargent (JOHN A. SARGENT)	Director	January 13, 1994
* James R. Schlesinger (JAMES R. SCHLESINGER)	Director	January 13, 1994
* Robert L. Sloan (ROBERT L. SLOAN)	Director	January 13, 1994
* James W. Symington (JAMES W. SYMINGTON)	Director	January 13, 1994
* Jack Valenti (JACK VALENTI)	Director	January 13, 1994
* Eddie N. Williams (EDDIE N. WILLIAMS)	Director	January 13, 1994

</TABLE>

* David Lesser, by signing his name hereto, signs this document on behalf of each of the persons indicated by an asterisk above pursuant to powers of attorney duly executed by such persons and filed herewith with the Securities and Exchange Commission.

/s/ David Lesser
By: _____
David Lesser, Attorney-in-fact

EXHIBIT INDEX

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EXHIBIT NO.	DESCRIPTION	SEQUENTIAL PAGE NO.
<C>	<S>	<C>
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23.1	Consent of Arthur Andersen & Co.	
23.2	Consent of Ernst & Young	
24*	Power of Attorney	
25	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of The Bank of New York	

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* Previously filed.

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RIGGS NATIONAL CORPORATION

TO

THE BANK OF NEW YORK,
Trustee

_____

SUBORDINATED DEBT SECURITIES

_____

INDENTURE

Dated as of _____, 1994

_____

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Riggs National Corporation
Certain Sections of this Indenture relating to
Sections 310 through 318, inclusive, of the
Trust Indenture Act of 1939:

Trust Indenture Act Section						Indenture Section
<S>	<C>	<C>	<C>	<C>	<C>	<C>
(S)	310	(a)	(1)		.....	6.9
		(a)	(2)		.....	6.9
		(a)	(3)		.....	Not Applicable
		(a)	(4)		.....	Not Applicable
		(b)			.....	6.8 6.10 6.13
(S)	311	(a)			.....	6.13
		(b)			.....	6.13
(S)	312	(a)			.....	7.1
		(b)			.....	7.2 (a)
		(c)			.....	7.2 (b)
(S)	313	(a)			.....	7.3 (a)
		(b)			.....	7.3 (a)
		(c)			.....	7.3 (a)
		(d)			.....	7.3 (b)
(S)	314	(a)			.....	7.4
		(a)	(4)		.....	1.2 10.4
		(b)			.....	Not Applicable
		(c)	(1)		.....	1.2
		(c)	(2)		.....	1.2
		(c)	(3)		.....	Not Applicable
		(d)			.....	Not Applicable
		(e)			.....	1.2
(S)	315	(a)			.....	6.1
		(b)			.....	6.2
		(c)			.....	6.1
		(d)			.....	6.1
		(d)	(1)		.....	6.1
		(d)	(2)		.....	6.1
		(d)	(3)		.....	6.1
		(e)			.....	5.14
(S)	316	(a)	(1)	(A)	.....	5.2 5.12
		(a)	(1)	(B)	.....	5.13
		(a)	(2)		.....	Not Applicable
		(b)			.....	5.8
		(c)			.....	1.4 (c)
(S)	317	(a)	(1)		.....	5.3
		(a)	(2)		.....	5.4

	(b)	10.3
(S)	318 (a)	1.7

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NOTE: This table of contents shall not, for any purpose, be deemed to be part of the Indenture.

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NOTE: This table of contents shall not, for any purpose, be deemed to be part of the Indenture.

INDENTURE, dated as of _____, 1994, between RIGGS NATIONAL CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company"), having its principal office at 800 17th Street, N.W., Washington, D.C. 20074 and THE BANK OF NEW YORK, a New York banking corporation, as Trustee (herein called the "Trustee").

RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured subordinated debentures, notes or other evidences of indebtedness (herein called the "Securities"), to be issued in one or more series as in this Indenture provided.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE I

Definitions and Other Provisions of General Application

Section 1.1 Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation;

(4) unless the context otherwise requires, any reference to an "Article" or a "Section" refers to an Article or a Section, as the case may be, of this Indenture; and

(5) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular

Article, Section or other subdivision.

"Act", when used with respect to any Holder, has the meaning specified in Section 1.4.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authenticating Agent" means any Person authorized by the Trustee pursuant to Section 6.14 to act on behalf of the Trustee to authenticate Securities of one or more series.

"Authorized Officer" means any officer of the Company designated by a resolution of the Board of Directors to take certain actions as specified in this Indenture.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of that board.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors, or by action of an Authorized Officer designated as such pursuant to a resolution of the Board of Directors, and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day", when used with respect to any Place of Payment, means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment are authorized or obligated by law or executive order to close.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or, if at any time after the execution of this instrument such Commission is

not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Common Stock" means any stock of any class of the Company which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which is not subject to redemption by the Company and includes

the common stock, $2.50 par value per share, of the Company as the same exists at the date of this Indenture or as such stock may be constituted from time to time.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by its Chairman of the Board, its Vice Chairman of the Board, its President, its Chief Financial Officer or a Vice President, and by its Controller, an Assistant Controller, its Secretary or an Assistant Secretary, and delivered to the Trustee.

"Conversion Price" means, with respect to any series of Securities which are convertible into Common Stock, the price per share of Common Stock at which the Securities of such series are so convertible as set forth in the Board Resolution with respect to such series (or in any supplemental indenture entered into pursuant to Section 9.1(10) with respect to such series), as the same may be adjusted from time to time in accordance with Section 15.5 (or such supplemental indenture).

"Corporate Trust Office" means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office as of the date hereof is located at 101 Barclay Street, Floor 31W, New York, New York 10286.

"Corporation" means a corporation, association, company, joint-stock company or business trust.

"Covenant Defeasance" has the meaning specified in Section 14.3.

"Defaulted Interest" has the meaning specified in Section 3.7.

"Defeasance" has the meaning specified in Section 14.2.

"Depositary" means, with respect to the Securities of any series issuable or issued in whole or in part in the form of one or more Global Securities, the Person designated as Depositary for such series by the Company pursuant to Section 3.1, which Person shall be a clearing agency registered under the Securities Exchange Act of 1934, as amended.

"Entitled Person" means any person entitled to payment pursuant to the terms of Other Financial Obligations.

"Event of Default" has the meaning specified in Section 5.1.

"Excess Proceeds" has the meaning specified in Section 13.15.

"Exchange Act" means the Securities Exchange Act of 1934 as it may be amended and any successor statute thereto.

"Global Security" means a Security bearing the legend prescribed in Section 2.4 evidencing all or part of a series of Securities, authenticated and delivered to the Depositary for such series or its nominee, and registered in the name of such Depositary or nominee.

"Holder" means a Person in whose name a Security is registered in the Security Register.

"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively. The term "Indenture" shall also include the terms of particular series of Securities established as contemplated by Section 3.1.

"Interest", when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity.

"Interest Payment Date", when used with respect to any Security, means the Stated Maturity of an instalment of interest on such Security.

"Maturity", when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by

declaration of acceleration, call for redemption or otherwise.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, a Vice Chairman of the Board, the President, the Chief Financial Officer or a Vice President, and by the Treasurer, an Assistant Treasurer, the Controller, an Assistant Controller, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee. One of the officers signing an Officers' Certificate given pursuant to Section 10.4 shall be the principal executive, financial or accounting officer of the Company.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company and who shall be acceptable to the Trustee.

"Original Issue Discount Security" means any Security which provides

for an amount less than the principal amount thereof to be due and payable upon a declaration of accel-eration of the Maturity thereof pursuant to Section 5.2.

"Other Financial Obligations" means, unless otherwise determined with respect to any series of Securities pursuant to Section 3.1 and whether outstanding on the date of execution of this Indenture or thereafter created, assumed or incurred, all obligations of the Company (including guarantees of obligations of others) to make payment pursuant to the terms of financial instruments, such as (i) securities contracts and currency and foreign exchange contracts and (ii) derivative instruments, such as swap agreements (including interest rate and currency and foreign exchange rate swap agreements), cap agreements, floor agreements, collar agreements, interest rate agreements, foreign exchange agreements, options, commodity future contracts and commodity options contracts, other than (x) obligations on account of Senior Indebtedness and (y) obligations on account of indebtedness for money borrowed which by their terms expressly rank pari passu with or subordinate to the Securities.

"Outstanding", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated

in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such
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Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Securities which have been paid pursuant to Section 3.6 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

(iv) Securities which have been defeased pursuant to Section 14.2 hereof; and

(v) Securities converted into Common Stock pursuant hereto and, for purposes of selection for redemption, Securities not deemed outstanding pursuant to Section 11.3.

provided, however, that in determining whether the Holders of the requisite
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principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, (i) the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof pursuant to Section 5.2, (ii) the principal amount of a Security denominated in one or more foreign currencies or currency units shall be the U.S. dollar equivalent, determined in the manner and as of the time provided as contemplated by Section 3.1 of the principal amount (or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent on the date of original issuance of such Security of the amount determined as provided in (i) above) of such Security, (iii) if, as of such date, the principal amount payable at the Stated Maturity of a Security is not determinable, the principal amount of such Security which shall be deemed to be Outstanding shall be the amount as specified or determined as contemplated by Section 3.1, and (iv) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee actually knows to be so owned shall be so disregarded. Securities so owned which have

been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of or any premium or interest on any Securities on behalf of the Company.

"Person" means any individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment", when used with respect to the Securities of any series, means the place or places where the principal of and any premium and interest on the Securities of that series are payable as specified as contemplated by Section 3.1.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 3.6 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Redemption Date", when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Regular Record Date" for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 3.1.

"Responsible Officer", when used with respect to the Trustee, means the chairman or any vice-chairman of the board of directors, the chairman or any vice-chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any senior trust officer, trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee

customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Securities" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 3.5.

"Senior Indebtedness" means, unless otherwise determined with respect to any series of Securities pursuant to Section 3.1, the principal of (and premium, if any) and interest on (a) all indebtedness of the Company for money borrowed or purchased (including indebtedness of others for money borrowed or purchased guaranteed by the Company), whether outstanding on the date of execution of this Indenture or thereafter created, assumed or

incurred other than (i) the Securities, whether outstanding on the date of this Indenture or thereafter issued, (ii) the Company's Floating Rate Subordinated Notes due 1996, Floating Rate Subordinated Capital Notes due 1996 and 9.65% Subordinated Debentures due 2009, and (iii) such other indebtedness of the Company as by its terms is expressly stated to be not superior in right of payment to the Securities or to rank pari passu in right of payment with the Securities and (b) amendments, renewals, extensions, modifications and refundings of any such Senior Indebtedness. For the purposes of this definition, "indebtedness for money borrowed" when used with respect to the Company means (i) any obligation of, or any obligation guaranteed by, the Company for the repayment of borrowed or purchased money, whether or not evidenced by bonds, debentures, notes or other written instruments, and direct credit substitutes (ii) any deferred payment obligation of, or any such obligation guaranteed by, the Company for the payment of the purchase price of property or assets evidenced by a note or similar instrument, and (iii) any obligation of, or any such obligation guaranteed by, the Company for the payment of rent or other amounts under a lease of property or assets which obligation is required to be classified and accounted for as a capitalized lease on the balance sheet of the Company under generally accepted accounting principles.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 3.7.

"Stated Maturity", when used with respect to any Security or any instalment of principal thereof or interest thereon, means the date specified in such Security as the

fixed date on which the principal of such Security or such instalment of principal or interest is due and payable.

"Subsidiary" means a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries. For the purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed; provided,

however, that in the event the Trust Indenture Act of 1939 is amended after such date, "Trust Indenture Act" means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

"U.S. Government Obligation" has the meaning specified in Section 13.4.

"Vice President", when used with respect to the Company or the Trustee, means any vice president (but shall not include any assistant vice president), whether or not designated by a number or a word or words added before or after the title "vice president".

"Wholly-owned Subsidiary" means any Subsidiary all of whose outstanding voting stock (other than directors' qualifying shares) shall at the time be owned by the Company or one or more of its Wholly-owned Subsidiaries.

Section 1.2 Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee such certificates and opinions as may be required under the Trust Indenture Act. Each such certificate or opinion shall be given in the form of an Officers' Certificate, if to be given by an officer of the Company, or an Opinion of Counsel, if to be given by counsel, and

shall comply with the requirements of the Trust Indenture Act and any other requirements set forth in this Indenture.

Every certificate or opinion (other than the Officers' Certificate delivered under Section 10.4 hereof) with respect to compliance with a condition or covenant provided for in this Indenture shall include

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 1.3 Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.4 Acts of Holders; Record Dates.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.1) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

Without limiting the generality of the foregoing, a Holder, including a Depositary that is a Holder of a Global Security, may make, give or take, by a proxy, or proxies, duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted in this Indenture to be made, given or taken by Holders, and a Depositary that is a Holder of a Global Security may provide its proxy or proxies to the beneficial owners of interest in any such Global Security.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The Company may, in the circumstances permitted by the Trust Indenture Act, fix any day as the record date for the purpose of determining the Holders of Securities of any series entitled to give or take any request, demand, authorization, direction, notice, consent, waiver or other action, or to vote on any action, authorized or permitted to be given or taken by Holders of Securities of such series. If not set by the Company

prior to the first solicitation of a Holder of Securities of such series made by any Person in respect of any such action, or, in the case of any such vote, prior to such vote, the record date for any such action or vote shall be the 30th day (or, if later, the date of the most recent list of Holders required to be provided pursuant to Section 7.1) prior to such first solicitation or vote, as the case may be. With regard to any record date for action to be taken by the Holders of one or more series of Securities, only the Holders of Securities of such series on such date (or their duly designated proxies) shall be entitled to give or take, or vote on, the relevant action.

(d) The ownership of Securities shall be proved by the Security Register.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(f) Without limiting the foregoing, a Holder entitled hereunder to give or take any action hereunder with regard to any particular Security may do

so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any different part of such principal amount.

Section 1.5 Notices, Etc., to Trustee and Company.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Trustee Administration, or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to it at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee by the Company, Attention: Corporate Secretary.

Section 1.6 Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

Section 1.7 Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with a provision of the Trust Indenture Act that is required under such Act to be a part of and govern this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

Section 1.8 Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.9 Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

Section 1.10 Separability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the

validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.11 Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than (a) the parties hereto and their successors hereunder, (b) the holders of Senior Indebtedness (c) the Holders, and (d) subject to Section 13.15, Entitled Persons in respect of Other Financial Obligations, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1.12 Governing Law.

THIS INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICTS OF LAW RULES OF SUCH STATE.

Section 1.13 Legal Holidays.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities (other than a provision of the Securities of any series which specifically states that such provision shall apply in lieu of this Section)) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity, provided that no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be.

ARTICLE II

Security Forms

Section 2.1 Forms Generally.

The Securities of each series shall be in substantially the form set forth in this Article, or in such other form as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the

Securities. If the form of Securities of any series is established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 3.3 for the authentication and delivery of such Securities.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

Section 2.2 Form of Face of Security.

THIS SECURITY IS NOT A DEPOSIT AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY FEDERAL OR OTHER GOVERNMENTAL AGENCY.

[Insert any legend required by the Internal Revenue Code of 1986, as amended, and the regulations thereunder.]

RIGGS NATIONAL CORPORATION

.....

No..... $ .....

[CUSIP No.....]

Riggs National Corporation, a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to ..... , or registered assigns, the principal sum of..... Dollars on ..... [if the Security is to bear interest prior to Maturity, insert --, and to pay interest thereon from ..... or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on ..... and ..... in each year, commencing ....., at the rate of ....% per annum, until the principal hereof is paid or made available for payment [if applicable, insert -- , and (to the extent that the payment of such interest shall be legally enforceable) at the rate of ....% per annum on any overdue [principal and] premium and on any overdue instalment of interest]. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the ..... or ..... (whether or not a Business Day), as the case

may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture].

[If the Security is not to bear interest prior to Maturity, insert --

The principal of this Security shall not bear interest except in the case of a default in payment of principal upon acceleration, upon redemption or at Stated Maturity and in such case the overdue principal of this Security shall bear interest at the rate of ....% per annum (to the extent that the payment of such interest shall be legally enforceable), which shall accrue from the date of such default in payment to the date payment of such principal has been made or duly provided for. Interest on any overdue principal shall be payable on demand. Any interest on any overdue principal shall bear interest at the rate of .....% per annum (to the extent that the payment of such interest shall be legally enforceable), which shall accrue from the date of such default in payment to the date payment of such interest has been made or duly provided for, and such interest shall also be payable on demand.]

Payment of the principal of (and premium, if any) and [if applicable, insert -- any such] interest on this Security will be made at the office or agency of the Company maintained for that purpose in [the Borough of Manhattan, The City of New York], in such coin or currency of [the United States of America] [insert other currency, if applicable] as at the time of payment is legal tender for payment of public and private debts [if applicable, insert -- ; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register].

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

RIGGS NATIONAL CORPORATION

By.....

Attest:

.....

Section 2.3 Form of Reverse of Security.

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of _____, 1994 (herein called the "Indenture," which term shall have the meaning assigned to it in such instrument), between the Company and _____, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee, the holders of Senior Indebtedness, Entitled Persons and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof[, limited in aggregate principal amount to $ .....].

[If applicable, insert -- The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, [if applicable, insert -- (1) on ..... in any year commencing with the year ..... and ending with the year ..... through operation of the sinking fund for this series at a Redemption Price equal to 100% of the principal amount, and (2)] at any time and from time to time [on or after ....., 19..], as a whole or in part, at the election of the Company, at the following Redemption Prices (expressed as percentages of the principal amount): If redeemed [on or before ....., ___%, and if redeemed] during the 12-month period beginning ..... of the years indicated,

Year	Redemption Price	Year	Redemption Price

and thereafter at a Redemption Price equal to ....% of the principal amount, together in the case of any such redemption [if applicable, insert -- (whether through operation of the sinking fund or otherwise)] with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[If applicable, insert -- The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, (1) on ..... in

any year commencing with the year .... and ending with the year .... through operation of the sinking fund for this series at the Redemption Prices for redemption through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below, and (2) at any time and from time to time [on or after .....], as a whole or in part, at the election of the Company, at the Redemption Prices for redemption otherwise than through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below: If redeemed during the 12-month period beginning ..... of the years indicated,

Year	Redemption Price For Redemption Through Operation of the Sinking Fund	Redemption Price For Redemption Otherwise Than Through Operation of the Sinking Fund

and thereafter at a Redemption Price equal to .....% of the principal amount, together in the case of any such redemption (whether through operation of the sinking fund or otherwise) with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[Notwithstanding the foregoing, the Company may not, prior to ....., redeem any Securities of this series as contemplated by [Clause (2) of] the preceding paragraph as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an interest cost to the Company (calculated in accordance with generally accepted financial practice) of less than .....% per annum.]

[The sinking fund for this series provides for the redemption on ..... in each year beginning with the year ..... and ending with the year ..... of [not less than $..... ("mandatory sinking fund") and not more than]

$..... aggregate principal amount of Securities of this series. Securities of this series acquired or redeemed by the Company otherwise than through [mandatory] sinking fund payments may be credited against subsequent [mandatory] sinking fund payments otherwise required to be made [in the inverse order in which they become due].]

[If the Security is subject to redemption, insert -- In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.]

[If applicable, insert -- The Indenture contains provisions for
 ----
Defeasance at any time of [(a)] [the entire indebtedness evidenced by this Security] [and (b)] [certain restrictive covenants and Events of Default,] [in each case] upon compliance by the Company with certain conditions set forth therein, which provisions apply to this Security.]

[If the Security is convertible, insert applicable conversion
 ----
provisions]
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The indebtedness evidenced by this Security is, to the extent provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness, and this Security is issued subject to the provisions of the Indenture with respect thereto. This Security is also issued subordinate and subject to the provisions of the Indenture regarding prior payment in full to Entitled Persons in respect of Other Financial Obligations. The Indenture also provides that if, upon the occurrence of certain events of bankruptcy or insolvency relating to the Company, there remains, after giving effect to such subordination provisions, any amount of cash, property or securities available for payment or distribution in respect of Securities of this series (as defined in the Indenture, "Excess Proceeds"), and if, at such time, any Entitled Person (as defined in the Indenture) has not received payment in full of all amounts due or to become due on or in respect of Other Financial Obligations (as defined in the Indenture), then such Excess Proceeds shall first be applied to pay or provide for the payment in full of such Other Financial Obligations before any payment or distribution may be made in respect of Securities of this series. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination and payment of Excess Proceeds as provided in the Indenture and (c) appoints the Trustee his attorney-in-fact for any and all such purposes.

[If the Security is not an Original Issue Discount Security, insert --
 -- ----------------
The principal of this Security may not be declared due and payable upon the occurrence of an Event of

Default, except an Event of Default relating to certain events involving the bankruptcy, insolvency or reorganization of the Company. If an Event of Default with respect to Securities of this series relating to certain events involving the bankruptcy, insolvency or reorganization of the Company shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.]

[If the Security is an Original Issue Discount Security, insert -- The
 -- ----------------

principal of this Security may not be declared due and payable upon the occurrence of an Event of Default, except an Event of Default relating to certain events involving the bankruptcy, insolvency or reorganization of the Company. If an Event of Default with respect to Securities of this series relating to certain events involving the bankruptcy, insolvency or reorganization of the Company shall occur and be continuing, an amount of principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. Such amount shall be equal to -- insert formula for determining the amount. Upon payment [if applicable, insert -- (i)] of the amount of principal so declared due and payable [if applicable, insert -- and (ii) of interest on any overdue principal and overdue interest (in each case to the extent that the payment of such interest shall be legally enforceable)], all of the Company's obligations in respect of the payment of the principal of and interest, if any, on the Securities of this series shall terminate.]

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this

Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registerable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the

Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of $..... and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Section 2.4 Form of Legend for Global Securities.

Any Global Security authenticated and delivered hereunder shall bear a legend in substantially the following form:

"This Security is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depositary or a nominee thereof. This Security may not be transferred to, or registered or exchanged for Securities registered in

the name of, any Person other than the Depositary or a nominee thereof or a successor of such Depositary or a nominee of such successor and no such transfer may be registered, except in the limited circumstances described in the Indenture. Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, this Security shall be a Global Security subject to the foregoing, except in such limited circumstances."

Section 2.5 Form of Trustee's Certificate of Authentication.

The Trustee's certificates of authentication shall be in substantially

the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

_____,
As Trustee

By.....
Authorized Signatory

ARTICLE III

The Securities

Section 3.1 Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established in or pursuant to a Board Resolution and, subject to Section 3.3, set forth, or determined in the manner provided, in an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series,

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from Securities of any other series);

(2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 3.4, 3.5, 3.6, 9.6, 11.7 or

15.3 and except for any Securities which, pursuant to Section 3.3, are deemed never to have been authenticated and delivered hereunder);

(3) the Person to whom any interest on a Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest;

(4) the date or dates on which the principal of the Securities of the

series is payable;

(5) the rate or rates at which the Securities of the series shall bear interest, if any, the date or dates from which such interest shall accrue, the Interest Payment Dates on which any such interest shall be payable and the Regular Record Date for any interest payable on any Interest Payment Date;

(6) the place or places in addition to the Borough of Manhattan, The City of New York, where the principal of and any premium and interest on Securities of the series shall be payable;

(7) the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company and, if other than by a Board Resolution, the manner in which any election by the Company to redeem the Securities shall be evidenced;

(8) the obligation, if any, of the Company to redeem or purchase Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(9) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which Securities of the series shall be issuable;

(10) the currency, currencies or currency units in which payment of the principal of and any premium and interest on any Securities of the series shall be payable if other than the currency of the United States of America and the manner of determining the equivalent thereof in the currency of the United States of America (including the time as of which such determination is to be made) for purposes of the definition of "Outstanding" in Section 1.1;

(11) if the amount of payments of principal of or any premium or interest on any Securities of the series may be determined with reference to an index or formula, the manner in which such amounts shall be determined;

(12) if the principal of or any premium or interest on any Securities of the series is to be payable, at the election of the Company or a Holder thereof, in one or more currencies or currency units other than that or those in which the Securities are stated to be payable, the currency, currencies or currency units in which payment of the principal of and any premium and interest on Securities of such series as to which such election is made shall be payable, and the periods within which and the terms and

conditions upon which such election is to be made;

(13) if other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 5.2;

(14) if the principal amount payable at the Stated Maturity of any Securities of the series will not be determinable as of any one or more dates prior to the Stated Maturity, the amount which shall be deemed to be the principal amount of such Securities as of any such date for any purpose thereunder or hereunder, including the principal amount thereof which shall be due and payable upon any Maturity other than the Stated Maturity or which shall be deemed to be Outstanding as of any date prior to the Stated Maturity (or, in any such case, the manner in which such amount deemed to be the principal amount shall be determined);

(15) the application, if any, of either or both of Section 14.2 and Section 14.3 to the Securities of the series (including, in the case of Section 14.3, the covenants and any Events of Default not specified therein that are subject thereto) and, if other than by a Board Resolution, the manner in which any election pursuant to such Sections by the Company shall be evidenced;

(16) whether the Securities of the series shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the Depositary or Depositaries for such Global Security or Global Securities and any circumstances other than those set forth in Section 3.5 in which any such Global Security may be transferred to, and registered and exchanged for Securities registered in the name of, a Person other than the Depositary for such Global Security or a nominee thereof and in which any such transfer may be registered;

(17) if to be applicable, the application of Article XV to the Securities of the series and any addition to, change in or elimination of the provisions of Article XV to be applicable to such Securities;

(18) if other than as specified in Section 5.1, the Events of Default applicable with respect to the Securities of the series;

(19) the Events of Default set forth in Section 5.1 applicable with respect to the Securities of the series, if fewer than all of the Events of Default set forth in Section 5.1;

(20) if other than as specified in Section 5.2, the Events of Default the occurrence of which would permit the declaration of the acceleration of Maturity pursuant to Section 5.2;

(21) the Events of Default the occurrence of which would permit the

declaration of the acceleration of Maturity pursuant to Section 5.2, if fewer than all of the Events of Default set forth in Section 5.2;

(22) any other covenant or warranty included for the benefit of Securities of the series in addition to (and not inconsistent with) those included in this Indenture for the benefit of Securities of all series, or any other covenant or warranty included for the benefit of Securities of the series in lieu of any covenant or warranty included in this Indenture for the benefit of Securities of all series (including any covenant contained in Article X hereof), or any provision that any covenant or warranty included in this Indenture for the benefit of Securities of all series (including any covenant contained in Article X hereof) shall not be for the benefit of Securities of such series, or any change to or combination of the provisions of any such covenant or warranty included in this Indenture for the benefit of Securities of all series (including any covenants contained in Article X hereof) which applies to the Securities of such Series;

(23) any addition to or change in the Events of Default which applies to any Securities of the series and any change in the right of the Trustee or the requisite Holders of such Securities to declare the principal amount thereof due and payable pursuant to Section 502;

(24) if other than as specified in Article XIII, the subordination provisions applicable with respect to the Securities of the series, including a different definition of the terms "Senior Indebtedness," "Entitled Persons" or "Other Financial Obligations"; and

(25) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture, except as permitted by Section 9.1(5)).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to the Board Resolution referred to above and (subject to Section 3.3) set forth, or determined in the manner provided, in the Officers' Certificate referred to above or in any such indenture supplemental hereto.

Unless otherwise provided with respect to the Securities of any series, at the option of the Company, interest on the Securities of any series that bears interest may be paid by mailing a check to the address of the person entitled thereto as such address shall appear in the Security Register.

If any of the terms of the series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officers' Certificate setting forth the terms of the series.

Section 3.2 Denominations.

The Securities of each series shall be issuable in registered form without coupons in such denominations as shall be specified as contemplated by Section 3.1. In the absence of any such provisions with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of $1,000 and any integral multiple thereof.

Section 3.3 Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Company by its Chairman of the Board, its Vice Chairman of the Board, its President or one of its Vice Presidents, under its corporate seal reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with a Company Order for the

authentication and delivery of such Securities, and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities. If the form or terms of the Securities of the series have been established in or pursuant to one or more Board Resolutions as permitted by Sections 2.1 and 3.1, in authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 6.1) shall be fully protected in relying upon, an Opinion of Counsel stating,

(a) if the form of such Securities has been established by or pursuant to Board Resolution as permitted by Section 2.1, that such form has been established in conformity with the provisions of this Indenture;

(b) if the terms of such Securities (or the manner of determining such terms) have been established by or pursuant to Board Resolution as permitted by Section 3.1, that such terms (or the manner of determining such terms) have been established in conformity with the provisions of this Indenture; and

(c) that such Securities, when authenticated and delivered by the

Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Notwithstanding the provisions of Section 3.1 and of the preceding paragraph, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officers' Certificate otherwise required pursuant to Section 3.1 or the Company Order and Opinion of Counsel otherwise required pursuant to such preceding paragraph at or prior to the time of authentication of each Security of such series if such documents are delivered at or prior to the authentication upon original issuance of the first Security of such series to be issued.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature of an authorized signatory, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 3.9, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

Section 3.4 Temporary Securities.

Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor one or more definitive Securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor. Until so exchanged the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series and tenor.

Section 3.5 Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office or in any other office or agency of the Company in a Place of Payment being herein sometimes collectively referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby appointed "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided.

Upon surrender for registration of transfer of any Security of any series at the office or agency of the Company in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor.

At the option of the Holder, Securities of any series may be exchanged for other Securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee) be duly

endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 3.4, 9.6 or 11.7 not involving any transfer.

The Company shall not be required (i) to issue, register the transfer of or exchange Securities of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Securities of that series selected for redemption under Section

11.3 and ending at the close of business on the day of such mailing, or (ii) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

Notwithstanding the foregoing and except as otherwise specified or contemplated by Section 3.1, if at any time the Depositary for the Securities of a series notifies the Company that it is unwilling or unable to continue as a Depositary for the Securities of such series or if at any time the Depositary for Securities of a series shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, the Company shall appoint a successor Depositary with respect to the Securities of such series. If a successor Depositary for the Securities of such series is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, the Company will execute, and the Trustee, upon Company Request, will authenticate and deliver, Securities of such series in definitive form in an aggregate principal amount equal to the principal amount of the Global Security or Global Securities representing Securities of such series in exchange for such Global Security or Global Securities.

In the event that (i) the Company at any time and in its sole discretion determines that the Securities of any series issued in the form of one or more Global Securities shall no longer be represented by such Global Security or Global Securities or (ii) there shall have occurred and be continuing an Event of Default or an event which, with the giving of notice or lapse of time or both, would constitute an Event of Default with respect to the Securities of any series, the Company will execute, and the Trustee, upon Company Request, will authenticate and deliver, Securities of such series in definitive form and in an aggregate principal amount equal to the principal amount of the Global Security or Global Securities representing such series in exchange for such Global Security or Global Securities.

Upon the occurrence in respect of any Global Security of any series of

any one or more of the conditions specified in the preceding two paragraphs or such other conditions as may be specified as contemplated by Section 3.1 for such series, such Global Security may be exchanged for Securities registered in the names of, and the transfer of such Global Security may be registered to, such Persons (including Persons other than the Depositary with respect to such series and its nominees) as such Depositary shall direct. Notwithstanding any other provision of this Indenture, any Security authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, any Global Security shall also be a Global Security and shall bear the legend specified in Section 2.4 except for any Security authenticated and delivered in exchange for, or upon registration of transfer of, a Global Security pursuant to the preceding sentence.

Section 3.6 Mutilated, Destroyed, Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or

payment of mutilated, destroyed, lost or stolen Securities.

Section 3.7 Payment of Interest; Interest Rights Preserved.

Except as otherwise provided as contemplated by Section 3.1 with respect to any series of Securities, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor

Securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities of such series at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2).

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful

manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Section 3.8 Persons Deemed Owners.

Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of and any premium and (subject to Section 3.7) any interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

No holder of any beneficial interest in any Global Security registered in the name of a Depositary or a nominee thereof shall have any rights under this Indenture with respect to such Global Security, and such Depositary or nominee, as the case may be, may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by a Depositary or a nominee thereof pursuant hereto.

Section 3.9 Cancellation.

All Securities surrendered for payment, conversion, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold, and all

Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as

expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be promptly disposed of by the Trustee in accordance with its ordinary procedures.

Section 3.10 Computation of Interest.

Except as otherwise specified as contemplated by Section 3.1 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 3.11 CUSIP Numbers.

The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may
----
state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers.

ARTICLE IV

Satisfaction and Discharge

Section 4.1 Satisfaction and Discharge of Indenture.

This Indenture shall upon Company Request cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.6 and (ii) Securities

for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 10.3) have been delivered to the Trustee for cancellation; or

(B) all such Securities not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and any premium and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 6.7, the obligations (if any) of the Trustee to any Authenticating Agent under Section 6.14 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of Clause (1) of this Section, the obligations of the Trustee under Section 4.2 and the last paragraph of Section 10.3 shall survive.

In the event there are Securities of two or more series hereunder, the Trustee shall be required to execute an instrument acknowledging satisfaction and discharge of this Indenture only if requested to do so with respect to Securities of all series as to which it is Trustee and if the other conditions thereto are met. In the event there are two or more Trustees hereunder, then the effectiveness of any such instrument shall be conditioned upon receipt of such instruments from all Trustees hereunder.

Section 4.2 Application of Trust Money.

Subject to the provisions of the last paragraph of Section 10.3, all money deposited with the Trustee pursuant to Section 4.1 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this

Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and any premium and interest for whose payment such money has been deposited with the Trustee. Money deposited and held in trust pursuant to this Section shall not be subject to claims of the holders of Senior Indebtedness or of Entitled Persons under Article XIII.

ARTICLE V

Remedies

Section 5.1 Events of Default.

"Event of Default", wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default, whether it shall be occasioned by the provisions of Article XIII and whether it shall be voluntary or involuntary or be 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):

(1) default in the payment of any interest upon any Security of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or

(2) default in the payment of the principal of (or premium, if any, on) any Security of that series at its Maturity; or

(3) default in the deposit of any sinking fund payment, when and as due by the terms of a Security of that series; or

(4) default in the performance, or breach, of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of series of Securities other than that series), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that

series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(5) the entry by a court or a governmental authority having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company, under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or substantially all of its assets, or ordering the winding up or liquidation of the affairs of the Company, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(6) the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or substantially all of its assets, or to an order for the winding up or liquidation of the affairs of the Company; or

(7) any other Event of Default provided with respect to Securities of that series.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default specified in Sections 5.1(5) or 5.1(6) with respect to Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount (or, if any of the Securities of that series are Original Issue Discount Securities, such portion of the principal

amount of such Securities as may be specified in the terms thereof) of all of the Securities of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest on all Securities of that series,

(B) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefor in such Securities,

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

and

(2) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Section 5.3 Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

(1) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof, or

(3) default is made in the making or satisfaction of any sinking fund payment or analogous obligation when the same becomes due pursuant to the terms of any Security,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal and any premium and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and premium and on any overdue interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 5.4 Trustee May File Proofs of Claim.

In case of any judicial proceeding relative to the Company (or any other obligor upon the Securities), its property or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under the Trust Indenture Act in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable

compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 6.7.

No provision of this Indenture shall be deemed to authorize the Trustee

to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; provided, however, the Trustee may vote on behalf of the Holders for the election of a trustee in bankruptcy or similar official and may be a member of a creditors' or other similar committee.

Section 5.5 Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

Section 5.6 Application of Money Collected.

Subject to Article XIII, any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or any premium or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 6.7; and

SECOND: To the payment of the amounts then due and unpaid for principal of and any premium and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and any premium and interest, respectively.

Section 5.7 Limitation on Suits.

No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture,

or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

Section 5.8 Unconditional Right of Holders to Receive Principal, Premium and Interest and to Enforce Conversion Rights.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and any premium and (subject to Section 3.7) any interest on such Security on the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date), or, if applicable, to convert such Security as provided in Article XV, and to institute suit for the enforcement of any such payment or for the enforcement of any such right to convert, and such rights shall not be impaired without the consent of such Holder.

Section 5.9 Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce

any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 5.10 Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 3.6, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.11 Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 5.12 Control by Holders.

The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series, provided that

(1) such direction shall not be in conflict with any rule of law or with this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) subject to the provisions of Section 6.1, the Trustee shall have

the right to decline to follow any such direction if the Trustee in good faith shall, by a Responsible Officer or Officers of the Trustee, determine that the proceeding so directed would involve the Trustee in personal liability.

Section 5.13 Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default

(1) in the payment of the principal of or any premium or interest on any Security of such series, or

(2) in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 5.14 Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Securities by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.14 shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities of any series, or to any suit instituted by any Holder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Securities on or after the Stated Maturity or Maturities expressed in such Securities (or, in the case of redemption, on or after the Redemption Date).

Section 5.15 Waiver of Usury, Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE VI

The Trustee

Section 6.1 Certain Duties and Responsibilities.

The duties and responsibilities of the Trustee shall be as provided by the Trust Indenture Act. Notwithstanding the foregoing, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 6.2 Notice of Defaults.

If a default occurs hereunder with respect to Securities of any series, the Trustee shall give the Holders of Securities of such series notice of such default known to it as and to the extent provided by the Trust Indenture Act; provided, however, that in the case of any default of the character specified in Section 5.1(4) with respect to Securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

Section 6.3 Certain Rights of Trustee.

Subject to the provisions of Section 6.1:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement,

instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(d) the Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either

directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

(h) the Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

Section 6.4 Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee or any Authenticating Agent assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee or any Authenticating Agent shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

Section 6.5 May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 6.8 and 6.13, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

Section 6.6 Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Company.

Section 6.7 Compensation and Reimbursement.

The Company agrees

(1) to pay to the Trustee from time to time such compensation as shall be agreed in writing between the Company and the Trustee for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith;

(3) to indemnify each of the Trustee and any predecessor Trustee for, and to hold it harmless against, any and all loss, damage, claim, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the reasonable costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder;

(4) to secure the Company's obligations under this Section, the Trustee shall have a lien prior to the Securities upon all money or property held or collected by the Trustee in its capacity as Trustee, except for such money and property which is held in trust to pay principal (and premium, if any) or interest on particular Securities;

(5) when the Trustee incurs any expenses or renders any services after the occurrence of an Event of Default specified in Section 5.1(5) or (6), such expenses and the compensation for such services are intended to constitute expenses of administration under the United States Bankruptcy Code (Title 11 of the United States Code) or any similar Federal or State law for the relief of debtors; and

(6) the provisions of this Section 6.7 shall survive the termination of this Indenture.

Section 6.8 Disqualification; Conflicting Interests.

If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture. To the extent permitted by the Trust Indenture Act, the Trustee shall not be deemed to have a conflicting interest by virtue of being a trustee under this Indenture with respect to Securities of more than one series.

Section 6.9 Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least $50,000,000. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of its supervising or examining authority, then for the purposes of this Section (and to the extent permitted by the Trust Indenture Act), the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 6.10 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 6.11.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 6.8 after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 6.9 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by a Board Resolution may remove the Trustee with respect to all securities, or (ii) subject to Section 5.14, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the instrument of acceptance by a successor Trustee required by Section 6.11 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation or removal, the Trustee resigning or being removed may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with

respect to the Securities of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 6.11. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 6.11, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any Series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 6.11, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(g) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series to all Holders of Securities of such series in the manner provided in Section 1.6. Each notice shall include the name of the successor Trustee with

respect to the Securities of such series and the address of its Corporate Trust Office.

Section 6.11 Acceptance of Appointment by Successor.

(a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with

respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees cotrustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or

any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (a) and (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 6.12 Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business

of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

Section 6.13 Preferential Collection of Claims Against Company.

If and when the Trustee shall be or become a creditor of the Company (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor).

Section 6.14 Appointment of Authenticating Agent.

The Trustee may appoint an Authenticating Agent or Agents (which may be an affiliate of the Company) with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon original issue and upon exchange, registration of transfer or partial redemption or conversion thereof or pursuant to Section 3.6, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and

obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall mail written notice of such appointment by first-class mail, postage prepaid, to all Holders of Securities of the series with respect to which such Authenticating Agent will serve, as their names and addresses appear in the Security Register. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an

Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

Unless the Authenticating Agent has been appointed by the Trustee at the request of the Company, the Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section, and the Trustee shall be entitled to be reimbursed for such payments, subject to the provisions of Section 6.7.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK,
As Trustee

By_____
As Authenticating Agent

By_____
Authorized Signatory

ARTICLE VII

Holders' Lists and Reports by Trustee and Company

Section 7.1 Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee:

(a) semi-annually, not later than June 30 and December 31 in each year, a list for each series, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of Securities of such series as of the preceding June 15 or December 15, as the case may be, and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

excluding from any such list names and addresses received by the Trustee in its capacity as Security Registrar.

Section 7.2 Preservation of Information; Communications to Holders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 7.1 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar. The Trustee may destroy any list furnished to it as provided in Section 7.1 upon receipt of a new list so furnished.

(b) The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities, and the corresponding rights and privileges of the Trustee, shall be as provided by the Trust Indenture Act.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act.

Section 7.3 Reports by Trustee.

(a) The Trustee shall transmit to Holders such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto. To the extent that any such report is required by the Trust Indenture Act with respect to any 12-month period, such report shall cover the 12-month period ending January 15 and shall be transmitted (in accordance with the Trust Indenture Act) by the next succeeding March 15.

(b) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any Securities are listed, with the Commission and with the Company. The Company will promptly notify the Trustee when any Securities are listed on any stock exchange.

Section 7.4 Reports by Company.

The Company shall file with the Trustee and the Commission, and transmit to Holders, such information, documents and other reports, and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to such Act; provided that any such information, documents or reports required to be filed with the Commission pursuant to Section 13 or 15(d) of the Securities

Exchange Act of 1934 shall be filed with the Trustee within 15 days after the same is so required to be filed with the Commission.

ARTICLE VIII

Consolidation, Merger, Conveyance, Transfer or Lease

Section 8.1 Company May Consolidate, Etc., Only on Certain Terms.

The Company shall not consolidate with or merge into any other Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, and the Company shall not permit any Person to consolidate with or merge into the Company or convey, transfer or lease its properties and assets substantially as an entirety to the Company, unless:

(1) in case the Company shall consolidate with or merge into another Person or convey, transfer or lease its properties and assets substantially

as an entirety to any Person, the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a corporation, partnership, trust or other entity, shall be organized and validly existing under the laws of the United States of America, any State thereof or the District of Columbia and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and any premium and interest on all the Securities and the performance or observance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction and treating any indebtedness which becomes an obligation of the Company or a Subsidiary as a result of such transaction as having been incurred by the Company or such Subsidiary at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and

that all conditions precedent herein provided for relating to such transaction have been complied with;

provided, however, the Company may, without the consent of the Holder or Holders
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of any series of Securities, convey or transfer its assets substantially as an entirety to any Person in connection with a transfer that is assisted or sponsored by a Federal bank regulatory authority, and in such case the Company's obligations under the Indenture need not be assumed by the entity acquiring such assets.

Section 8.2 Successor Substituted.
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Upon any consolidation of the Company with, or merger of the Company into, any other Person or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 8.1, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and

covenants under this Indenture and the Securities.

ARTICLE IX

Supplemental Indentures

Section 9.1 Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities; or

(2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company; or

(3) to add any additional Events of Default for the benefit of the Holders of all or any series of Securities (and if such additional Events of Default are to be for the benefit of less than all series of Securities, stating that such additional Events of Default are expressly being included solely for the benefit of such series); or

(4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Securities in uncertificated form; or

(5) to add to, change or eliminate any of the provisions of this Indenture in respect of one or more series of Securities, provided that any such addition, change or elimination (i) shall neither (A) apply to any Security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (B) modify the rights of the Holder of any such Security with respect to such provision or (ii) shall become effective only when there is no such Security Outstanding; or

(6) to secure the Securities; or

(7) to establish the form or terms of Securities of any series as permitted by Sections 2.1 and 3.1; or

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 6.11(b); or

(9) to add to, change or eliminate any of the provisions of Article XIII in respect of any series of Securities, including Outstanding Securities, provided that any such action pursuant to this clause (9) shall
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not adversely affect the interests of the Holders of Securities of any series in any material respect; or

(10) to provide for the terms and conditions of conversion into Common Stock, securities or other property of the Securities of any series which are convertible into Common Stock, securities or other property to the extent such terms and conditions differ from those set forth in Article XV; or

(11) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, provided that such action pursuant
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to this clause (11) shall not adversely affect the interests of the Holders of Securities of any series in any material respect.

Notwithstanding any provision in this Indenture or otherwise, the rights of creditors in respect of Other Financial Obligations under this Indenture and otherwise in respect of the Securities may, at any time and from time to time, be reduced or eliminated by a supplemental indenture entered into by the Company and the Trustee, which supplemental indenture will not require the consent of Holders of Securities or any creditor in respect of Other Financial Obligations.

Section 9.2 Supplemental Indentures with Consent of Holders.

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series affected by such supplemental indenture, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; provided, however,

that no such supplemental indenture entered into pursuant to this Section 9.2 shall, without the consent of the Holder of each Outstanding Security affected thereby,

(1) change the Stated Maturity of the principal of, or any instalment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security or any other Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.2, or adversely affect any right of repayment at the option of the Holder of any Security, or reduce the amount of, or postpone the date fixed for, the payment of any sinking fund payment or analogous obligation, or change any Place of Payment where, or the coin or currency in which, any Security or any premium or interest thereon is payable, or impair the conversion rights of any Holder of Securities of a series entitled to the conversion rights set forth in Article XV hereof, or impair the right to institute suit for the enforcement of any such

payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date) or modify the provisions of this Indenture with respect to the subordination of the Securities of any series in a manner adverse to the Holders, or

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver of compliance with the provisions of this Indenture or defaults hereunder and their consequences provided for in this Indenture, or

(3) modify any of the provisions of this Section, Section 5.13 or Section 10.8, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby, provided, however, that this clause shall not be deemed to require
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the consent of any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this Section, or the deletion of this proviso, in accordance with the requirements of Sections 6.11(b) and 9.1(8).

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 9.3 Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 6.1) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 9.4 Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 9.5 Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act.

Section 9.6 Reference in Securities to Supplemental Indentures.

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE X

Covenants

Section 10.1 Payment of Principal, Premium and Interest.

The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of and any premium and interest on the Securities of that series in accordance with the terms of the Securities and this Indenture.

Section 10.2 Maintenance of Office or Agency.

The Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment or conversion, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office

or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Section 10.3 Money for Securities Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of or any premium or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure to act.

Whenever the Company shall have one or more Paying Agents for any series

of Securities, it will, prior to each due date of the principal of or any premium or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay such amount, such sum to be held as provided by the Trust Indenture Act, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will (i) comply with the provisions of the Trust Indenture Act applicable to it as a Paying Agent and (ii) during the continuance of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment in respect of the Securities of that series, and upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities of that series.

Section 10.4 Statement by Officers as to Default.

The Company will deliver to the Trustee, within 120 days after the end of each fiscal year of the Company ending after the date hereof, an Officers' Certificate (one of the signers of which shall be the principal executive officer, principal financial officer or principal accounting officer of the Company), stating whether or not to the best knowledge of the signers thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge. The Company will deliver to the Trustee written notice of the occurrence of any Event of Default within ten Business Days of the Company becoming aware of any such Event of Default.

Section 10.5 Existence.

Subject to Article VIII, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises; provided, however, that the Company shall not be required to preserve any such right or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders.

Section 10.6 Maintenance of Properties.

The Company will cause all properties used or useful in the conduct of

its business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent the Company from discontinuing the operation or maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Subsidiary and not disadvantageous in any material respect to the Holders.

Section 10.7 Payment of Taxes and Other Claims.

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (1) all taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or upon the income, profits or property of the Company or any Subsidiary, and (2) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of the Company or any Subsidiary; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings and for which adequate provision is made.

Section 10.8 Waiver of Certain Covenants.

The Company may, with respect to the Securities of any series, omit in any particular instance to comply with any term, provision or condition set forth in Sections 10.5 to 10.7, inclusive, or in any covenant provided pursuant to Section 3.1(18), 9.1(2) or 9.1(7) for the benefit of the Holders of such series, if before the time for such compliance the Holders of a majority in principal amount of the Outstanding Securities of

such series shall, by act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

Section 10.9 Calculation of Original Issue Discount.

If the Company has Outstanding any Original Issue Discount Securities, and upon written request of the Trustee, the Company shall file with the Trustee within a reasonable time after the end of each calendar year a written notice specifying the amount of original issue discount (including daily rates and accrual periods) accrued on Outstanding Securities as of the end of such year.

ARTICLE XI

Redemption of Securities

Section 11.1 Applicability of Article.

Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 3.1 for Securities of any series) in accordance with this Article.

Section 11.2 Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by a Board Resolution or in another manner specified as contemplated by Section 3.1 for such Securities. In case of any redemption at the election of the Company, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date, of the principal amount of Securities of such series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

Section 11.3 Selection by Trustee of Securities to Be Redeemed.

If less than all the Securities of any series are to be redeemed (unless all of the Securities of such series and of a specified tenor are to be redeemed or such series is comprised of a single Security), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of that series or

any integral multiple thereof) of the principal amount of Securities of such series of a denomination larger than the minimum authorized denomination for Securities of that series. If less than all of the Securities of such series and of a specified tenor are to be redeemed (unless such series is comprised of a single Security), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series and specified tenor not previously called for redemption in accordance with the preceding sentence.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed. The provisions of the preceding paragraph and this paragraph shall not apply with respect to the redemption of a series of Securities comprised of a single Security, whether such Security is to be redeemed in whole or in part. In the case of any such redemption in part, the unredeemed portion of the principal amount of the Security shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) of such Security. If any Security selected for partial redemption is surrendered for conversion after such selection, the converted portion of such Security shall be deemed (so far as may be) to be the portion selected for redemption. Upon any redemption of less than all the Securities of a series, for purposes of selection for redemption, the Company and the Trustee may treat as Outstanding Securities surrendered for conversion during the period of 15 days next preceding the mailing of a notice of redemption, and need not treat as Outstanding any Security authenticated and delivered during such period in exchange for the unconverted portion of any Security converted in part during such period.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

Section 11.4 Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, at his address appearing in the Security Register.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price and accrued interest, if any,

(3) if less than all the Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption of any Securities, the principal amounts) of the particular Securities to be redeemed,

(4) that on the Redemption Date the Redemption Price and accrued interest, if any, will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,

(5) the place or places where such Securities are to be surrendered for payment of the Redemption Price and accrued interest, if any,

(6) that the redemption is for a sinking fund, if such is the case,

(7) the CUSIP numbers, if any, of the Securities to be redeemed, and

(8) if the Securities to be redeemed are convertible pursuant to Article XV,the Conversion Price then in effect with respect to such Securities, the procedure for presenting such Securities for conversion and the date on which the right to convert such Securities will expire.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company and shall be irrevocable.

Section 11.5 Deposit of Redemption Price.

Prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 10.3) an amount of money sufficient to pay

the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date (other than those theretofore surrendered for conversion into Common Stock). If any Security called for redemption is converted pursuant hereto, any money deposited with the Trustee or any Paying Agent or so held in trust with respect to such Securities shall be paid to the Company on the Company's request, or, if then held by the Company, shall be discharged from such trust.

Section 11.6 Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the

Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. In addition, such Securities shall, if convertible by their terms into Common Stock, cease from and after the date fixed for redemption (unless an earlier date shall be specified in a Board Resolution, Officers' Certificate or executed supplemental indenture referred to in Sections 2.1 and 3.1 by or pursuant to which the terms of the Securities of such series were established) to be convertible into Common Stock (unless the Company shall default in the payment of the Redemption Price). Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that, unless otherwise specified as contemplated by Section 3.1, installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 3.7.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and any premium shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security. In addition, such Security shall, if convertible by its terms into Common Stock, remain convertible into Common Stock until the principal (and premium, if any) of such Security shall have been paid or duly provided for.

Section 11.7 Securities Redeemed in Part.

Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall

execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series and of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE XII

Sinking Funds

Section 12.1 Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund

for the retirement of Securities of a series except as otherwise specified as contemplated by Section 3.1 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment". If provided for by the terms of Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 12.2. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

Section 12.2 Satisfaction of Sinking Fund Payments with Securities.

The Company (1) may deliver Securities of a series (other than any previously called for redemption) and (2) may apply as a credit Securities of a series which theretofore have been redeemed by the Company either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, or have been otherwise acquired by the Company as permitted by such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to the Securities of such series required to be made pursuant to the terms of such Securities as provided for by the terms of such series; provided that such Securities have not been previously so credited.

Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

Section 12.3 Redemption of Securities for Sinking Fund.

Not less than 90 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 12.2 and the basis for such credit and will also deliver to the Trustee any Securities to be so delivered. Not less than 30 days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 11.3 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 11.4. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 11.6 and 11.7.

The Company's obligation to make a mandatory or optional sinking fund payment shall automatically be reduced by an amount equal to the sinking fund Redemption Price allocable to any Securities or portions thereof called for redemption pursuant to Article XI hereof on any sinking fund payment date and converted into Common Stock; provided that, if the Trustee is not the conversion agent for the Securities, the Company or such conversion agent shall give the Trustee written notice prior to the date fixed for redemption of the principal amount of Securities or portions thereof so converted.

ARTICLE XIII

Subordination of Securities

Section 13.1 Securities Subordinate to Senior Indebtedness.

The Company covenants and agrees, and each Holder of a Security of any series, by his acceptance thereof, likewise covenants and agrees, that, to the extent and in the manner hereinafter set forth in this Article (subject to the provisions of Article XIV), the indebtedness represented by the Securities of such series and the payment of the principal of (and premium, if any) and interest on each of all of the Securities of such series are hereby expressly made subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness and, as provided in Section 13.15, of all Other Financial Obligations.

Section 13.2 Payment Over of Proceeds Upon Dissolution, Etc.

In the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or to its creditors, as such, or to its assets, or (b) any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of the Company, then and in any such event the holders of Senior Indebtedness shall be entitled to receive payment in full of all amounts due or to become due on or in respect of all Senior Indebtedness, or provision shall be made for such payment in money or money's worth, before the Holders of the Securities of any series are entitled to receive any payment on account of principal of (or premium, if any) or interest on the Securities of such series or on account of the purchase or other acquisition of Securities of such series, other than payment made in Common Stock (or cash in lieu of fractional shares thereof) upon conversion effected pursuant to Article XV, and to that end the holders of Senior Indebtedness shall be entitled to receive, for application to the payment hereof, any payment or

distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in respect of the Securities of any series in any such case, proceeding, dissolution, liquidation or other winding up or event.

In the event that, notwithstanding the foregoing provisions of this Section, the Trustee or the Holder of any Security of any series (or any Person on its behalf) shall have received any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, before all Senior Indebtedness is paid in full or payment thereof provided for, and if such fact shall, at or prior to the time of such payment or distribution have been made known to the Trustee or, as the case may be, such Holder, then and in such event such payment or distribution shall be paid over or delivered forthwith to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or other Person making payment or distribution of assets of the Company for application to the payment of all Senior Indebtedness remaining unpaid, to the extent necessary to pay all Senior Indebtedness in full, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness.

For purposes of this Article only, the words "cash, property or securities" shall not be deemed to include shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment, in each case, which are subordinated in right of payment to all Senior Indebtedness which

may at the time be outstanding to the same extent as, or to a greater extent than, the Securities are so subordinated as provided in this Article. The consolidation of the Company with, or the merger of the Company into, another Person or the liquidation or dissolution of the Company following the conveyance or transfer of its properties and assets substantially as an entirety to another Person upon the terms and conditions set forth in Article VIII shall not be deemed a dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors or marshalling of assets and liabilities of the Company for the purposes of this Section if the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance, transfer or lease such properties and assets substantially as an entirety, as the case may be, shall, as a part of such consolidation, merger, conveyance, transfer or lease, comply with the conditions set forth in Article VIII.

Section 13.3 Prior Payment to Senior Indebtedness Upon Acceleration of Securities.

In the event that any Securities of any series are declared due and payable before their Stated Maturity, then and in such event the holders of Senior Indebtedness shall be entitled to receive payment in full of all amounts due or to become due on or in respect of all Senior Indebtedness, or provision shall be made for such payment in cash, before the Holders of the Securities of

such series are entitled to receive any payment of the principal of, premium, if any, or interest on the Securities of such series or on account of the purchase or other acquisition of Securities of such series other than payment made in Common Stock (or cash in lieu of fractional shares thereof) upon conversion effected pursuant to Article XV.

In the event that, notwithstanding the foregoing, the Company shall make any payment to the Trustee or to or on behalf of the Holder of any Security of any series prohibited by the foregoing provisions of this Section, and if such fact shall, at or prior to the time of such payment, have been made known to the Trustee or, as the case may be, such Holder, then and in such event such payment shall be paid over and delivered forthwith to the Company.

The provisions of this Section shall not apply to any payment with respect to which Section 13.2 would be applicable.

Section 13.4 No Payment When Senior Indebtedness Default.

(a) In the event and during the continuation of any default in the payment of principal of (or premium, if any) or interest on any Senior Indebtedness beyond any applicable grace period with respect thereto, or in the event that any event of default with respect to any Senior Indebtedness shall have

occurred and be continuing permitting the holders of such Senior Indebtedness (or a trustee on behalf of the holders thereof) to declare such Senior Indebtedness due and payable prior to the date on which it would otherwise have become due and payable, unless and until such event of default shall have been cured or waived or shall have ceased to exist and any such acceleration shall have been rescinded or annulled, or (b) in the event any judicial proceeding shall be pending with respect to any such default in payment, or event of default, then no payment shall be made by the Company on account of principal of (or premium, if any) or interest on the Securities of any series or on account of the purchase or other acquisition of Securities of any series other than payment made in Common Stock (or cash in lieu of fractional shares thereof) upon conversion effected pursuant to Article XV.

In the event that, notwithstanding the foregoing, the Company shall make any payment to the Trustee or to or on behalf of the Holder of any Security of any series prohibited by the foregoing provisions of this Section, and if such fact shall, at or prior to the time of such payment, have been made known to the Trustee or, as the case may be, such Holder, then and in such event such payment shall be paid over and delivered forthwith to the Company.

The provisions of this Section shall not apply to any payment with respect to which Section 13.2 would be applicable.

Section 13.5 Payment Permitted If No Default.

Nothing contained in this Article or elsewhere in this Indenture or in any of the Securities of any series shall prevent (a) the Company, at any time except during the pendency of any case, proceeding, dissolution, liquidation or other winding up, assignment for the benefit of creditors or other marshalling of assets and liabilities of the Company referred to in Section 13.2 or under the conditions described in Section 13.3 or 13.4, from making payments at any time of principal of (and premium, if any) or interest on the Securities of any series, or (b) the application by the Trustee of any money deposited with it hereunder to the payment of or on account of the principal of (and premium, if any) or interest on the Securities of any series or the retention of such payment by the Holder, if, at the time of such application by the Trustee, it did not have actual knowledge that such payment would have been prohibited by the provisions of this Article.

Section 13.6 Subrogation to Rights of Holders of Senior Indebtedness.

Subject to the payment in full of all Senior Indebtedness, the Holders of the Securities of a series shall be subrogated to the extent of the payments or distributions made to the holders of such Senior Indebtedness pursuant to the

provisions of this Article to the rights of the holders of such Senior Indebtedness to receive payments and distributions of cash, property and securities applicable to the Senior Indebtedness until the principal of (and premium, if any) and interest on the Securities of such series shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of the Senior Indebtedness of any cash, property or securities to which the Holders of the Securities of a series or the Trustee would be entitled except for the provisions of this Article, and no payments over pursuant to the provisions of this Article to the holders of Senior Indebtedness by Holders of the Securities of a series or the Trustee, shall, as among the Company, its creditors other than holders of Senior Indebtedness and the Holders of the Securities of such series, be deemed to be a payment or distribution by the Company to or on account of the Senior Indebtedness.

Section 13.7 Provisions Solely to Define Relative Rights.

The provisions of this Article are and are intended solely for the purpose of defining the relative rights of the Holders of the Securities of a series on the one hand and the holders of Senior Indebtedness (and, in the case of Section 13.15, Entitled Persons in respect of Other Financial Obligations) on the other hand. Nothing contained in this Article or elsewhere in this Indenture or in the Securities of any series is intended to or shall (a) impair, as among the Company, its creditors other than holders of Senior Indebtedness and the Holders of the Securities of any series, the obligation of the Company,

which is absolute and unconditional (and which, subject to the rights under this Article of the holders of Senior Indebtedness and the rights under Section 13.15 of Entitled Persons in respect of Other Financial Obligations, is intended to rank equally with all other obligations of the Company), to pay to the Holders of the Securities of a series the principal of (and premium, if any) and interest on the Securities of such series as and when the same shall become due and payable in accordance with their terms; or (b) affect the relative rights against the Company of the Holders of the Securities of a series and creditors of the Company other than the holders of Senior Indebtedness or Entitled Persons in respect of Other Financial Obligations or any trustee therefor; or (c) prevent the Trustee or the Holder of any Security of any series from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness, and under Section 13.15 of Entitled Persons in respect of Other Financial Obligations, to receive cash, property and securities otherwise payable or deliverable to the Trustee or such Holder.

Section 13.8 Trustee to Effectuate Subordination.

Each holder of a Security of any series by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee his attorney-in-fact for any and all such purposes.

Section 13.9 No Waiver of Subordination Provisions.

No right of any present or future holder of any Senior Indebtedness or an Entitled Person in respect of Other Financial Obligations to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any failure to act, in good faith, by any such holder, or by any non-compliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Indebtedness or an Entitled Person in respect of Other Financial Obligations may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Securities of any series, without incurring responsibility to the Holders of the Securities of any series and without impairing or releasing the subordination provided in this Article or the obligations hereunder of the Holders of the Securities to the holders of Senior Indebtedness or an Entitled Person in respect of Other Financial Obligations, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Indebtedness or Other Financial Obligations, or otherwise amend or

supplement in any manner Senior Indebtedness or Other Financial Obligations or any instrument evidencing the same or any agreement under which Senior Indebtedness or Other Financial Obligations is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Indebtedness or Other Financial Obligations; (iii) release any Person liable in any manner for the collection of Senior Indebtedness or Other Financial Obligations; and (iv) exercise or refrain from exercising any rights against the Company and any other Person.

Section 13.10 Notice to Trustee.

The Company shall give prompt written notice to the Trustee of any fact known to the Company which would prohibit the making of any payment to or by the Trustee in respect of the Securities of any series. Notwithstanding the provisions of this Article or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts

which would prohibit the making of any payment to or by the Trustee in respect of the Securities of a series, unless and until the Trustee shall have received written notice thereof from the Company or a holder of Senior Indebtedness or any Entitled Person in respect of Other Financial Obligations or from any trustee therefor; and, prior to the receipt of any such written notice, the Trustee, subject to the provisions of Section 6.1, shall be entitled in all respects to assume that no such facts exist; provided, however, that if the Trustee shall not have received the notice provided for in this Section at least three Business Days prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal (and premium, if any) or interest on any Security), then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary which may be received by it within three Business Days prior to such date.

Subject to the provisions of Section 6.1, the Trustee shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness (or a trustee therefor) or an Entitled Person in respect of Other Financial Obligations or a trustee therefor to establish that such notice has been given by a holder of Senior Indebtedness (or a trustee therefor) or an Entitled Person in respect of Other Financial Obligations or a trustee therefor. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness or an Entitled Person in respect of Other Financial Obligations to participate in any payment or distribution pursuant to this Article, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness or Other Financial Obligations held by such Person, the

extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

Section 13.11 Reliance on Judicial Order or Certificate of Liquidating Agent.

Upon any payment or distribution of assets of the Company referred to in this Article, the Trustee, subject to the provisions of Section 6.1, and the Holders of the Securities of any series shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in

bankruptcy, receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other Person making such payment or distribution, delivered to the Trustee or to the Holders of Securities of such series, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of the Senior Indebtedness and other indebtedness of the Company and the Entitled Persons in respect of Other Financial Obligations, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article.

Section 13.12 Trustee Not Fiduciary for Holders of Senior Indebtedness or Entitled Persons.

The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness or Entitled Persons with respect to Other Financial Obligations and shall not be liable to any such holders or creditors if it shall in good faith mistakenly pay over or distribute to Holders of Securities of any series or to the Company or to any other Person cash, property or securities to which any holders of Senior Indebtedness or Entitled Persons with respect to Other Financial Obligations shall be entitled by virtue of this Article or otherwise. With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants or obligations as are specifically set forth in Article XIII and no implied covenants or obligations with respect to holders of Senior Indebtedness shall be read into this Indenture against the Trustee.

Section 13.13 Rights of Trustee as Holder of Senior Indebtedness or Entitled Person; Preservation of Trustee's Rights.

The Trustee in its individual capacity shall be entitled to all the

rights set forth in this Article with respect to any Senior Indebtedness which may at any time be held by it and with respect to any Other Financial Obligations owed to the Trustee as the Entitled Person, to the same extent as any other holder of Senior Indebtedness or Entitled Person in respect of Other Financial Obligations, as the case may be, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder or Entitled Person.

Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant to Section 6.7.

Section 13.14 Article Applicable to Paying Agents.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article

shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; provided, however, that Section 13.13 shall not apply to the Company or any Affiliate of the Company if it or such Affiliate acts as Paying Agent.

Section 13.15 Payment of Proceeds in Certain Cases.

(a) Upon the occurrence of any of the events specified in clauses (a), (b) and (c) of the first paragraph of Section 13.2, the provisions of that Section shall be given effect to determine the amount of cash, property or securities which may be payable or deliverable as between the holders of Senior Indebtedness, on the one hand, and the Holders of Securities, on the other hand.

(b) If, after giving effect to the provisions of Section 13.2 and Section 13.6, any amount of cash, property or securities shall be available for payment or distribution in respect of the Securities ("Excess Proceeds"), and any Entitled Persons in respect of Other Financial Obligations shall not have received payment in full of all amounts due or to become due on or in respect of such Other Financial Obligations (and provision shall not have been made for such payment in money or money's worth), then such Excess Proceeds shall first be applied (ratably with any amount of cash, property or securities available for payment or distribution in respect of any other indebtedness of the Company that by its express terms provides for the payment over of amounts corresponding to Excess Proceeds to Entitled Persons in respect of Other Financial Obligations) to pay or provide for the payment of the Other Financial Obligations remaining unpaid, to the extent necessary to pay all Other Financial Obligations in full, after giving effect to any concurrent payment or distribution to or for Entitled Persons in respect of Other Financial

Obligations. Any Excess Proceeds remaining after the payment (or provisions for payment) in full of all Other Financial Obligations shall be available for payment or distribution in respect of the Securities.

(c) In the event that, notwithstanding the foregoing provisions of subsection (b) of this Section, the Trustee or Holder of any Security shall have received any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, before all Other Financial Obligations are paid in full or payment thereof duly provided for, and if such fact shall, at or prior to the time of such payment or distribution have been made known to the Trustee or, as the case may be, such Holder, then and in such event, subject to any obligation that the Trustee or such Holder may have pursuant to Section 13.2, such payment or distribution shall be paid over or delivered forthwith to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or

other Person making payment or distribution of assets of the Company for payment in accordance with subsection (b).

(d) Subject to the payment in full of all Other Financial Obligations, the Holders of the Securities shall be subrogated (equally and ratably with the holders of all indebtedness of the Company that by its express terms provides for the payment over of amounts corresponding to Excess Proceeds to Entitled Persons in respect of Other Financial Obligations and is entitled to like rights of subrogation) to the rights of the Entitled Persons in respect of Other Financial Obligations to receive payments and distributions of cash, property and securities applicable to the Other Financial Obligations until the principal of and interest on the Securities shall be paid in full. For purposes of such subrogation, no payments or distributions to Entitled Persons in respect of Other Financial Obligations of any cash, property or securities to which Holders of the Securities or the Trustee would be entitled except for the provisions of this Section, and no payments over pursuant to the provisions of this Section to Entitled Persons in respect of Other Financial Obligations by Holders of Securities or the Trustee, shall, as among the Company, its creditors other than Entitled Persons in respect of Other Financial Obligations and the Holders of Securities, be deemed to be a payment or distribution by the Company to or on account of the Other Financial Obligations.

(e) The provisions of subsections (b), (c) and (d) of this Section are and are intended solely for the purpose of defining the relative rights of the Holders of the Securities, on the one hand, and the Entitled Persons in respect of Other Financial Obligations, on the other hand, after giving effect to the rights of the holders of Senior Indebtedness, as provided in this Article. Nothing contained in subsections (b), (c) and (d) of this Section is intended to or shall affect the relative rights against the Company of the Holders of the Securities and (1) the holders of Senior Indebtedness or (2) other creditors of the Company other than Entitled Persons in respect of Other Financial Obligations.

ARTICLE XIV

Defeasance and Covenant Defeasance

Section 14.1 Applicability of Article; Company's Option to Effect Defeasance or Covenant Defeasance.

If pursuant to Section 3.1 provision is made for either or both of (a) Defeasance of the Securities of a series under Section 14.2 or (b) Covenant Defeasance of the Securities of a series under Section 14.3, then the provisions of such Section or Sections, as the case may be, together with the other provisions

of this Article XIV, shall be applicable to the Securities of such series, and the Company may at its option by Board Resolution or in any other manner specified as contemplated by Section 3.1, at any time, with respect to the Securities of such series, elect to have either Section 14.2 (if applicable) or Section 14.3 (if applicable) be applied to the Outstanding Securities of such series upon compliance with the conditions set forth below in this Article XIV.

Section 14.2 Defeasance and Discharge.

Upon the Company's exercise of the above option applicable to this Section, the Company shall be deemed to have been discharged from its obligations, and the provisions of Article XIII hereof shall cease to be effective, with respect to the Outstanding Securities of such series on and after the date the conditions precedent set forth below are satisfied (hereinafter, "Defeasance"). For this purpose, such Defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by the Outstanding Securities of such series and to have satisfied all its other obligations under such Securities and this Indenture, including the provisions of Article XIII hereof, insofar as such Securities are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (A) the rights of Holders of outstanding Securities of such series to receive, solely from the trust fund described in Section 14.4 as more fully set forth in such Section, payments of the principal of (and premium, if any) and interest on such Securities when such payments are due, (B) the Company's obligations with respect to such Securities under Sections 3.4, 3.5, 3.6, 10.2 and 10.3 and such obligations as shall be ancillary thereto, (C) the rights, powers, trusts, duties, immunities and other provisions in respect of the Trustee hereunder and (D) this Article XIV. Subject to compliance with this Article XIV, the Company may exercise its option under this Section 14.2 notwithstanding the prior exercise of its option under Section 14.3 with respect to the Securities of such series. Following a Defeasance, payment of the Securities of such series may not

be accelerated because of an Event of Default.

Section 14.3 Covenant Defeasance.

Upon the Company's exercise of the above option applicable to this Section and after the date the conditions set forth below are satisfied ("Covenant Defeasance"), (1) the Company shall be released from its obligations under any covenant applicable to such Securities that is determined pursuant to Section 3.1 to be subject to this provision, (2) the occurrence of an event specified in Section 5.1(4) (with respect to any Section applicable to such Securities that are specified pursuant to Section 3.1 as being subject to this provision), Section 5.1(5) or (6) or determined pursuant to Section 3.1 to be subject

to this provision shall not be deemed to be or result in an Event of Default and (3) the provisions of Article XIII shall cease to be effective, in each case with respect to the outstanding Securities of such series. For this purpose, such Covenant Defeasance means that, with respect to the Outstanding Securities of such series, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section or Article whether directly or indirectly by reason of any reference elsewhere herein to any such Section or Article or by reason of any reference in any such Section to any other provision herein or in any other document, but the remainder of this Indenture and such Securities shall be unaffected thereby.

Section 14.4 Conditions to Defeasance or Covenant Defeasance.

The following shall be the conditions precedent to application of either Section 14.2 or Section 14.3 to the Outstanding Securities of such series:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee which satisfies the requirements contemplated by Section 6.9 and agrees to comply with the provisions of the Indenture applicable to it as if it were the Trustee hereunder), as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, (A) money in an amount, or (B) U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (C) a combination thereof, in each case sufficient, without reinvestment, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or any such other qualifying trustee as hereinbefore provided) to pay and discharge, the principal of (and premium, if any) and interest on the Outstanding Securities of such series on the Maturity of

such principal, premium, if any, or interest and any mandatory sinking fund payments or analogous payments applicable to the Outstanding Securities of such series on the due dates thereof. Before such a deposit the Company may make arrangements satisfactory to the Trustee for the redemption of Securities at a future date or dates in accordance with Article XI, which shall be given effect in applying the foregoing. For this purpose, "U.S. Government Obligations" means securities that are (x) direct obligations of the

United States of America for the payment of which its full faith and credit is pledged or (y) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act of 1933, as amended) as custodian with respect to any such U.S. Government Obligation or a specific payment of principal of or interest on any such U.S. Government Obligation held by such custodian for the account of the holder of such depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal of or interest on the U.S. Government Obligation evidenced by such depository receipt.

(2) No Event of Default or event which with notice or lapse of time or both would become an Event of Default with respect to the Securities of such series shall have occurred and be continuing (A) on the date of such deposit or (B) insofar as subsections 5.1(5) and (6) are concerned, at any time during the period ending on the 120th day after the date of such deposit or, if longer, ending on the day following the expiration of the longest preference period applicable to the Company under Federal or State law in respect of such deposit (it being understood that the condition in this Clause (B) shall not be deemed satisfied until the expiration of such period).

(3) Such Defeasance or Covenant Defeasance shall not (A) cause the Trustee for the Securities of such series to have a conflicting interest as defined in Section 6.8 or for purposes of the Trust Indenture Act with respect to any securities of the Company or (B) result in the trust arising from such deposit to constitute, unless it is qualified as, a regulated investment company under the Investment Company Act of 1940, as amended.

(4) Such Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Company is a party or by which it is bound.

(5) Such Defeasance or Covenant Defeasance shall not cause any Securities of such series then listed on any registered national securities exchange under the Securities Exchange Act of 1934, as amended, to be delisted.

(6) In the case of an election under Section 14.2, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (x) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (y) since the date of this Indenture there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the Outstanding Securities of such series will not recognize income, gain or loss for Federal income tax purposes as a result of such Defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Defeasance had not occurred.

(7) In the case of an election under Section 14.3, the Company shall have delivered to the Trustee an opinion of Counsel to the effect that the Holders of the Outstanding Securities of such series will not recognize income, gain or loss for Federal income tax purposes as a result of such Covenant Defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred.

(8) At the time of such deposit; (A) no default in the payment of all or a portion of principal of (or premium, if any) or interest on any Senior Indebtedness shall have occurred and be continuing, and no event of default with respect to any Senior Indebtedness shall have occurred and be continuing and shall have resulted in such Senior Indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable and (B) no other event of default with respect to any Senior Indebtedness shall have occurred and be continuing permitting (after notice or the lapse of time, or both) the holders of such Senior Indebtedness (or a trustee on behalf of the holders thereof) to declare such Senior Indebtedness due and payable prior to the date on which it would otherwise have become due and payable, or, in the case of either Clause (A) or Clause (B) above, each such default or event of default shall have been cured or waived or shall have ceased to exist.

(9) Such Defeasance or Covenant Defeasance shall be effected in compliance with any additional terms,

conditions or limitations which may be imposed on the Company in connection therewith pursuant to Section 3.1.

(10) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to either the Defeasance under Section 14.2 or the Covenant Defeasance under Section 14.3 (as the case may be) have been complied with.

Section 14.5 Deposited Money and U.S. Government Obligations to be Held in Trust; Other Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 10.3, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee or other qualifying trustee (solely for purposes of this Section and Section 14.6, the Trustee and any such other qualifying trustee are referred to collectively as the "Trustee") pursuant to Section 14.4 in respect of the Outstanding Securities of such series shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent (but not including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities, of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, but such money need not be segregated from other funds except to the extent required by law. Money and U.S. Government Obligations so held in trust shall not be subject to the provisions of Article XIII.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the money or U.S. Government Obligations deposited pursuant to Section 14.4 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Securities.

Anything herein to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or U.S. Government Obligations held by it as provided in Section 14.4 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent Defeasance or Covenant Defeasance.

Section 14.6 Reinstatement.

If the Trustee or the Paying Agent is unable to apply any money in accordance with Section 14.5 by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under the Securities of such series shall be revived and reinstated as though no deposit had occurred pursuant to this Article XIV until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 14.5; provided, however, that if the Company makes any payment of principal of (and premium, if any) or interest on any such Security following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money held by the Trustee or the Paying Agent.

ARTICLE XV

Conversion of Securities

Section 15.1 General.

If so provided in the terms of the Securities of any series established in accordance with Section 3.1, the principal amount of the Securities of such series shall be convertible into shares of Common Stock in accordance with the terms of such series of Securities and this Article XV; provided, however, that if any of the terms by which any such Security shall be convertible into Common Stock are set forth in a supplemental indenture entered into with respect thereto pursuant to Section 9.1(10) hereof, the terms of such supplemental indenture shall govern.

Section 15.2 Right to Convert.

Subject to and upon compliance with the provisions of this Article, the holder of any Security that is convertible into Common Stock shall have the right, at such holder's option, at any time on or after the date of original issue of such Security or such other date specified in the applicable Board Resolution delivered pursuant to Section 3.1 and prior to the close of business on the date set forth in such Board Resolution (or if such Security is called for redemption, then in respect of such Security to and including but not after the close of business on the date of redemption unless the Company shall default in the payment due on such date) to convert the principal amount of any such Security of any authorized denomination, or, in the case of any Security to be converted of a denomination greater than the minimum denomination for Securities of the applicable series, any portion of such principal which is an authorized denomination or an integral multiple thereof, into that number of fully paid and nonassessable shares of Common Stock obtained by dividing the

principal amount of such Security or portion thereof surrendered for conversion by the Conversion Price therefor by surrender of the Security so to be converted in whole or in part in the manner provided in Section 15.3. Such conversion shall be effected by the Company in accordance with the provisions of this Article.

Section 15.3 Manner of Exercise of Conversion Privilege; Delivery of Common Stock; No Adjustment for Interest or Dividends.

In order to effect a conversion, the holder of any Security to be converted, in whole or in part, shall surrender such Security at the office or agency maintained by the Company for such purpose as provided in Section 10.2 and shall give written notice of conversion to the Company at such office or agency that the holder elects to convert such Security or the portion thereof specified in said notice. The notice shall state the name or names (with address), and taxpayer identification number, in which the certificate or certificates for shares of Common Stock which shall be deliverable on such conversion shall be registered, and shall be accompanied by payments in respect of transfer taxes, if required pursuant to Section 15.6. Each Security surrendered for conversion shall, unless the shares of Common Stock deliverable on conversion are to be issued in the same name as the registration of such Security, be duly endorsed by or be accompanied by instruments of transfer, in form satisfactory to the Company, duly executed by the holder or such holder's duly authorized attorney, and by any payment required pursuant to this Section 15.3. As promptly as practicable after the surrender of such Security and notice, as aforesaid, the Company shall deliver or cause to be delivered at such office or agency to such holder, or on such holder's written order, a certificate or certificates for the number of full shares of Common Stock deliverable upon the conversion of such Security or portion thereof in accordance with the provisions of this Article and a check or cash in respect of any fractional interest in respect of a share of Common Stock arising upon such conversion as provided in Section 15.4. In case any Security of a denomination greater than the minimum denomination for Securities of the applicable series shall be surrendered for partial conversion, the Company shall execute and the Trustee shall authenticate and deliver to or upon the written order of the Company and the holder of the Security so surrendered, without charge to such holder, a new Security or Securities of the same series in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Security. Each conversion shall be deemed to have been effected as of the date on which such Security shall have been surrendered (accompanied by the funds, if any, required by the last paragraph of this Section) and such notice received by the Company, as aforesaid, and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be registrable upon such conversion shall become on said date the holder of record of the shares represented thereby; provided,

however, that any such surrender on any date when the stock transfer books of the Company shall be closed shall constitute the person in whose name the certificates are to be registered as the record holder thereof for all purposes on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date upon which such Security shall have been so surrendered.

Any Security or portion thereof surrendered for conversion during the period from the close of business on the Regular Record Date for any Interest Payment Date to the opening of business on such Interest Payment Date shall (unless such Security or portion thereof being converted shall have been called for redemption or submitted for repayment on a date during such period) be accompanied by payment, in legal tender or other funds acceptable to the Company, of an amount equal to the interest otherwise payable on such Interest Payment Date on the principal amount being converted; provided, however, that no such payment need be made if there shall exist at the time of conversion a default in the payment of interest on the applicable series of Securities. An amount equal to such payment shall be paid by the Company on such Interest Payment Date to the holder of such Security on such Regular Record Date; provided, however, that if the Company shall default in the payment of interest on such Interest Payment Date, such amount shall be paid to the person who made such required payment. Except as provided above in this Section, no adjustment shall be made for interest accrued on any Security converted or for dividends on any shares issued upon the conversion of such Security as provided in this Article.

Section 15.4 Cash Payments in Lieu of Fractional Shares.

No fractional shares of Common Stock or scrip representing fractional shares of Common Stock shall be delivered upon conversion of Securities. If more than one Security shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock which shall be deliverable upon conversion shall be computed on the basis of the aggregate principal amount of the Securities (or specified portions thereof to the extent permitted hereby) so surrendered. Instead of any fraction of a share of Common Stock which would otherwise be deliverable upon the conversion of any Security, the Company shall pay to the holder of such Security an amount in cash (computed to the nearest cent, with one-half cent being rounded upward) equal to the same fraction of the closing price (determined in the manner provided in Section 15.5(a)(v)) of the Common Stock on the Trading Date next preceding the date of conversion.

Section 15.5 Conversion Price Adjustments; Effect of Reclassifications, Mergers, Consolidations and Sales of Assets.

(a) The Conversion Price shall be adjusted from time to time as follows:

(i) In case the Company shall (x) pay a dividend or make a distribution on the Common Stock in shares of Common Stock, (y) subdivide the outstanding Common Stock into a greater number of shares or (z) combine the outstanding Common Stock into a smaller number of shares, the Conversion Price shall be adjusted so that the holder of any Security thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock of the Company which such holder would have owned or have been entitled to receive after the happening of any of the events described above had such Security been converted immediately prior to the record date in the case of a dividend or the effective date in the case of subdivision or combination. An adjustment made pursuant to this subparagraph (i) shall become effective immediately after the record date in the case of a dividend, except as provided in subparagraph (vii) below), and shall become effective immediately after the effective date in the case of a subdivision or combination.

(ii) In case the Company shall issue rights or warrants to all holders of shares of Common Stock entitling them (for a period expiring within 45 days after the record date mentioned below) to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share of Common Stock (as defined for purposes of this subparagraph (ii) in subparagraph (v) below), the Conversion Price in effect after the record date for the determination of stockholders entitled to receive such rights or warrants shall be determined by multiplying the Conversion Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding on such record date plus the number of shares of Common Stock which the aggregate offering price of the total number of shares of Common Stock so offered would purchase at such current market price, and the denominator of which shall be the number of shares of Common Stock outstanding on the record date for issuance of such rights or warrants plus the number of additional shares of Common Stock receivable upon exercise of such rights or warrants. Such adjustment shall be made successively whenever any such rights or warrants are issued, and shall become effective immediately, except as provided in subparagraph (vii) below, after such record date.

(iii) In case the Company shall distribute to all holders of Common Stock any shares of capital stock of the

Company (other than Common Stock) or evidences of its indebtedness or assets (excluding cash dividends or distributions paid from retained earnings of the Company or dividends payable in Common Stock) or rights or warrants to subscribe for or purchase any of its securities (excluding those rights or warrants referred to in subparagraph (ii) above) (any of the foregoing being hereinafter in this subparagraph (iii) called the

"Assets"), then, in each such case, the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the record date for determination of stockholders entitled to receive such distribution by a fraction the numerator of which shall be the current market price per share (as defined for purposes of this subparagraph (iii) in subparagraph (v) below) of the Common Stock at such record date for determination of stockholders entitled to receive such distribution less the then fair market value (as determined by the Board of Directors, whose determination shall be conclusive) or the portion of the Assets so distributed applicable to one share of Common Stock, and the denominator of which shall be the current market price per share (as defined in subparagraph (v) below) of the Common Stock at such record date. Such adjustment shall become effective immediately, except as provided in subparagraph (vii) below, after the record date for the determination of stockholders entitled to receive such distribution.

(iv) If, pursuant to subparagraph (ii) or (iii) above, the number of shares of Common Stock into which a Security is convertible shall have been adjusted because the Company has declared a dividend, or made a distribution, on the outstanding shares of Common Stock in the form of any right or warrant to purchase securities of the Company, or the Company has issued any such right or warrant, then, upon the expiration of any such unexercised right or unexercised warrant, the Conversion Price shall forthwith be adjusted to equal the Conversion Price that would have applied had such right or warrant never been declared, distributed or issued.

(v) For the purpose of any computation under subparagraphs (ii) or (iii) above, the current market price per share of Common Stock on any date shall be deemed to be the average of the daily closing prices of the Common Stock for the shorter of (i) 30 consecutive Trading Days ending on the last full Trading Day on the exchange or market specified in the second following sentence prior to the Time of Determination or (ii) the period commencing on the date next succeeding the first public announcement of the issuance of such rights or warrants or such distribution through such last full Trading Day prior to the Time of Determination. The term "Time of Determination" as used herein shall be the time and date of the earlier of (x) the determination of stockholders entitled to receive such

rights, warrants or distributions or (y) the commencement of "ex-dividend" trading in the Common Stock on the exchange or market specified in the following sentence. The closing price for each day shall be the reported last sales price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange at such time, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the

National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such date as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Company or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Company. As used herein, the term "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange, as the case may be, is open for business or (y) if the Common Stock is quoted on the National Market System of the NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(vi) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such price; provided, however, that any adjustments which by reason of
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this subparagraph (vi) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 15.5(a) shall be made to the nearest cent or to the nearest .01 of a share, as the case may be, with one-half cent and .005 of a share, respectively, being rounded upward. Anything in this Section 15.5(a) to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Conversion Price, in addition to those required by this Section 15.5(a), as it in its discretion shall determine to be advisable in order that any stock dividend, subdivision of

shares, distribution of rights or warrants to purchase stock or securities, or distribution of other assets (other than cash dividends) hereafter made by the Company to its stockholders shall not be taxable.

(vii) In any case in which this Section 15.5(a) provides that an adjustment shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event (x) issuing to the holder of any Security converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (y) paying to such holder any amount of cash in lieu of any fractional share of Common Stock pursuant to Section 15.4.

(viii) Whenever the Conversion Price is adjusted as herein provided, the Company shall file with the Trustee an Officers' Certificate, setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment; provided, however, that the failure of the Company to file such Officers' Certificate shall not affect the legality or validity of any corporate action by the Company.

(ix) Whenever the Conversion Price for any series of Securities is adjusted as provided in this Section 15.5(a), the Company shall cause to be mailed to each holder of Securities of such series at its then registered address by first-class mail, postage prepaid, a notice of such adjustment of the Conversion Price setting forth such adjusted Conversion Price and the effective date of such adjusted Conversion Price; provided, however, that the failure of the Company to give such notice shall not affect the legality or validity of any corporate action by the Company.

(b) (i) Notwithstanding any other provision herein to the contrary, if any of the following events occur, namely (x) any reclassification or change of outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination of the Common Stock), (y) any consolidation, merger or combination of the Company with or into another corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, or (z) any sale or conveyance of all or substantially all of the assets of the Company to any other entity as a result of

which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then appropriate provision shall be made so that (A) the holder of any outstanding Security that is convertible into Common Stock shall have the right to convert such Security into the kind and amount of the shares of stock and securities or other property or assets (including cash) that would have been receivable upon such reclassification, change, consolidation, merger, combination, sale, or conveyance by a holder of the number of shares of Common Stock issuable upon conversion of such Security immediately prior to such reclassification, change, consolidation, merger, combination, sale, or conveyance and (B) the number of shares of any such other stock or securities into which such Security shall thereafter be convertible shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the terms of adjustment provided for in this Section, and Sections 15.2, 15.3, 15.4, 15.6, 15.7, 15.8 and 15.9

shall apply on like terms to any such other stock or securities.

(ii) In case of any reclassification or change of the Common Stock (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation, merger or combination of the Company with or into another corporation or of the sale or conveyance of all or substantially all of the assets of the Company, the Company shall cause to be filed with the Trustee and to be mailed to each holder of Securities that are convertible into shares of Common Stock at such holder's registered address, notice of the date on which such reclassification, change, consolidation, merger, combination, sale or conveyance is expected to become effective, and the date as of which it is expected that holders of Common Stock shall be entitled to exchange their Common Stock for stock, securities or other property deliverable upon such reclassification, change, consolidation, merger, combination, sale or conveyance.

Section 15.6 Taxes on Shares Issued.

The delivery of stock certificates upon conversions of Securities shall be made without charge to the holder converting a Security for any tax in respect of the issue thereof. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the delivery of stock registered in any name other than of the holder of any Security converted, and the Company shall not be required to deliver any such stock certificate unless and until the person or persons requesting the delivery thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

Section 15.7 Shares to be Fully Paid; Compliance with Governmental Requirements.

The Company covenants that all shares of Common Stock which may be delivered upon conversion of Securities of any series which are convertible into Common Stock will upon delivery be fully paid and nonassessable by the Company and free from all taxes, liens and charges with respect to the issue thereof.

The Company covenants that if any shares of Common Stock to be provided for the purpose of conversion of Securities hereunder require registration with or approval of any governmental authority under any Federal or State law before such shares may be validly delivered upon conversion, the Company will in good faith and as expeditiously as possible endeavor to secure such registration or approval, as the case may be.

Section 15.8 Responsibility of Trustee.

Neither the Trustee nor any conversion agent shall at any time be under any duty or responsibility to any holder of Securities to determine whether any facts exist which may require any adjustment of the Conversion Price applicable to such Securities, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. Neither the Trustee nor any conversion agent shall be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be delivered upon the conversion of any Security; and neither the Trustee nor any conversion agent makes any representation with respect thereto. Neither the Trustee nor any conversion agent shall be responsible for any failure of the Company to deliver any shares of Common Stock or stock certificates or other securities or property or cash upon the surrender of any Security for the purpose of conversion or for any failure of the Company to comply with any of the covenants of the Company contained in this Article XV.

Section 15.9 Covenant to Reserve Shares.

The Company covenants that it will at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued Common Stock, such number of shares of Common Stock as shall then be deliverable upon the conversion of all outstanding Securities of any series of Securities which are convertible into Common Stock.

Section 15.10 Other Conversions.

If so provided in a Board Resolution with respect to the Securities of a series, the principal amount of the Securities of such series shall be convertible into or exchangeable for a principal amount of other securities of the

Company (which other securities may be issued under this Indenture or otherwise), and the issuance of such securities upon any such conversion or exchange shall be made in accordance with the terms of such Board Resolution.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

RIGGS NATIONAL CORPORATION

By_____
Title:

Attest:

By_____
Title:

_____,
As Trustee

By_____
Attest: Title:

By_____
Title:

STATE OF)
) ss.:
COUNTY OF)

On the day of , before me personally came , to me known, who, being by me duly sworn, did depose and say that he is of Riggs National Corporation, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

_____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the _____ day of _____, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that he is _____ of The Bank of New York, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

_____

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated February 19, 1993 (except with respect to the matters discussed in Note 24 to the Financial Statements as to which the date is October 25, 1993) in Riggs National Corporation's Form 10-K for the year ended December 31, 1992, as filed in Amendment No. 4 on Form 10-KA dated October 26, 1993, and to all references to our Firm included in this registration statement.

/s/ Arthur Andersen & Co.

Washington, D.C.
January 12, 1994

(LOGO OF ERNST & YOUNG APPEARS HERE)

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the Caption "Experts" in the Registration Statement (Form S-3) and related Prospectus of Riggs National Corporation for the registration of its Subordinated Debt Securities, and to the incorporation by reference therein of our report with respect to the financial statements of Riggs AP Bank Limited (not separately included herein) dated March 2, 1993 except for Note 19 - Subsequent Events; Regulatory and Other Developments Relating to Riggs National Corporation as to which the date is October 25, 1993, included in Amendment No. 4 to the Annual Report (Form 10-K) of Riggs National Corporation for the year ended December 31, 1992, filed with the Securities and Exchange Commission.

ERNST & YOUNG
Chartered Accountants

London, England

January 12, 1994

/s/ERNST & YOUNG

CONFORMED COPY

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FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) |__|

THE BANK OF NEW YORK
(Exact name of trustee as specified in its charter)

New York (State of incorporation if not a U.S. national bank)	13-5160382 (I.R.S. employer identification no.)
48 Wall Street, New York, N.Y. (Address of principal executive offices)	10286 (Zip code)

RIGGS NATIONAL CORPORATION
(Exact name of obligor as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	52-1217953 (I.R.S. employer identification no.)
1503 Pennsylvania Avenue, N.W. Washington, D.C. (Address of principal executive offices)	20005 (Zip code)

Debt Securities
(Title of the indenture securities)

==========

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of Banks of the State of New York	2 Rector Street, New York, N.Y. 10006, and Albany, N.Y. 12203
Federal Reserve Bank of New York	33 Liberty Plaza, New York, N.Y. 10045
Federal Deposit Insurance Corporation	Washington, D.C. 20549
New York Clearing House Association	New York, New York

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None. (See Note on page 3.)

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and Rule 24 of the Commission's Rules of Practice.

1. A copy of the Organization Certificate of The Bank of New York (formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672 and Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637.)

4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with Registration Statement No. 33-31019.)

6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with Registration Statement No. 33-44051.)

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

NOTE

Inasmuch as this Form T-1 is filed prior to the ascertainment by the Trustee of all facts on which to base a responsive answer to Item 2, the answer to said Item is based on incomplete information.

Item 2 may, however, be considered as correct unless amended by an amendment to this Form T-1.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 7th day of January, 1994.

THE BANK OF NEW YORK

By: LLOYD A. MCKENZIE

Name: Lloyd A. McKenzie
Title: Assistant Vice President

Exhibit 7

Consolidated Report of Condition of

THE BANK OF NEW YORK
of 48 Wall Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,

a member of the Federal Reserve System, at the close of business September 30, 1993, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

<TABLE>
<CAPTION>

ASSETS	Dollar Amounts in Thousands
<S>	<C>
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	$ 4,112,299
interest-bearing balances	607,187
Securities	3,712,310
Federal funds sold in domestic offices of the bank	613,944
Loans and lease financing receivables:	
Loans and leases, net of unearned income 23,923,315	
Less Allowance for loan and lease losses 800,277	
Less allocated transfer risk reserve 35,768	
Loans and leases, net of unearned income, allowance and reserve	23,087,270
Assets held in trading accounts	959,333
Premises and fixed assets (including capitalized leases)	664,500
Other real estate owned	102,235
Investments in unconsolidated subsidiaries and associated companies	170,664
Customers liability to this bank on acceptances outstanding	909,084
Intangible assets	45,858
Other assets	1,562,551
Total assets	$36,547,235

</TABLE>

<TABLE>

<CAPTION>

LIABILITIES	
<S>	<C>
Deposits:	
In domestic offices	$19,443,240
Noninterest-bearing 7,387,665	
Interest-bearing 12,055,575	
In foreign offices, Edge and Agreement Subsidiaries, and IBFs	8,104,447
Noninterest-bearing 80,823	
Interest-bearing 8,023,624	
Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs:	
Federal funds purchased	1,505,573
Securities sold under agreements to repurchase	48,225
Demand notes issued to the U.S. Treasury	300,000
Other borrowed money	1,082,537
Bank's liability on acceptances executed and outstanding	909,970
Subordinated notes and debentures	1,070,780
Other liabilities	1,305,376
Total liabilities	33,770,148
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	75,000
Common stock	942,284
Surplus	474,677
Undivided profits and capital reserves	1,291,716
Cumulative foreign Currency translation adjustments	(6,590)
Total equity capital	2,777,087
Total liabilities, limited-life preferred stock, and equity capital ...	$36,547,235

</TABLE>

I, Robert E. Keilman, Senior Vice President and Comptroller of the above-named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true to the best of my knowledge and belief.

Robert E. Keilman

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true and correct.

J. Carter Bacot)
Alan R. Griffith)- Directors
Thomas A. Renyi)
