

SECURITIES AND EXCHANGE COMMISSION

FORM 424B5

Prospectus filed pursuant to Rule 424(b)(5)

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FILER

UNITED COMPANIES FINANCIAL CORP

CIK: **217416** | IRS No.: **710430414** | State of Incorporation: **LA** | Fiscal Year End: **1231**
Type: **424B5** | Act: **33** | File No.: **033-55227** | Film No.: **95546729**
SIC: **6162** Mortgage bankers & loan correspondents

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PROSPECTUS SUPPLEMENT
(TO PROSPECTUS DATED JUNE 12, 1995)

Registration Nos. 33-55227 and 33-60185
Filed Pursuant to Rule 424(b) (5)

1,700,000 SHARES

UNITED COMPANIES FINANCIAL CORPORATION

[LOGO]

6 3/4% PRIDESM

CONVERTIBLE PREFERRED STOCK, PAR VALUE \$2.00 PER SHARE

The shares offered hereby are 1,700,000 shares of Preferred Redeemable Increased Dividend Equity SecuritiesSM, 6 3/4% PRIDESM, Convertible Preferred Stock, par value \$2.00 per share ("PRIDES"), of United Companies Financial Corporation (the "Company").

The annual dividend payable with respect to each share of PRIDES is \$2.97. Dividends will be cumulative from the date of issuance and will be payable quarterly in arrears on each January 1, April 1, July 1 and October 1, commencing July 1, 1995. The liquidation preference applicable to each share of PRIDES is equal to the sum of (i) the per share price to the public shown below and (ii) the amount of accrued and unpaid dividends thereon.

On July 1, 2000 (the "Mandatory Conversion Date"), unless either previously redeemed or converted at the option of the holder, each of the outstanding shares of PRIDES will mandatorily convert into (i) one share of common stock, par value \$2.00 per share, of the Company (the "Common Stock"), subject to adjustment in certain events, and (ii) the right to receive an amount in cash equal to all accrued and unpaid dividends thereon.

Shares of PRIDES are not redeemable prior to July 1, 1998. At any time and from time to time on or after July 1, 1998 until immediately prior to the Mandatory Conversion Date, the Company may redeem any or all of the outstanding shares of PRIDES. Upon any such redemption, each holder will receive, in exchange for each share of PRIDES, the number of shares of Common Stock equal to (A) the sum of (i) \$45.188, declining after July 1, 1998 as set forth herein to \$44.00 until the Mandatory Conversion Date, and (ii) all accrued and unpaid dividends thereon (the "Call Price") divided by (B) the Current Market Price (as defined herein) on the applicable date of determination, but in no event less than .826 of a share of Common Stock, subject to adjustment in certain events.

At any time prior to the Mandatory Conversion Date, unless previously redeemed, each of the shares of PRIDES is convertible at the option of the holder thereof into .826 of a share of Common Stock (equivalent to a conversion price of \$53.24 per share of Common Stock (the "Conversion Price")), subject to adjustment in certain events. The number of shares of Common Stock a holder will receive upon redemption, and the value of the shares received upon conversion, will vary depending on the market price of the Common Stock from time to time, all as set forth herein.

Dividends on the shares of PRIDES will accrue at a higher rate than the rate at which dividends are currently paid on the Common Stock. The opportunity for equity appreciation afforded by an investment in the shares of PRIDES is less than that afforded by an investment in the Common Stock because the Conversion Price is higher than the per share price to the public of the shares of PRIDES and the Company may, at its option, redeem the shares of PRIDES at any time on or after July 1, 1998 and prior to the Mandatory Conversion Date, and may be expected to do so if, among other circumstances, the Current Market Price of the Common Stock exceeds the Call Price. In such event, a holder of a share of PRIDES will receive less than one share of Common Stock, but no less than .826 of a share of Common Stock. The per share value of the Common Stock received by holders of shares of PRIDES may be more or less than the per share amount paid for the shares of PRIDES offered hereby, due to market fluctuations in the price of the Common Stock. For a detailed description of the terms of the shares of PRIDES, see "Description of PRIDES."

The shares of PRIDES have been approved for listing on the Nasdaq National Market under the symbol "UCFCP." On June 12, 1995, the last reported sale price of the Common Stock on the Nasdaq National Market was \$44 per share.

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 SUPPLEMENT OR THE PROSPECTUS TO WHICH IT
 RELATES. ANY REPRESENTATION TO THE CONTRARY
 IS A CRIMINAL OFFENSE.

THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE
 MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

<TABLE>
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<S>	<C>	PRICE TO PUBLIC (1)	UNDERWRITING DISCOUNT (2)	PROCEEDS TO COMPANY (1) (3)
Per Share of PRIDES.....		\$44.00	\$1.21	\$42.79
Total (4).....		\$74,800,000	\$2,057,000	\$72,743,000

</TABLE>

- (1) Plus accrued dividends, if any, from the date of issue.
- (2) The Company has agreed to indemnify the Underwriters against certain liabilities under the Securities Act of 1933, as amended. See "Underwriting."
- (3) Before deducting expenses payable by the Company estimated at \$400,000.
- (4) The Company has granted to the Underwriters a 30-day option to purchase up to an additional 255,000 shares of PRIDES to cover over-allotments, if any. If such option is exercised in full, the total Price to Public, Underwriting Discount and Proceeds to Company will be \$86,020,000, \$2,365,550, and \$83,654,450, respectively. See "Underwriting."

 The PRIDES are offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by them, and subject to approval of certain legal matters by counsel for the Underwriters and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the PRIDES offered hereby will be made in New York, New York, on or about June 16, 1995.

(SM) Service mark of Merrill Lynch & Co., Inc.

MERRILL LYNCH & CO.

SALOMON BROTHERS INC
 PRUDENTIAL SECURITIES INCORPORATED

 The date of this Prospectus Supplement is June 12, 1995.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SHARES OF PRIDES AND THE COMMON STOCK OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NASDAQ NATIONAL MARKET, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

FOR NORTH CAROLINA RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF INSURANCE FOR THE STATE OF NORTH CAROLINA (THE "NORTH CAROLINA INSURANCE COMMISSIONER") NOR HAS THE NORTH CAROLINA INSURANCE COMMISSIONER RULED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS.

LOUISIANA INSURANCE LAWS AND REGULATIONS PROVIDE THAT NO PERSON MAY ACQUIRE CONTROL OF THE COMPANY AND THUS INDIRECT CONTROL OF ITS LOUISIANA DOMICILED INSURANCE SUBSIDIARIES, UNITED COMPANIES LIFE INSURANCE COMPANY AND UNITED GENERAL TITLE INSURANCE COMPANY, UNLESS SUCH PERSON HAS PROVIDED CERTAIN REQUIRED INFORMATION TO THE INSURANCE COMMISSIONER OF THE STATE OF LOUISIANA AND SUCH ACQUISITION HAS BEEN APPROVED BY THE INSURANCE COMMISSIONER OF THE STATE OF LOUISIANA, AFTER PUBLIC HEARING. UNDER LOUISIANA INSURANCE LAWS AND REGULATIONS,

ANY PERSON WHO OWNS, CONTROLS OR HAS THE POWER TO VOTE 10% OR MORE OF THE VOTING SECURITIES OF A CORPORATION IS PRESUMED TO HAVE CONTROL OF THAT CORPORATION AND ITS SUBSIDIARIES. A SECURITY WHICH IS CONVERTIBLE INTO OR EVIDENCES A RIGHT TO ACQUIRE A VOTING SECURITY IS VIEWED AS A VOTING SECURITY. CONSEQUENTLY, NO PURCHASER IN THIS OFFERING MAY ACQUIRE, DIRECTLY OR INDIRECTLY, AN AMOUNT OF VOTING SECURITY WHICH WOULD BRING SUCH PURCHASER'S TOTAL HOLDINGS TO 10% OR MORE OF THE VOTING SECURITIES OF THE COMPANY, UNLESS SUCH PURCHASER HAS PROVIDED THE REQUIRED INFORMATION TO THE INSURANCE COMMISSIONER OF THE STATE OF LOUISIANA AND THE ACQUISITION HAS BEEN APPROVED BY THE INSURANCE COMMISSIONER OF THE STATE OF LOUISIANA.

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PROSPECTUS SUPPLEMENT SUMMARY

The following summary is qualified in its entirety by the more detailed information appearing elsewhere in the Prospectus, this Prospectus Supplement and the consolidated financial statements, including the notes thereto, included herein and incorporated herein by reference. Except as otherwise noted, all information in this Prospectus Supplement assumes that the over-allotment option granted to the Underwriters will not be exercised. Unless the context otherwise requires, references in this Prospectus Supplement to the "Company" include the Company and its consolidated subsidiaries. Capitalized terms used in this Prospectus Supplement but not defined herein shall have the meanings set forth in the Prospectus unless otherwise provided herein.

THE COMPANY

United Companies Financial Corporation (the "Company"), founded in 1946, is a financial services holding company having mortgage and insurance operations. The Company's mortgage operations are focused on the origination, sale and servicing of first mortgage, non-conventional, home equity loans. Loan originations are accomplished primarily through a retail branch network, which as of March 31, 1995, consisted of 143 offices in 39 states, and a wholesale loan network of correspondents and brokers. The Company's strategy for increasing loan production includes continued geographic expansion, increased wholesale loan originations, loan acquisitions and the introduction of new loan products. Home equity loan production in 1994, 1993 and 1992 was \$909 million, \$540 million and \$301 million, respectively. Home equity loan production for the first three months of 1995 was \$309 million compared to \$197 million for the same period of 1994. The Company believes its loan securitizations improve its access to funding and thereby provide a distribution outlet sufficient to meet the Company's expanded home equity loan production. Increased loan production and its reduced cost of funding are the primary reasons that operating income before income taxes of the Company's mortgage operations rose to \$81.2 million in 1994 from \$46.3 million in 1993 and from \$24.0 million in 1992. Although loan sale gains increased from \$22.6 million for the first quarter of 1994 to \$26.7 million for the same period in 1995, the Company's operating income before income taxes of its mortgage operations declined to \$17.9 million for the first quarter of 1995 as compared to \$20.4 million for the first quarter of 1994, primarily as a result of increased expenses relating to the expansion of its mortgage operations. The Company's insurance operations sell primarily single premium deferred annuities marketed in 47 states, the District of Columbia and Puerto Rico. For additional information regarding the Company's operations by business segment, see "Selected Financial and Other Data" in the Prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Prospectus and in the Company's Annual Report on Form 10-K for the year ended December 31, 1994, as amended by Amendment No. 1 on Form 10-K/A, and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995.

RECENT DEVELOPMENTS

Pricing of Home Equity Loan Securitization. On June 7, 1995, the Company's subsidiary, UCFC Acceptance Corporation, announced the pricing for a sale in a public offering of \$405 million of mortgage-backed pass-through certificates. Primarily first lien, fixed rate and adjustable rate residential home equity loans originated, directly or through correspondents or mortgage brokers, by United Companies Lending Corporation ("UC Lending" or "UCLC") will be sold to the trustee under a pooling and servicing agreement. The sale is scheduled to close on June 22, 1995. Under the terms of this transaction, a portion of the proceeds from the sale of these certificates will be held in prefunding accounts by the trustee to purchase home equity loans originated by UC Lending on or prior to September 10, 1995. Eight classes of mortgage pass-through certificates will be issued in this securitization, seven of which will be fixed rate classes aggregating \$305 million and having pass-through rates ranging from 6.60% to 7.45% and one of which will be a \$100 million floating rate class having an initial pass-through rate of 6.45%. It is anticipated that the certificates will be insured by MBIA Insurance Corporation and will receive the highest investment grade ratings from Moody's Investors Service, Inc. and Standard & Poor's Ratings

against an increase in market interest rates. Market interest rates declined from the respective dates of these hedges to the date of pricing. The gain recorded by the Company from the sale of certificates in this securitization transaction will be net of the results of the hedge transactions. This offering will be the second sale of mortgage-backed securities by the Company in 1995 and the ninth securitization conducted under this subsidiary's shelf registration statement filed with the Securities and Exchange Commission, initially effective in June 1993 in the amount of \$1 billion and subsequently amended and increased by \$3 billion.

United General Title Insurance Company. On April 10, 1995, the Company made a decision to dispose of its investment in United General Title Insurance Company ("UG Title"), a wholly owned subsidiary of the Company, and, on May 1, 1995, approved a formal plan of disposal. The decision to dispose of UG Title is independent of the consummation of the sale thereof contemplated by the letter of intent referred to below. As a result, the operations of UG Title have been classified as discontinued operations, and, accordingly, the consolidated financial statements and the related notes of the Company segregate continuing and discontinued operations. It is anticipated that the disposal will be completed during 1995. In connection therewith, a letter of intent to sell UG Title has been signed which provides for a reduction of the sale price for certain claims relating to transactions occurring prior to the date of sale and discovered within twelve months thereafter. The transaction contemplated by the letter of intent is subject to negotiation and execution of a definitive agreement and the satisfaction of certain conditions, including receipt of necessary regulatory approvals. The Company believes that the failure to consummate the transaction contemplated by the letter of intent should not have a material adverse effect on the Company's financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Discontinued Operations -- UG Title" in the Prospectus.

Warehouse Facility. To help finance its originations and acquisitions of home equity loans, UC Lending and other mortgage lending subsidiaries of the Company entered into a credit agreement dated as of May 23, 1995 with First Union National Bank of North Carolina and certain other lenders signatory thereto (the "Warehouse Facility"). Under the Warehouse Facility, UC Lending and the other mortgage lending subsidiaries may borrow up to \$150,000,000 on a revolving basis secured by home equity loans eligible thereunder. Loans under the Warehouse Facility are subject to the satisfaction of certain borrowing conditions, including a minimum borrowing base and will bear interest at a floating rate. Borrowings under the Warehouse Facility are required to be repaid from the proceeds of the sale or other disposition of the home equity loan collateral. The Warehouse Facility contains certain provisions that may affect the ability of the Company to pay dividends on the PRIDES as described under "Price Range of Common Stock and Dividends." The lenders' commitment under the Warehouse Facility is scheduled to terminate on May 23, 1997. As of May 23, 1995, no amounts were outstanding under the Warehouse Facility. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" in the Prospectus.

First Quarter of 1995. For a discussion of the Company's results of operations for the three months ended March 31, 1995, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Results of Operations -- Three Months Ended March 31, 1995 Compared to Three Months Ended March 31, 1994" in the Prospectus.

THE OFFERING

Securities..... The PRIDES are shares of convertible preferred stock and rank prior to the Common Stock as to payment of dividends and distribution of assets upon liquidation. The shares of PRIDES mandatorily convert into shares of Common Stock on July 1, 2000, the Mandatory Conversion Date, and the Company has the option to redeem the shares of PRIDES, in whole or in part, at any time and from time to time on or after July 1, 1998, and prior to the Mandatory Conversion Date at the Call Price, payable in shares of Common Stock. In addition, the shares of PRIDES are convertible into shares of

Common Stock at the option of the holder at any time prior to the Mandatory Conversion Date as set forth below.

Dividends..... Holders of shares of PRIDES will be entitled to receive annual cumulative dividends at a rate per annum of 6 3/4% of the stated liquidation preference (equivalent to a rate of \$2.97 per annum for each share of PRIDES), from the date of initial issuance, payable quarterly in arrears on each January 1, April 1, July 1, and October 1, or, if any such date is not a business day, on the next succeeding business day, commencing July 1, 1995. See "Description of PRIDES -- Dividends."

Mandatory Conversion..... On the Mandatory Conversion Date, unless previously redeemed or converted, each outstanding share of PRIDES will mandatorily convert into (i) one share of Common Stock, subject to adjustment in certain events, and (ii) the right to receive cash in an amount equal to all accrued and unpaid dividends thereon (other than previously declared dividends payable to a holder of record as of a prior date). See "Description of PRIDES -- Mandatory Conversion of PRIDES." The value of the Common Stock that may be received by holders of shares of PRIDES upon their mandatory conversion may be more or less than the amount paid for the shares of PRIDES offered hereby due to market fluctuations in the price of the Common Stock.

Optional Redemption..... Shares of PRIDES are not redeemable prior to July 1, 1998. At any time and from time to time on or after July 1, 1998, and ending immediately prior to the Mandatory Conversion Date, the Company may redeem any or all of the outstanding shares of PRIDES. Upon any such redemption, each holder will receive, in exchange for each share of PRIDES, the number of shares of Common Stock equal to the Call Price (the sum of (i) \$45.188, declining after July 1, 1998, as set forth herein to \$44.00 until the Mandatory Conversion Date and (ii) all accrued and unpaid dividends thereon (other than previously declared dividends payable to a holder of record as of a prior date)) divided by the Current Market Price (as defined herein) on the applicable date of determination, but in no event less than .826 of a share of Common Stock, subject to adjustment as described herein. See "Description of PRIDES -- Optional Redemption." The number of shares of Common Stock to be delivered in payment of the applicable Call Price will be determined on the basis of the Current Market Price of the Common Stock prior to the announcement of the redemption, and the market price of the Common Stock may vary between the date of such determination and the subsequent delivery of such shares.

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Conversion at the Option of the Holder..... At any time prior to the Mandatory Conversion Date, unless previously redeemed, each share of PRIDES is convertible at the option of the holder thereof into .826 of a share of Common Stock (the "Optional Conversion Rate"), equivalent to the Conversion Price of \$53.24 per share of Common Stock, subject to adjustment as described herein. The number of shares of Common Stock a holder will receive upon redemption, and the value of the shares received upon conversion, will vary depending on the market price of the Common Stock from time to time, all as set forth herein. The right of holders to convert shares of PRIDES called for redemption will terminate immediately prior to the close of business on the redemption date. See "Description of PRIDES -- Conversion at the Option of the Holder."

Enhanced Dividend Yield;

Less Equity Appreciation
Than Common Stock.....

Dividends will accrue on the shares of PRIDES at a higher rate than the rate at which dividends are currently paid on the Common Stock. The opportunity for equity appreciation afforded by an investment in the shares of PRIDES is less than that afforded by an investment in the Common Stock because the Conversion Price is higher than the per share price to the public of the shares of PRIDES and the Company may, at its option, redeem the shares of PRIDES at any time on or after July 1, 1998, and prior to the Mandatory Conversion Date, and may be expected to do so if, among other circumstances, the Current Market Price of the Common Stock after July 1, 1998, exceeds the Call Price. In such event, a holder of a share of PRIDES will receive less than one share of Common Stock, but no less than .826 of a share of Common Stock, subject to adjustment as described herein. A holder may also surrender for conversion any shares of PRIDES called for redemption up to the close of business on the redemption date, and a holder that so elects to convert will receive .826 of a share of Common Stock per share of PRIDES, subject to adjustment as described herein. The per share value of Common Stock received by holders of shares of PRIDES may be more or less than the per share amount paid for the shares of PRIDES offered hereby, due to market fluctuations in the price of the Common Stock. See "Description of PRIDES -- Enhanced Dividend Yield; Less Equity Appreciation Than Common Stock."

Voting Rights.....

The holders of shares of PRIDES will have the right with the holders of Common Stock to vote in the election of Directors and upon each other matter coming before any meeting of the holders of Common Stock on the basis of 4/5 of a vote for each share of PRIDES. On such matters, the holders of shares of PRIDES and the holders of Common Stock will vote together as one class except as otherwise provided by law or the Company's Articles of Incorporation. In addition, (i) whenever dividends on the shares of PRIDES or any other series of the Company's preferred stock (all series of which, including the shares of PRIDES, hereinafter are called the "Preferred Stock") with like voting rights are in arrears and unpaid for six quarterly dividend periods, and in certain other circumstances, the holders of the shares of PRIDES (voting separately as a class) will be entitled to vote, on the basis of one vote for each share of PRIDES, for the election of two Directors of the Company, such Directors to be in addition to the number of Directors

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constituting the Board of Directors immediately prior to the accrual of such right, and (ii) the holders of the shares of PRIDES may have voting rights with respect to certain alterations of the Company's Articles of Incorporation and certain other matters, voting on the same basis or separately as a series. See "Description of PRIDES -- Voting Rights" herein and "Description of Capital Stock -- Common Stock" and "-- Special Charter, By-Law and Louisiana Law Provisions" in the Prospectus.

Liquidation Preference
and Ranking.....

The shares of PRIDES will rank prior to the Common Stock as to payment of dividends and distribution of assets upon liquidation. The liquidation preference of each share of PRIDES is an amount equal to the sum of (i) the per share price to the public shown on the cover page of this Prospectus Supplement and (ii) all accrued and unpaid dividends thereon. See "Description of PRIDES -- Dividends" and "-- Liquidation Rights."

Listing..... The shares of PRIDES have been approved for listing on the Nasdaq National Market under the symbol "UCFCP."

Use of Proceeds..... The Company intends to use the net proceeds for general corporate purposes, which may include (i) the repayment of revolving indebtedness, (ii) the financing of continued expansion of its mortgage operations and (iii) the possible introduction of new loan products. See "Use of Proceeds."

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SELECTED FINANCIAL AND OTHER DATA

The selected financial data set forth below are derived from the Company's Consolidated Financial Statements. The Company's Consolidated Balance Sheets at December 31, 1994 and 1993, and Consolidated Statements of Income, Stockholders' Equity and Cash Flows for the years ended December 31, 1994, 1993 and 1992 and notes thereto were audited by Deloitte & Touche LLP, independent certified public accountants, and are incorporated by reference herein and available as described under "Incorporation of Certain Documents by Reference" and "Available Information" in the Prospectus. The Company's Consolidated Financial Statements should be read in conjunction with this table and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Prospectus and in the Company's Annual Report on Form 10-K for the year ended December 31, 1994, as amended by Amendment No. 1 on Form 10-K/A. The financial information and other data set forth for the three months ended March 31, 1995 and 1994 are unaudited; however, in the opinion of the Company's management, the accompanying financial information contains all adjustments, consisting only of normal accruals, except for discontinued operations, necessary to present fairly the financial information for such periods. The results of operations for the three months ended March 31, 1995 may not be indicative of results of operations to be expected for the full year.

<TABLE>

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	THREE MONTHS ENDED MARCH 31, (1)		YEAR ENDED DECEMBER 31, (1)				
	1995	1994	1994	1993	1992	1991	1990
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:							
Interest, charges and fees on							
loans.....	\$ 30,788	\$ 27,285	\$ 116,747	\$ 96,284	\$ 92,785	\$ 90,180	\$ 63,300
Loan sale gains.....	26,734	22,554	86,735	59,441	33,475	29,627	18,613
Investment income.....	25,011	18,221	84,666	75,527	65,548	61,828	65,349
Loan servicing income.....	3,484	3,689	15,173	10,077	10,611	9,492	10,592
Net insurance premiums.....	2,102	3,068	11,373	18,684	22,860	36,269	39,820
Total revenues.....	88,119	74,817	314,694	260,013	225,279	227,396	197,674
Total expenses.....	68,570	53,985	230,620	216,952	204,664	219,580	190,837
Income from continuing operations before income taxes.....	19,549	20,832	84,074	43,061	20,615	7,816	6,837
Provision for income taxes.....	6,725	7,355	29,492	14,744	7,601	3,164	2,473
Income from continuing operations....	12,824	13,477	54,582	28,317	13,014	4,652	4,364
Income (loss) from discontinued operations.....	(128)	233	(5,048)	(16,742)	(2,768)	6,824	3,943
Net income.....	\$ 12,696	\$ 13,710	\$ 49,534	\$ 11,575	\$ 10,246	\$ 11,476	\$ 8,307
PER SHARE DATA (2):							
Primary:							
Income from continuing operations.....	\$.91	\$.93	\$ 3.83	\$ 2.52	\$ 1.31	\$.47	\$.44
Income (loss) from discontinued operations.....	(.01)	.02	(.35)	(1.51)	(.28)	.69	.40
Net income.....	\$.90	\$.95	\$ 3.48	\$ 1.01	\$ 1.03	\$ 1.16	\$.84

Fully diluted:

Income from continuing operations.....	\$.91	\$.93	\$ 3.83	\$ 2.38	\$ 1.31	\$.47	\$.44
Income (loss) from discontinued operations.....	(.01)	.02	(.35)	(1.41)	(.28)	.69	.40
Net income.....	\$.90	\$.95	\$ 3.48	\$.97	\$ 1.03	\$ 1.16	\$.84
Weighted average shares outstanding:							
Primary.....	14,081	14,402	14,245	11,104	9,917	9,883	9,832
Fully Diluted.....	14,123	14,402	14,245	11,853	9,917	9,883	9,832
Cash dividends.....	\$.1000	\$.0909	\$.3636	\$.3092	\$.2728	\$.2556	\$.2372
Stockholders' equity -- period end(3).....	\$ 13.96	\$ 11.89	\$ 11.34	\$ 11.45	\$ 9.70	\$ 8.94	\$ 8.08

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<TABLE>
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	THREE MONTHS ENDED MARCH 31, (1)		YEAR ENDED DECEMBER 31, (1)				
	1995	1994	1994	1993	1992	1991	1990
	(DOLLARS IN THOUSANDS)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA -- PERIOD END:							
Investment securities -- net(3).....	\$1,142,954	\$ 961,672	\$1,044,842	\$ 902,091	\$ 759,354	\$ 376,966	\$ 588,397
Loans -- net.....	394,362	494,723	369,382	517,720	502,229	604,942	362,164
Capitalized excess servicing income.....	195,609	131,611	179,065	113,192	72,062	53,942	47,153
Deferred policy acquisition costs....	92,802	83,584	91,915	83,495	80,007	78,599	77,601
Total assets.....	2,087,806	1,863,915	1,978,255	1,817,153	1,627,900	1,492,816	1,363,955
Annuity reserves.....	1,440,233	1,317,878	1,425,973	1,294,983	1,147,555	1,014,649	875,346
Notes payable.....	240,342	180,950	213,668	155,500	206,850	200,447	216,971
Total liabilities.....	1,893,914	1,702,254	1,823,005	1,663,785	1,531,642	1,404,382	1,284,524
Stockholders' equity(3).....	193,892	161,661	155,250	153,368	96,258	88,434	79,430
OTHER DATA:							
Mortgage							
Total loan originations.....	\$ 309,564	\$ 197,357	\$ 913,319	\$ 545,229	\$ 321,198	\$ 328,184	\$ 397,794
Home equity loan originations.....	309,290	197,329	908,821	539,868	301,234	253,613	224,783
Average home equity loan size.....	43	43	41	39	28	24	23
Home equity loans serviced -- period end.....	1,895,955	1,248,424	1,683,698	1,125,139	819,448	703,922	575,282
Total loans serviced -- period end.....	2,234,232	1,668,714	2,032,405	1,568,781	1,367,822	1,344,388	1,175,038
Average coupon on home equity loans originated.....	12.4%	11.0%	11.7%	11.8%	13.4%	N/A	N/A
Loan origination fees as % of home equity loans.....	5.2%	6.0%	6.0%	7.0%	7.9%	8.2%	7.9%
Weighted average interest spread retained on home equity loans sold.....	4.42%	5.61%	4.49%	6.06%	4.56%	4.42%	4.01%
Life Insurance							
Annuity sales.....	\$ 48,563	\$ 45,029	\$ 249,737	\$ 207,682	\$ 187,050	\$ 175,796	\$ 102,391
Net interest spread on annuities...	2.38%	2.61%	2.73%	2.20%	1.84%	1.88%	2.18%
Investment grade bonds as % of invested assets.....	72.0%	64.3%	69.6%	59.6%	54.3%	25.1%	45.5%

(1) On April 10, 1995, the Company decided to dispose of its investment in its wholly owned subsidiary, UG Title, and on May 1, 1995, approved a formal plan of disposal of UG Title. In addition, on May 7, 1993, the Company announced its decision to dispose of the net assets and operations of Foster Mortgage Corporation ("FMC"), a wholly owned subsidiary of the Company. The operations of UG Title and FMC have been reclassified as discontinued operations and the prior years' financial statements of the Company included herewith have been reclassified accordingly.

(2) All share and per share data have been adjusted to reflect stock dividends.

(3) During the first quarter of 1994, the Company implemented the provisions of FASB Statement of Financial Accounting Standards No. 115 ("SFAS 115"), which revised the method of accounting for certain of the Company's investments. Prior to adoption of SFAS 115, the Company reported its investments in fixed income investments at amortized cost, adjusted for declines in value considered to be other than temporary. SFAS 115 requires the classification of securities in one of three categories: "available-for-sale",

"held-to-maturity" or "trading securities." Securities classified as held-to-maturity are carried at amortized cost, whereas securities classified as trading securities or available-for-sale are recorded at fair value. Effective with the adoption of SFAS 115, the Company determined the appropriate classification of its investments and, if necessary, adjusted the carrying value of such securities accordingly as if the unrealized gains or losses had been realized. The adjustment, net of applicable income taxes, for investments classified as available-for-sale is recorded in "Net unrealized loss on securities" and is included in Stockholders' equity. In accordance with the provisions of SFAS 115, prior year investments were not restated.

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SELECTED FINANCIAL INFORMATION BY SEGMENT

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,				
	1995	1994	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	(DOLLARS IN THOUSANDS)						
MORTGAGE							
Interest, charges and fees on loans.....	\$20,140	\$14,798	\$ 68,658	\$ 44,797	\$ 35,003	\$ 36,174	\$ 33,029
Investment income.....	1,465	266	2,762	1,054	696	1,137	--
Loan sale gains.....	26,734	22,554	86,289	59,220	29,679	15,571	14,636
Loan servicing income.....	4,734	4,977	19,892	15,568	15,284	12,108	10,289
Total revenues.....	53,073	42,595	177,601	120,639	80,662	64,990	57,954
Total expenses.....	35,170	22,244	96,446	74,344	56,661	60,592	54,406
Income from continuing operations before income taxes.....	17,903	20,351	81,155	46,295	24,001	4,398	3,548
LIFE INSURANCE							
Interest, charges and fees on loans.....	9,267	11,577	43,647	45,561	51,396	51,585	32,399
Investment income.....	24,145	18,313	83,614	75,594	67,287	63,285	65,549
Net insurance premiums.....	2,102	3,068	11,373	18,684	22,860	36,269	39,820
Loan sale gains.....	--	--	--	--	3,310	--	3,977
Loan servicing income (loss).....	(427)	(44)	(505)	340	673	1,645	2,625
Total revenues.....	35,087	32,914	138,129	140,179	145,526	152,784	144,370
Total expenses.....	31,918	31,335	129,049	137,544	140,061	150,707	131,216
Income from continuing operations before income taxes.....	3,169	1,579	9,080	2,635	5,465	2,077	13,154
CORPORATE, OTHER OPERATIONS AND ELIMINATIONS							
Income (loss) from continuing operations before income taxes.....	(1,523)	(1,098)	(6,161)	(5,869)	(8,851)	1,341	(9,865)
CONSOLIDATED							
Income from continuing operations before income taxes.....	19,549	20,832	84,074	43,061	20,615	7,816	6,837
Provision for income taxes.....	6,725	7,355	29,492	14,744	7,601	3,164	2,473
Income from continuing operations.....	12,824	13,477	54,582	28,317	13,014	4,652	4,364
Income (loss) from discontinued operations.....	(128)	233	(5,048)	(16,742)	(2,768)	6,824	3,943
Net income.....	\$12,696	\$13,710	\$ 49,534	\$ 11,575	\$ 10,246	\$ 11,476	\$ 8,307

</TABLE>

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USE OF PROCEEDS

At an offering price of \$44.00 per share, the net proceeds to be received by the Company from the sale of 1,700,000 shares of PRIDES (after deducting applicable underwriting discounts and estimated expenses payable by the Company) are estimated to be approximately \$72,343,000 (\$83,254,450 if the Underwriters' over-allotment option is exercised in full). The Company intends to use the net proceeds for general corporate purposes, which may include (i) the repayment of revolving indebtedness, (ii) the financing of continued expansion of its

mortgage operations and (iii) the possible introduction of new loan products. See "The Company -- Business Strategies" in the Prospectus.

CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as of March 31, 1995 and as adjusted to give effect to the sale by the Company of the 1,700,000 shares of PRIDES offered hereby (before giving effect to underwriting discounts and commissions and expenses payable by the Company).

<TABLE>
<CAPTION>

	MARCH 31, 1995	
	AS	
	ACTUAL	ADJUSTED
	(IN THOUSANDS)	
<S>	<C>	<C>
DEBT:		
Notes payable -- current.....	\$ 3,112	\$ 3,112
Notes payable -- long term.....	112,230	39,887
9.35% Senior Notes due November 1, 1999.....	125,000	125,000
Total debt.....	240,342	167,999
STOCKHOLDERS' EQUITY:		
6 3/4% PRIDES, convertible preferred stock, par value \$2.00 per share; 1,955,000 shares authorized; 1,700,000 shares outstanding, as adjusted; \$74,800,000 aggregate liquidation value.....	--	3,400
Common stock, par value \$2.00 per share; 100,000,000 shares authorized; 14,464,790 shares issued; and 13,884,949 shares outstanding(1).....	28,930	28,930
Additional paid-in capital.....	126,085	195,028
Net unrealized loss on securities.....	(21,132)	(21,132)
Retained earnings.....	73,314	73,314
Treasury stock at cost (579,841 shares).....	(6,780)	(6,780)
ESOP debt(2).....	(6,525)	(6,525)
Total stockholders' equity.....	193,892	266,235
Total capitalization.....	\$434,234	\$434,234

</TABLE>

- (1) Does not include 831,454 shares of Common Stock reserved for issuance upon exercise of options granted under the Company's stock option plans as of March 31, 1995.
- (2) See Note 9.1 of Notes to Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1994, as amended by Amendment No. 1 on Form 10-K/A, and Note 7 to Consolidated Financial Statements contained in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995.

As of May 23, 1995, no amounts were outstanding under the Warehouse Facility. See "Prospectus Supplement Summary -- Recent Developments."

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PRICE RANGE OF COMMON STOCK AND DIVIDENDS

The Company's Common Stock is traded on the Nasdaq National Market under the symbol "UCFC." The following table sets forth for the periods indicated the high and low sale prices of the Company's Common Stock as reported on the Nasdaq National Market and the per share cash dividends declared. All amounts have been adjusted for stock dividends.

<TABLE>
<CAPTION>

	SALES PRICES		CASH DIVIDENDS
	HIGH	LOW	
	<C>	<C>	
<S>	<C>	<C>	<C>
1995			
First Quarter.....	\$36.500	\$22.750	\$.1000

Second Quarter (through June 12, 1995).....	46.750	34.750	.1000
1994			
First Quarter.....	\$43.641	\$34.321	\$.0909
Second Quarter.....	38.185	28.639	.0909
Third Quarter.....	40.231	28.866	.0909
Fourth Quarter(1).....	31.821	22.000	.0909
1993			
First Quarter.....	\$ 8.524	\$ 7.501	\$.0682
Second Quarter.....	8.355	7.501	.0682
Third Quarter(2).....	29.889	7.901	.0864
Fourth Quarter.....	37.049	25.116	.0864

</TABLE>

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- (1) On October 26, 1994, the Company announced a 10% Common Stock dividend payable on January 10, 1995, to stockholders of record on December 22, 1994.
 - (2) On September 20, 1993, the Company announced a 100% Common Stock dividend payable on October 18, 1993, to stockholders of record on October 1, 1993.

On June 12, 1995, the closing sale price of the Common Stock as reported on the Nasdaq National Market was \$44. As of May 23, 1995, there were approximately 3,100 holders of record of the Common Stock.

The Company has declared and paid regular quarterly cash dividends on its Common Stock since 1974. While the Company intends to continue to pay regular quarterly cash dividends on its Common Stock, its ability to do so will be subject to its earnings, financial condition, capital and regulatory requirements, credit facility restrictions and such other factors as the Company's Board of Directors may consider relevant. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" in the Prospectus.

As a holding company, the ability of the Company to pay dividends is dependent upon the receipt of dividends or other payments from its subsidiaries. UC Life's ability to pay dividends is subject to certain regulatory restrictions. UC Life had the capacity at March 31, 1995 to pay dividends of \$8.2 million. UC Life did not pay dividends to the Company during 1992, 1993 or 1994 in order to retain capital in UC Life.

The ability of UC Lending and other mortgage lending subsidiaries of the Company to pay dividends may be restricted by certain provisions of the Warehouse Facility. The Warehouse Facility requires UC Lending not to permit its Adjusted Net Worth (as defined in the Warehouse Facility), on a consolidated basis, at any date to be less than an amount (the "Threshold Amount") equal to the sum of (i) \$97.2 million plus (ii) 25% of the net income of UC Lending, on a consolidated basis, for the period commencing on January 1, 1995 through the date of the most recently ended fiscal quarter prior to the date of determination (for purposes of the foregoing computation, for any fiscal quarter in which UC Lending reports a net loss on a consolidated basis it will be deemed to have net income of \$0 and net loss of \$0). The payment of dividends by UC Lending to the Company would reduce UC Lending's Adjusted Net Worth. As of March 31, 1995, if the Warehouse

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Facility were in effect, UC Lending's Adjusted Net Worth would have exceeded the Threshold Amount by \$34.4 million.

The Warehouse Facility also requires UC Lending not to permit the ratio of (i) the sum of (A) its Adjusted Average Indebtedness (as defined in the Warehouse Facility), on a consolidated basis, plus (B) all Unfunded Liabilities (as defined in the Warehouse Facility) of UC Lending, on a consolidated basis, plus (C) 50% of the amount outstanding of all Reserve Standby Letters of Credit (as defined in the Warehouse Facility) issued on behalf of UC Lending and other mortgage lending subsidiaries of the Company to (ii) its Adjusted Net Worth, on a consolidated basis, at the end of any fiscal quarter to be more than 10.0:1.0. As of March 31, 1995, the foregoing ratio was 1.8:1.0. Consequently, under the provisions of the Warehouse Facility, approximately \$34.4 million of retained earnings at March 31, 1995 would have been available for the payment of dividends by UC Lending had the Warehouse Facility been in effect at such date and an equivalent amount would have been available assuming that the Warehouse Facility had been fully drawn throughout the quarter ended March 31, 1995.

In addition, the Company's ability to pay dividends may be restricted due to certain covenants in its debt instruments. The Company's 9.35% Senior Notes due November 1, 1999 require the Company to maintain its consolidated stockholders' equity, on a fiscal quarter basis, at not less than \$100,000,000,

subject to certain adjustments. Moreover, the Company's existing revolving credit facility (the "Bank Facility") requires the Company to maintain at all times its consolidated stockholders' equity (as determined in accordance with the Bank Facility) at not less than the sum of (i) \$63,000,000 plus (ii) 50% of the Consolidated Net Income (as defined in the Bank Facility) of the Company and its subsidiaries after June 30, 1988 to and including the fiscal quarter most recently ended (but without deducting any amount for any fiscal quarter in which Consolidated Net Income of the Company and its subsidiaries, so determined, is negative) (the "Minimum Consolidated Stockholders' Equity"). The payment of dividends by the Company would reduce the Company's consolidated stockholders' equity. As of March 31, 1995, the Company's consolidated stockholders' equity (as determined in accordance with the Bank Facility) exceeded the Minimum Consolidated Stockholders' Equity by \$97.2 million.

In addition, under the Bank Facility, the Company is also prohibited from declaring or paying any dividends (other than dividends payable solely in stock of the Company) on, or making any distributions of cash or property or in obligations of the Company or any of its subsidiaries to holders of any shares of, stock or from directly or indirectly redeeming, purchasing, retiring or otherwise acquiring for any consideration any shares of any class of stock or making or permitting any subsidiary to make any payment on account of or purchasing or otherwise acquiring any shares of any class of stock of the Company, if the sum of said dividends and other purchases and redemptions during the period from December 31, 1987 through the end of the fiscal quarter immediately preceding the date of said dividends and other purchases and redemptions would exceed \$10,000,000 plus 50% of the Consolidated Net Income of the Company and its subsidiaries during such period. The required lenders under the Bank Facility have confirmed that a conversion or redemption of the PRIDES solely into shares of Common Stock will not constitute a redemption, purchase, retirement or acquisition by the Company of any class of stock for purposes of the above-described covenant. Under the provisions of the Bank Facility, approximately \$50.4 million of retained earnings at March 31, 1995, was available for the payment of dividends by the Company.

Further, there can be no assurance that neither the Company nor its subsidiaries will enter into financing arrangements that may restrict the ability of the Company and its subsidiaries to pay dividends in the future.

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DESCRIPTION OF PRIDES

The following description of the terms of shares of PRIDES offered hereby supplements and, to the extent inconsistent therewith, replaces the description of the general terms and provisions of the Preferred Stock set forth in the accompanying Prospectus. The summary contained herein of the terms of shares of PRIDES does not purport to be complete and is subject to and qualified in its entirety by reference to all of the provisions of the Company's Articles of Incorporation and form of Articles of Amendment relating to shares of PRIDES (the "Articles of Amendment"), a copy of each of which either has been or will be filed with the Securities and Exchange Commission (the "Commission") as an exhibit to or incorporated by reference into the Registration Statement of which this Prospectus Supplement is a part. The stated annual dividend, certain of the Call Prices (as defined herein) and the Optional Conversion Rate (as defined herein) applicable to the shares of PRIDES have been rounded.

The Company's Board of Directors has adopted resolutions authorizing the issuance of up to 1,955,000 shares of 6 3/4% PRIDES, Convertible Preferred Stock, par value \$2.00 per share.

DIVIDENDS

Holders of shares of PRIDES will be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, cash dividends from June 16, 1995, the date of initial issuance of the shares of PRIDES at the rate of 6 3/4% per annum of the stated liquidation preference per share (equivalent to \$2.97 per annum or \$.7425 per quarter for each share of PRIDES), payable quarterly in arrears on the 1st of January, April, July and October or, if any such date is not a business day, on the next succeeding business day; provided, however, that, with respect to any dividend period during which a redemption occurs, the Company may, at its option, declare accrued dividends to, and pay such dividends on, the date fixed for redemption, in which case such dividends would be payable in cash to the holders of shares of PRIDES as of the record date for such dividend payment and would not be included in the calculation of the related Call Price as set forth below. The first dividend period will be from June 16, 1995, the date of initial issuance of the shares of PRIDES, to but excluding July 1, 1995, and the first dividend will be payable on July 1, 1995. Dividends will cease to accrue in respect of the shares of PRIDES on the Mandatory Conversion Date or on the date of their earlier conversion or redemption.

Dividends will be payable to holders of record as they appear on the stock register of the Company on such record date, not less than 10 days nor more than 60 days preceding the payment date thereof, as shall be fixed by the Board of Directors. Dividends payable on shares of PRIDES for any period less than a full quarterly dividend period will be computed on the basis of a 360-day year of twelve 30-day months and the actual number of days elapsed in any period less than one month.

Dividends on shares of PRIDES will accrue whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are declared. Accrued but unpaid dividends on shares of PRIDES shall cumulate as of the dividend payment date on which they first become payable, but no interest shall accrue on accumulated but unpaid dividends on shares of PRIDES.

The shares of PRIDES will rank on a parity, both as to payment of dividends and distribution of assets upon liquidation, with any future preferred stock issued by the Company that by its terms ranks pari passu with the shares of PRIDES.

As long as any shares of PRIDES are outstanding, no dividends for any dividend period (other than dividends payable in shares of, or warrants, rights or options exercisable for or convertible into shares of, Common Stock or any other capital stock of the Company ranking junior to the shares of PRIDES as to the payment of dividends and the distribution of assets upon liquidation ("Junior Stock") and cash in lieu of fractional shares of such Junior Stock in connection with any such dividend) will be paid in cash or otherwise, nor will any other distribution be made (other than a distribution payable in Junior Stock and cash in lieu of fractional shares of such Junior Stock in connection with any such distribution), on any Junior Stock unless (i) full dividends on Preferred Stock (including the shares of PRIDES) that does not constitute Junior Stock

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("Parity Preferred Stock") have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such Junior Stock dividend or distribution payment to the extent such dividends are cumulative; (ii) dividends in full, in the case of a dividend payment with respect to Junior Stock, for any Parity Preferred Stock dividend period commencing on or prior to the date of such Junior Stock dividend payment or, in the case of any other distribution with respect to Junior Stock, for the current quarterly dividend period, have been paid, or declared and set aside for payment, on all Parity Preferred Stock to the extent such dividends are cumulative; (iii) the Company has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for any Parity Preferred Stock; and (iv) the Company is not in default on any of its obligations to redeem any Parity Preferred Stock.

In addition, as long as any shares of PRIDES are outstanding, no shares of any Junior Stock may be purchased, redeemed, or otherwise acquired by the Company or any of its subsidiaries (except in connection with a reclassification or exchange of any Junior Stock through the issuance of other Junior Stock (and cash in lieu of fractional shares of such Junior Stock in connection therewith) or the purchase, redemption, or other acquisition of any Junior Stock with any Junior Stock (and cash in lieu of fractional shares of such Junior Stock in connection therewith)) nor may any funds be set aside or made available for any sinking fund for the purchase or redemption of any Junior Stock unless: (i) full dividends on Parity Preferred Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such purchase, redemption or acquisition to the extent such dividends are cumulative; (ii) the Company has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for any Parity Preferred Stock; and (iii) the Company is not in default on any of its obligations to redeem any Parity Preferred Stock.

Subject to the provisions described above, such dividends or other distributions (payable in cash, property, or Junior Stock) as may be determined by the Board of Directors may be declared and paid on the shares of any Junior Stock from time to time and Junior Stock may be purchased, redeemed or otherwise acquired by the Company or any of its subsidiaries from time to time. In the event of the declaration and payment of any such dividends or other distributions, the holders of such Junior Stock will be entitled, to the exclusion of holders of any Parity Preferred Stock, to share therein according to their respective interests.

As long as any shares of PRIDES are outstanding, dividends for any dividend period or other distributions may not be paid on any Parity Preferred Stock (other than dividends or other distributions payable in Junior Stock and cash in

lieu of fractional shares of such Junior Stock in connection therewith), unless either: (a) (i) full dividends on Parity Preferred Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such Parity Preferred Stock dividend or distribution payment to the extent such dividends are cumulative; (ii) dividends in full, in the case of a dividend payment, for any Parity Preferred Stock dividend period commencing on or prior to the date of such Parity Preferred Stock dividend payment or, in the case of any other distribution, for the current quarterly dividend period, have been paid, or declared and set aside for payment, on all Parity Preferred Stock to the extent such dividends are cumulative; (iii) the Company has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for any Parity Preferred Stock; and (iv) the Company is not in default on any of its obligations to redeem any Parity Preferred Stock; or (b) any such dividends are declared and paid pro rata so that the amounts of any dividends declared and paid per share of PRIDES and each other share of such Parity Preferred Stock will in all cases bear to each other the same ratio that accrued and unpaid dividends (including any accumulation with respect to unpaid dividends for prior dividend periods, if such dividends are cumulative) per share of PRIDES and such other shares of Parity Preferred Stock bear to each other.

In addition, as long as any shares of PRIDES are outstanding, the Company may not purchase, redeem or otherwise acquire any Parity Preferred Stock (except with any Junior Stock and cash in lieu of fractional shares of such Junior Stock in connection therewith) unless: (i) full dividends on Parity Preferred Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such Parity Preferred Stock purchase, redemption or other acquisition payment to the extent such dividends are cumulative; (ii) the Company has paid or set aside all amounts, if any, then or theretofore required to be

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paid or set aside for all purchase, retirement, and sinking funds, if any, for any Parity Preferred Stock; and (iii) the Company is not in default on any of its obligations to redeem any Parity Preferred Stock.

MANDATORY CONVERSION OF PRIDES

Unless previously either redeemed or converted at the option of the holder into Common Stock, as hereinafter described, on the Mandatory Conversion Date, each outstanding share of PRIDES will mandatorily convert into (i) shares of Common Stock at the Common Equivalent Rate (as defined herein) in effect on such date and (ii) the right to receive cash in an amount equal to all accrued and unpaid dividends on such share of PRIDES (other than previously declared dividends payable to a holder of record as of a prior date) to the Mandatory Conversion Date, whether or not declared, out of funds legally available for the payment of dividends, subject to the right of the Company to redeem the shares of PRIDES on or after July 1, 1998, and prior to the Mandatory Conversion Date, as described below, and subject to the conversion of the shares of PRIDES at the option of the holder at any time prior to the Mandatory Conversion Date, as described below. The "Common Equivalent Rate" is initially one share of Common Stock for each share of PRIDES and is subject to adjustment as described below. Dividends will cease to accrue on the Mandatory Conversion Date in respect of the shares of PRIDES then outstanding.

Because the price of the Common Stock is subject to market fluctuations, the value of the Common Stock that may be received by holders of shares of PRIDES upon their mandatory conversion may be more or less than the amount paid for the shares of PRIDES offered hereby.

OPTIONAL REDEMPTION

Shares of PRIDES are not redeemable by the Company prior to July 1, 1998. At any time and from time to time on or after that date until immediately prior to the Mandatory Conversion Date, the Company will have the right to redeem, in whole or in part, the outstanding shares of PRIDES. Upon any such redemption, the Company will deliver to the holders thereof in exchange for each share of PRIDES subject to redemption the greater of: (i) the number of shares of Common Stock equal to the applicable Call Price in effect on the redemption date divided by the Current Market Price of the Common Stock, determined as of the second trading day immediately preceding the Notice Date (as defined herein), or (ii) .826 of a share of Common Stock (subject to adjustment in the same manner as the Optional Conversion Rate is adjusted). Dividends will cease to accrue on the shares of PRIDES on the date fixed for their redemption.

The "Call Price" of each share of PRIDES is the sum of (i) \$45.188 on and after July 1, 1998, to and including September 30, 1998, \$45.040 on and after October 1, 1998, to and including December 31, 1998, \$44.891 on and after January 1, 1999, to and including March 31, 1999, \$44.743 on and after April 1,

1999, to and including June 30, 1999, \$44.594 on and after July 1, 1999, to and including September 30, 1999, \$44.446 on and after October 1, 1999, to and including December 31, 1999, \$44.297 on and after January 1, 2000, to and including March 31, 2000, \$44.149 on and after April 1, 2000, to and including May 31, 2000, and \$44.00 (being the price to the public of a share of PRIDES appearing on the cover page of this Prospectus Supplement), on and after June 1, 2000, to and including July 1, 2000, and (ii) all accrued and unpaid dividends thereon to but not including the date fixed for redemption (other than previously declared dividends payable to a holder of record as of a prior date).

The "Current Market Price" per share of the Common Stock on any date of determination means the lesser of (x) the average of the Closing Prices (as defined below) of the Common Stock for the 15 consecutive trading days ending on and including such date of determination and (y) the Closing Price of the Common Stock for such date of determination; provided, however, that, with respect to any redemption of shares of PRIDES, if any event resulting in an adjustment of the Common Equivalent Rate occurs during the period beginning on the first day of such 15-day period and ending on the applicable redemption date, the Current Market Price as determined pursuant to the foregoing will be appropriately adjusted to reflect the occurrence of such event. The "Notice Date" with respect to any notice given by the Company in connection with a redemption of the shares of PRIDES means the earlier of the date of the public announcement of such redemption or the commencement of mailing of such notice to the holders of shares of PRIDES. The term

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"Closing Price" on any day means the last reported sales price on such day or, in case no such sale takes place on such day, the average of the reported closing high and low quotations, in each case on the Nasdaq National Market, or, if the Common Stock is not listed on the Nasdaq National Market, 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, the average of the high bid and low-asked quotations of the Common Stock in the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similarly generally accepted reporting service, or, if no such quotations are available, the fair market value of the Common Stock as determined by any New York Stock Exchange member firm selected from time to time by the Board of Directors of the Company for such purpose.

If fewer than all the outstanding shares of PRIDES are to be called for redemption, shares of PRIDES to be called will be selected by the Company from outstanding shares of PRIDES not previously called by lot or pro rata (as nearly as may be) or by any other method determined by the Board of Directors in its sole discretion to be equitable.

The Company will provide notice of any call for redemption of shares of PRIDES to holders of record of the shares of PRIDES to be called for redemption not less than 15 days nor more than 60 days prior to the date fixed for redemption. Accordingly, the earliest Notice Date for any call for redemption of shares of PRIDES will be May 2, 1998. Any such notice will be provided by mail, sent to each holder of record of the shares of PRIDES to be called at such holder's address as it appears on the stock register of the Company, first class postage prepaid; provided, however, that failure to give such notice or any defect therein shall not affect the validity of the proceeding for redemption of any shares of PRIDES to be redeemed except as to the holder to whom the Company has failed to give said notice or whose notice was defective. On and after the redemption date, all rights of the holders of the shares of PRIDES called for redemption shall terminate except the right to receive the redemption price (unless the Company defaults on the payment of the redemption price). A public announcement of any call for redemption will be made by the Company prior to, or at the time of, the mailing of such notice for redemption.

Each holder of shares of PRIDES called for redemption must surrender the certificates evidencing such shares of PRIDES to the Company at the place designated in the notice of redemption and will thereupon be entitled to receive certificates for shares of Common Stock and cash for any fractional share amount.

CONVERSION AT THE OPTION OF THE HOLDER

The shares of PRIDES are convertible, in whole or in part, at the option of the holders thereof, at any time prior to the Mandatory Conversion Date, unless previously redeemed, into shares of Common Stock at a rate of .826 of a share of Common Stock for each share of PRIDES (the "Optional Conversion Rate"), equivalent to a conversion price of \$53.24 per share of Common Stock (the "Conversion Price"), subject to adjustment as described below. The right to convert shares of PRIDES called for redemption will terminate immediately prior to the close of business on any redemption date with respect to such shares.

Conversion of shares of PRIDES at the option of the holder may be effected by delivering certificates evidencing such shares of PRIDES, together with written notice of conversion and a proper assignment of such certificates to the Company or in blank (and, if applicable, cash payment of an amount equal to the dividend attributable to the current quarterly dividend accrued on such shares), to the office of any transfer agent for shares of PRIDES or to any other office or agency maintained by the Company for that purpose and otherwise in accordance with conversion procedures established by the Company. Each optional conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the foregoing requirements shall have been satisfied. The conversion shall be at the Optional Conversion Rate in effect at such time and on such date.

Holders of shares of PRIDES at the close of business on a record date for any payment of declared dividends will be entitled to receive the dividend payable on such shares of PRIDES on the corresponding dividend payment date notwithstanding the optional conversion of such shares of PRIDES following such record date and prior to the corresponding dividend payment date. However, shares of PRIDES surrendered for conversion after the close of business on a record date for any payment of declared dividends and before

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the opening of business on the next succeeding dividend payment date must be accompanied by payment in cash of an amount equal to the dividend attributable to the current quarterly dividend period payable on such date (unless such shares of PRIDES are subject to redemption on a redemption date between such record date and such dividend payment date). A holder of shares of PRIDES called for redemption on July 1, 1998 or any other dividend payment date thereafter will receive the dividend on such shares of PRIDES payable on that date and will be able to convert such shares of PRIDES after the record date for such dividend without paying an amount equal to such dividend to the Company upon conversion. Except as provided above, upon any optional conversion of shares of PRIDES, the Company will make no payment of or allowance for unpaid dividends, whether or not in arrears, on such shares of PRIDES, or for previously declared dividends or distributions on the shares of Common Stock issued upon such conversion.

ENHANCED DIVIDEND YIELD; LESS EQUITY APPRECIATION THAN COMMON STOCK

Dividends will accrue on the shares of PRIDES at a higher rate than the rate at which dividends are currently paid on the Common Stock. The opportunity for equity appreciation afforded by an investment in shares of PRIDES is less than that afforded by an investment in the Common Stock because the Conversion Price is higher than the per share price to the public of the shares of PRIDES and the Company may, at its option, redeem the shares of PRIDES at any time on or after July 1, 1998, and prior to the Mandatory Conversion Date, and may be expected to do so if, among other circumstances, the Current Market Price of the Common Stock after July 1, 1998 exceeds the Call Price for a share of PRIDES. In such event, a holder of a share of PRIDES will receive less than one share of Common Stock per share of PRIDES, but not less than .826 of a share of Common Stock, subject to adjustment as described herein. A holder may also surrender for conversion any shares of PRIDES called for redemption up to the close of business on the redemption date, and a holder that so elects will receive .826 of a share of Common Stock, subject to adjustment as described herein. The per share value of Common Stock received by holders of shares of PRIDES may be more or less than the per share amount paid for the shares of PRIDES offered hereby, due to market fluctuations in the price of the Common Stock.

As a result of these provisions, holders of shares of PRIDES would be expected to realize no equity appreciation if the Current Market Price of the Common Stock is below the Conversion Price, and less than all of such appreciation if the Current Market Price of the Common Stock is above the Conversion Price. Holders of shares of PRIDES will realize the entire decline in equity value if the market price of the Common Stock is less than the price paid for a share of PRIDES.

CONVERSION ADJUSTMENTS

The Common Equivalent Rate and the Optional Conversion Rate are each subject to adjustment as appropriate in certain circumstances, including if the Company shall (a) pay a stock dividend or make a distribution with respect to its Common Stock in shares of Common Stock, (b) subdivide or split its outstanding Common Stock, (c) combine its outstanding Common Stock into a smaller number of shares, (d) issue by reclassification of its shares of Common Stock any shares of Common Stock, (e) issue certain rights (excluding the Rights (as defined under "Description of Capital Stock -- Rights Plan" in the Prospectus)) or warrants to all holders of its Common Stock unless such rights or warrants are issued to each holder of shares of PRIDES on a pro rata basis with the shares of Common Stock based on the Common Equivalent Rate in effect on

the date immediately preceding such issuance, or (f) pay a dividend or distribute to all holders of its Common Stock evidences of its indebtedness, cash or other assets (including capital stock of the Company but excluding any cash dividends or distributions, other than Extraordinary Cash Distributions (as defined below), and dividends referred to in clause (a) above) unless such dividend or distribution is made to each holder of shares of PRIDES on a pro rata basis with the shares of Common Stock based on the Common Equivalent Rate in effect on the date immediately preceding such dividend or distribution. In addition, the Company will be entitled (but will not be required) to make upward adjustments in the Common Equivalent Rate, the Optional Conversion Rate and the Call Price as the Company, in its sole discretion, shall determine to be advisable, in order that any stock dividend, subdivision or split of shares, distribution of rights to purchase stock or securities, or distribution of securities convertible into or exchangeable for stock (or any

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transaction which could be treated as any of the foregoing transactions pursuant to Section 305 of the Internal Revenue Code of 1986, as amended (the "Code")) hereafter made by the Company to its stockholders will not be taxable. "Extraordinary Cash Distributions" means, with respect to any cash dividend or distribution paid on any date, the amount, if any, by which all cash dividends and cash distributions on the Common Stock paid during the consecutive 12-month period ending on and including such date (other than cash dividends and cash distributions for which an adjustment to the Common Equivalent Rate or the Optional Conversion Rate was previously made) exceeds, on a per share of Common Stock basis, 10% of the average of the daily Closing Prices of the Common Stock over such consecutive 12-month period. All adjustments to the Common Equivalent Rate and the Optional Conversion Rate will be calculated to the nearest 1/100th of a share of Common Stock. No adjustment in the Common Equivalent Rate or the Optional Conversion Rate will be required unless such adjustment would require an increase or decrease of at least one percent in the Common Equivalent Rate; provided, however, that any adjustments which, by reason of the foregoing, are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All adjustments will be made successively.

Whenever the Common Equivalent Rate and the Optional Conversion Rate are adjusted as provided in the preceding paragraph, the Company will file with the transfer agent for the shares of PRIDES a certificate with respect to such adjustment, make a prompt public announcement thereof and mail a notice to holders of the shares of PRIDES providing specified information with respect to such adjustment. At least 10 business days prior to taking any action that could result in certain adjustments in the Common Equivalent Rate and the Optional Conversion Rate, the Company will notify each holder of shares of PRIDES concerning such proposed action.

ADJUSTMENT FOR CERTAIN CONSOLIDATIONS OR MERGERS

In the case of (i) any consolidation or merger to which the Company is a party (other than a merger or consolidation in which the Company is the surviving or continuing corporation and in which the shares of Common Stock outstanding immediately prior to the merger or consolidation remain unchanged), (ii) any sale or transfer to another corporation of the property of the Company as an entirety or substantially as an entirety, or (iii) any statutory exchange of securities with another corporation (other than in connection with a merger or acquisition), each share of PRIDES shall, after consummation of such transaction, be subject to (A) conversion at the option of the holder into the kind and amount of securities, cash or other property receivable upon consummation of such transaction by a holder of the number of shares of Common Stock into which such share of PRIDES might have been converted immediately prior to consummation of such transaction, (B) conversion on the Mandatory Conversion Date into the kind and amount of securities, cash, or other property receivable upon consummation of such transaction by a holder of the number of shares of Common Stock into which such share of PRIDES would have been converted if the conversion on the Mandatory Conversion Date had occurred immediately prior to the date of consummation of such transaction, plus the right to receive cash in an amount equal to all accrued and unpaid dividends on such share of PRIDES (other than previously declared dividends payable to a holder of record as of a prior date), and (C) redemption on any redemption date in exchange for the kind and amount of securities, cash, or other property receivable upon consummation of such transaction by a holder of the number of shares of Common Stock that would have been issuable, using the Call Price in effect on such redemption date, upon a redemption of such shares of PRIDES immediately prior to consummation of such transaction, assuming that, if the Notice Date for such redemption is not prior to such transaction, the Notice Date had been the date of such transaction; and assuming in each case that such holder of shares of Common Stock failed to exercise rights of election, if any, as to the kind or amount of securities, cash, or other property receivable upon consummation of such transaction (provided that, if the kind or amount of securities, cash or other property receivable upon consummation of such transaction is not the same

for each non-electing share, then the kind and amount of securities, cash, or other property receivable upon consummation of such transaction for each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). The kind and amount of securities into or for which the shares of PRIDES shall be convertible or redeemable after consummation of such transaction shall be subject to adjustment as described above under the caption "Conversion Adjustments" following the date of consummation of such transaction.

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The Company may not become a party to any such transaction unless the terms thereof are consistent with the foregoing or the last sentence of the third paragraph under "-- Voting Rights" below.

For purposes of the preceding paragraph, any sale or transfer to another corporation of property of the Company which did not account for at least 50% of the consolidated net income of the Company for its most recent fiscal year ending prior to the consummation of such transaction will not in any event be deemed to be a sale or transfer of the property of the Company as an entirety or substantially as an entirety.

FRACTIONAL SHARES

No fractional shares of Common Stock will be issued upon redemption or conversion of shares of PRIDES. In lieu of any fractional share otherwise issuable in respect of the aggregate number of shares of PRIDES of any holder that are redeemed or converted on any redemption date or upon mandatory conversion or any optional conversion, such holder shall be entitled to receive an amount, in cash equal to the same fraction of the (i) Current Market Price of the Common Stock, determined as of the second trading day immediately preceding the Notice Date, in the case of redemption, or (ii) Closing Price of the Common Stock determined (A) as of the fifth trading day immediately preceding the Mandatory Conversion Date, in the case of mandatory conversion, or (B) as of the second trading day immediately preceding the effective date of conversion, in the case of an optional conversion by a holder.

RIGHTS PLAN

Reference is made to the section "Description of Capital Stock -- Rights Plan" in the Prospectus for a description of the Company's Rights Plan.

Shares of Common Stock issued upon conversion or redemption of the shares of PRIDES may be entitled to receive Rights in accordance with the terms and conditions of the Rights Plan. Holders of PRIDES who do not convert their shares of PRIDES into Common Stock prior to a Distribution Date (as defined in the Rights Plan) will not receive any Rights and therefore will not be entitled to participate in the Rights Plan.

The method of calculation of the Current Market Price of the Common Stock does not take into account any separate value of the Rights, except to the extent any such value may be reflected in the Current Market Price.

LIQUIDATION RIGHTS

In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the Company, and subject to the rights of holders of any other series of Preferred Stock, the holders of outstanding shares of PRIDES are entitled to receive an amount equal to the per share price to the public of the shares of PRIDES shown on the cover page of this Prospectus Supplement, plus accrued and unpaid dividends thereon, out of the assets of the Company available for distribution to stockholders, before any distribution of assets is made to holders of Junior Stock upon liquidation, dissolution, or winding up.

If upon any voluntary or involuntary liquidation, dissolution, or winding up of the Company, the assets of the Company are insufficient to permit the payment of the full preferential amounts payable with respect to shares of PRIDES and all other series of Parity Preferred Stock, the holders of shares of PRIDES and of all other series of Parity Preferred Stock will share ratably in any distribution of assets of the Company in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of shares of PRIDES will not be entitled to any further participation in any distribution of assets by the Company. A consolidation or merger of the Company with one or more corporations (whether or not the Company is the corporation surviving such consolidation or merger), or a sale, lease or transfer or exchange of all or substantially all of the assets of the Company shall not be deemed to be a voluntary or involuntary liquidation, dissolution, or winding up of the Company.

VOTING RIGHTS

The holders of shares of PRIDES shall have the right with the holders of Common Stock to vote in the election of Directors and upon each other matter coming before any meeting of the holders of Common Stock on the basis of 4/5 of a vote for each share of PRIDES held. The holders of shares of PRIDES and the holders of Common Stock will vote together as one class on such matters except as otherwise provided by law or the Articles of Incorporation of the Company.

In the event that dividends on the shares of PRIDES or any other series of Preferred Stock are in arrears and unpaid for six quarterly dividend periods, or if any other series of Preferred Stock are entitled for any other reason to exercise voting rights, separate from the Common Stock, to elect any Directors of the Company ("Preferred Stock Directors"), the holders of the shares of PRIDES (voting separately as a class with holders of all other series of Preferred Stock upon which like voting rights have been conferred and are exercisable), with each share of PRIDES entitled to one vote on this and other matters on which Preferred Stock votes as a group, will be entitled to vote for the election of two Preferred Stock Directors, such Directors to be in addition to the number of Directors constituting the Board of Directors immediately prior to the accrual of such right. Such right, when vested, shall continue until all dividends in arrears on the shares of PRIDES and such other series of Preferred Stock shall have been paid in full and the right of any other series of Preferred Stock to exercise voting rights, separate from the Common Stock, to elect Preferred Stock Directors terminates or has terminated, and, when so paid and any such termination occurs or has occurred, such right of the holders of the shares of PRIDES will cease. The term of office of any Preferred Stock Director elected by the holders of the shares of PRIDES and such other series will terminate on the earlier of (i) the next annual meeting of stockholders at which a successor shall have been elected and qualified or (ii) the termination of the right of holders of the shares of PRIDES and such other series to vote for such Directors. Vacancies on the Board of Directors of the Company (including with respect to a Preferred Stock Director) resulting from death, resignation or other cause shall be filled exclusively by no less than 2/3 of the remaining Directors and the Director so elected shall hold office until a successor is elected and qualified.

The Company will not, without the affirmative vote or consent of the holders of at least 66 2/3% of the shares of PRIDES actually voting (voting separately as a class): (i) amend, alter, or repeal any of the provisions of the Articles of Incorporation of the Company so as to affect adversely the powers, preferences, or rights of the holders of the shares of PRIDES then outstanding or reduce the minimum time required for any notice to which only the holders of the shares of PRIDES then outstanding may be entitled (neither the proposed amendments to the Articles of Incorporation which have been submitted for a vote of the Company's Shareholders at the Company's Annual Meeting of Shareholders to be held on June 14, 1995 (as described under "Description of Capital Stock -- Special Charter, By-Law and Louisiana Law Provisions" in the Prospectus) nor an amendment of the Articles of Incorporation to authorize or create, or to increase the authorized amount, of Junior Stock or any stock of any class ranking on a parity with the shares of PRIDES shall be deemed to affect adversely the powers, preferences, or rights of the holders of the shares of PRIDES); (ii) authorize or create, or increase the authorized amount of, any capital stock, or any security convertible into capital stock, of any class ranking senior to the shares of PRIDES as to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Company; or (iii) merge or consolidate with or into any other corporation, unless each holder of the shares of PRIDES immediately preceding such merger or consolidation shall have the right either to (A) receive or continue to hold in the resulting corporation the same number of shares, with substantially the same rights and preferences, as correspond to the shares of PRIDES so held or (B) convert into shares of Common Stock at the Common Equivalent Rate in effect on the date immediately preceding the announcement of any such merger or consolidation.

There is no limitation on the issuance by the Company of Parity Preferred Stock or of any class ranking junior to the shares of PRIDES.

Notwithstanding the provisions summarized in the preceding two paragraphs, however, no such approval described therein of the holders of the shares of PRIDES shall be required to authorize an increase in the number of authorized shares of Preferred Stock or if, at or prior to the time when such amendment, alteration, or repeal is to take effect or when the authorization, creation or increase of any such senior stock or such

security is to be made, or when such consolidation or merger, liquidation, dissolution or winding up is to take effect, as the case may be, provision is made for the redemption of all shares of PRIDES at the time outstanding.

LISTING

The shares of PRIDES have been approved for listing on the Nasdaq National Market under the symbol "UCFCP."

TRANSFER AGENT AND REGISTRAR

Chemical Bank of New York, New York will act as transfer agent and registrar for, and paying agent for the payment of dividends on, the shares of PRIDES.

MISCELLANEOUS

Upon issuance, the shares of PRIDES will be fully paid and nonassessable. Holders of shares of PRIDES have no preemptive rights. The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion or redemption of shares of PRIDES, such number of shares of Common Stock as shall from time to time be issuable upon the conversion or redemption of all the shares of PRIDES then outstanding. Shares of PRIDES redeemed for, or converted into, Common Stock of the Company or otherwise reacquired by the Company shall resume the status of authorized and unissued shares of Preferred Stock, undesignated as to series, and shall be available for subsequent issuance.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stroock & Stroock & Lavan, special tax counsel to the Company ("Special Tax Counsel"), the following sets forth the material United States Federal income tax consequences under existing law of the purchase, ownership and disposition of shares of PRIDES. A copy of that opinion has been filed with the Commission as an exhibit to or incorporated by reference into the Registration Statement of which this Prospectus Supplement is a part, and the following summary is qualified in its entirety by reference thereto, including the assumptions set forth therein. The Company does not intend to seek a ruling from the Internal Revenue Service (the "IRS") with respect to any of these tax consequences. This summary is intended for general information only and deals only with holders who are initial holders of shares of PRIDES and who hold shares of PRIDES as capital assets within the meaning of Section 1221 of the Code. It does not address aspects of taxation, other than Federal income taxation, or all tax consequences that may be relevant in the particular circumstances of each holder (some of which, such as dealers in securities, banks, insurance companies and tax-exempt organizations, may be subject to special rules). It also does not address the tax consequences of the receipt, if any, of any Rights pursuant to the Company's Rights Plan. Stock having terms closely resembling those of shares of PRIDES has not been the subject of any regulation, ruling or judicial decision currently in effect, and there can be no assurance that the IRS will adopt the positions set forth below. There can be no assurance that future changes in applicable law or administrative and judicial interpretations thereof, any of which could have a retroactive effect, will not adversely affect the tax consequences discussed herein or that there will not be differences of opinion as to the interpretation of applicable law. For purposes of this section, "U.S. Holder" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized under the laws of the United States or of any State, or an estate or trust the income of which is subject to United States Federal income taxation regardless of its source and "non-U.S. Holder" means a holder other than a U.S. Holder. Certain aspects of United States Federal income and estate tax relevant to a non-U.S. Holder are discussed separately below. Persons considering the purchase of shares of PRIDES should consult their tax advisors with respect to the application of the United States Federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local, or foreign taxing jurisdiction.

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DIVIDENDS

Dividends paid on shares of PRIDES out of the Company's current or accumulated earnings and profits will be taxable as ordinary income. Corporate U.S. Holders will generally qualify for the 70% intercorporate dividends-received deduction subject to satisfaction of the minimum holding period (generally at least 46 days) and other applicable requirements. Under certain circumstances, a corporate holder may be subject to the alternative minimum tax with respect to the amount of its dividends-received deduction.

Under certain circumstances, a corporation that receives an "extraordinary dividend", as defined in Section 1059(c) of the Code, is required to reduce its stock basis by the non-taxed portion of such dividend. Generally, quarterly dividends not in arrears paid to an original holder of shares of PRIDES will not constitute extraordinary dividends under Section 1059(c). Under Section 1059(f), any dividend with respect to "disqualified preferred stock" is treated as an "extraordinary dividend." While there is no authority directly on point, and the issue is not free from doubt, based on the accuracy of certain factual representations made by the Company, Special Tax Counsel believes that shares of PRIDES should not be determined to constitute "disqualified preferred stock."

REDEMPTION PREMIUM

Under certain circumstances, Section 305(c) of the Code requires that any excess of the redemption price of preferred stock over its issue price be includible in income, prior to receipt, as a constructive dividend. However, while there is no authority directly on point, and the issue is not free from doubt, based on the accuracy of certain factual representations made by the Company, Special Tax Counsel believes that a holder of shares of PRIDES should not be required to include any redemption premium in income under Section 305(c).

REDEMPTION OR MANDATORY OR OPTIONAL CONVERSION INTO COMMON STOCK

As a general rule, gain or loss will not be recognized by a holder upon the redemption of shares of PRIDES for shares of Common Stock or the conversion of shares of PRIDES into shares of Common Stock if no cash is received. Income may be recognized, however, to the extent Common Stock or cash is received in payment of accrued and unpaid dividends upon a redemption or conversion. Such income would likely be characterized as dividend income although some uncertainty exists as to the appropriate characterization of payments in satisfaction of undeclared, accrued and unpaid dividends. In addition, a holder who receives cash in lieu of a fractional share will be treated as having received such fractional share and as having exchanged it for cash in a transaction subject to Section 302 of the Code and related provisions. Such exchange should generally result in capital gain or loss measured by the difference between the cash received for the fractional share interest and the holder's basis in the fractional share interest.

Generally, a holder's basis in the Common Stock received upon the redemption or conversion of shares of PRIDES, other than shares of Common Stock taxed upon receipt, will equal the adjusted tax basis of the redeemed or converted shares of PRIDES (exclusive of any basis allocable to a fractional share interest) plus the amount of gain (if any) recognized, minus the amount of cash (if any) received, and the holding period of such Common Stock will include the holding period of the redeemed or converted shares of PRIDES. As a general rule, a holder's basis in shares of Common Stock taxed upon receipt will equal the fair market value thereof and the holding period for such Common Stock will begin on the day following the redemption or conversion.

ADJUSTMENT OF CONVERSION RATE

Certain adjustments to the Common Equivalent Rate and the Optional Conversion Rate to reflect the Company's distribution of certain rights, warrants, evidences of indebtedness, securities or other assets to holders of Common Stock may result in constructive distributions taxable as dividends to the holders of shares of PRIDES which may constitute (and cause other dividends to constitute) "extraordinary dividends" to corporate holders as described above.

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CONVERSION OF PRIDES AFTER DIVIDEND RECORD DATE

If a holder, whose shares of PRIDES have not been called for redemption, surrenders such shares for conversion into shares of Common Stock after a dividend record date but before payment of the dividend, such holder will be required to pay the Company an amount equal to such dividend upon conversion. The holder would likely recognize the dividend payment which is received as income, and would increase the basis of the Common Stock received by the amount paid to the Company in connection with the receipt of such dividend.

BACKUP WITHHOLDING

Certain U.S. Holders may be subject to backup withholding at a rate of 31% on dividends and certain consideration received upon the redemption or conversion of shares of PRIDES unless such holders provide proof of an applicable exemption or a correct taxpayer identification number, and otherwise comply with applicable requirements of the backup withholding rules.

Dividends

In general, dividends (including constructive distributions taxable as dividends) paid to a non-U.S. Holder will be subject to United States withholding tax at a 30% rate (or a lower rate prescribed by an applicable tax treaty) unless the dividends are either (i) effectively connected with a trade or business carried on by the non-U.S. Holder within the United States, or (ii) if a tax treaty applies, attributable to a United States permanent establishment maintained by the non-U.S. Holder. Dividends effectively connected with such trade or business or attributable to such permanent establishment will generally be subject to United States Federal income tax at regular rates and, in the case of a non-U.S. Holder which is a corporation, may be subject to the branch profits tax. To determine the applicability of a tax treaty providing for a lower rate of withholding, dividends paid to an address in a foreign country are presumed under current Treasury regulations to be paid to a resident of that country. Treasury regulations proposed in 1984 which have not been finally adopted, however, would require non-U.S. Holders to file certain forms to obtain the benefit of any applicable tax treaty providing for a lower rate of withholding tax on dividends.

Gain on Redemption or Conversion into Common Stock

A non-U.S. Holder generally will not be subject to United States Federal income tax on any gain recognized on a disposition, redemption or conversion (a "disposition") of a share of PRIDES unless (i) such gain is treated as dividend income; (ii) the Company is or has been a "U.S. real property holding corporation" for United States Federal income tax purposes (which the Company does not believe that it is or is likely to become) and the non-U.S. Holder disposing of the share owned, directly or constructively, at any time during the five-year period preceding the disposition, more than five percent of shares of PRIDES or the shares of PRIDES are not regularly traded (within the meaning of applicable Treasury Regulations) on an established securities market; (iii) the gain is effectively connected with a trade or business carried on by the non-U.S. Holder within the United States or, if a tax treaty applies, attributable to a United States permanent establishment maintained by the non-U.S. Holder; (iv) in the case of a non-U.S. Holder who is an individual, who holds the share as a capital asset and who is present in the United States for 183 days or more in the taxable year of the disposition, either (a) such non-U.S. Holder has a "tax home" (as defined for U.S. Federal income tax purposes) in the United States and the gain from the disposition is not attributable to an office or other fixed place of business maintained by such non-U.S. Holder outside of the United States or (b) the gain from the disposition is attributable to an office or other fixed place of business maintained by such non-U.S. Holder in the United States; or (v) the non-U.S. Holder is subject to tax pursuant to provisions of the Code applicable to certain United States expatriates.

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Federal Estate Tax

Shares of PRIDES owned or treated as owned by an individual who is not a citizen or resident (as defined for United States Federal estate tax purposes) of the United States at the time of death will be includible in the individual's gross estate for United States Federal estate tax purposes unless an applicable estate tax treaty provides otherwise.

Backup Withholding and Information Reporting Requirements

The Company must report annually to the IRS and to each non-U.S. Holder the amount of dividends paid to, and the tax withheld with respect to such holder. These information reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable tax treaty. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities in the country in which the non-U.S. Holder resides. United States backup withholding tax (which generally is a withholding tax imposed at the rate of 31% on certain payments to persons that fail to furnish the information required under the United States information reporting requirements) will generally not apply to dividends paid on shares of PRIDES to a non-U.S. Holder at an address outside the United States.

The payment of the proceeds from the disposition of shares of PRIDES to or through the United States office of a broker will be subject to information reporting and backup withholding at a rate of 31% unless the owner certifies, among other things, its status as a non-U.S. Holder under penalties of perjury or otherwise establishes an exemption. The payment of the proceeds from the disposition of shares of PRIDES to or through a non-U.S. office of a broker will

generally, except as noted below, not be subject to backup withholding and information reporting. In the case of proceeds from a disposition of shares of PRIDES paid to or through a non-U.S. office of a U.S. broker or paid to or through a non-U.S. office of a non-U.S. broker that is (i) a "controlled foreign corporation" for United States Federal income tax purposes or (ii) a person 50% or more of whose gross income from all sources for a certain three-year period was effectively connected with a United States trade or business, (a) backup withholding will not apply unless the broker has actual knowledge that the owner is not a non-U.S. Holder, and (b) information reporting will not apply if the broker has documentary evidence in its files that the owner is a non-U.S. Holder (unless the broker has actual knowledge to the contrary).

Any amounts withheld under the backup withholding rules from a payment to a non-U.S. Holder will be refunded (or credited against the non-U.S. Holder's United States Federal income tax liability, if any), provided that the required information is furnished to the IRS.

The backup withholding and information reporting rules are currently under review by the Treasury Department, and their application to shares of PRIDES is subject to change.

PROPOSED LEGISLATION

On May 3, 1995, legislation was introduced that would amend portions of Sections 302 and 1059 of the Code and characterize non-pro rata redemptions otherwise eligible for the dividends received deduction as a sale of the stock redeemed. The Congressional statement introducing this legislation indicated that the bill retained the existing regulatory authority of the Treasury Department to issue regulations which, among other things, would subject certain reorganizations, including recapitalizations, and similar transactions to the provisions of the bill. It is not possible to predict whether and, if so, in what form any such legislation will be enacted into law and, if enacted, whether it would affect the tax treatment of the PRIDES, as discussed above.

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UNDERWRITING

Each of the underwriters named below (the "Underwriters"), for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated, Salomon Brothers Inc and Prudential Securities Incorporated are acting as representatives (the "Representatives"), have severally agreed, subject to the terms and conditions set forth in the Underwriting Agreement-Basic Provisions, dated September 29, 1994, and the related Terms Agreement, dated June 12, 1995 (collectively, the "Underwriting Agreement"), among the Company and the Underwriters to purchase from the Company the number of shares of PRIDES set forth opposite each Underwriter's name.

<TABLE>
<CAPTION>

UNDERWRITER	NUMBER OF SHARES OF PRIDES

<S>	<C>
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	603,000
Salomon Brothers Inc.....	603,000
Prudential Securities Incorporated.....	134,000
Bear, Stearns & Co. Inc.	60,000
NatWest Securities Limited.....	60,000
Oppenheimer & Co., Inc.	60,000
William Blair & Company.....	30,000
J.C. Bradford & Co.	30,000
Johnson Rice & Company.....	30,000
Parallax Group, Inc.	30,000
The Robinson-Humphrey Company, Inc.	30,000
Wheat, First Securities, Inc.	30,000

Total.....	1,700,000
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</TABLE>

In the Underwriting Agreement, the Underwriters severally have agreed, subject to the terms and conditions set forth therein, to purchase all of the shares of PRIDES being sold pursuant to the Underwriting Agreement if any of the shares being sold pursuant to the Underwriting Agreement are purchased. Under certain circumstances, the commitments of a non-defaulting Underwriter may be increased.

The Representatives have advised the Company that they propose initially to offer the shares of PRIDES to the public at the public offering price set forth

on the cover page of this Prospectus Supplement and to certain dealers at such price less a concession not in excess of \$.70 per share. The Underwriters may allow, and such dealers may reallow, a discount not in excess of \$.10 per share on sales to certain other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The Company has granted to the Underwriters an option, exercisable for 30 days after the date of this Prospectus Supplement, to purchase up to 255,000 additional shares of PRIDES at the price to the public set forth on the cover page of this Prospectus Supplement, less the underwriting discount. The Underwriters may exercise this option only to cover over-allotments, if any, made on the sale of shares of PRIDES offered hereby. To the extent that the Underwriters exercise this option, each of the Underwriters will have a firm commitment, subject to certain conditions, to purchase the same percentage of such shares as the number of shares of PRIDES to be purchased by each Underwriter shown in the foregoing table bears to the total number of shares initially offered hereby.

The Company has agreed, for a period of 90 days after the date of this Prospectus Supplement, to not, without the prior written consent of the Representatives, directly or indirectly, sell, offer to sell, grant any option for the sale of, or otherwise dispose of, any shares of its capital stock or securities convertible into or exchangeable for capital stock of the Company other than to the Underwriters pursuant to the Underwriting Agreement, subject to certain exceptions set forth in the Underwriting Agreement, and other than currently authorized shares of Common Stock or options for shares of Common Stock issued pursuant to or sold in connection with qualified employee benefit, dividend reinvestment and stock option and stock purchase plans

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and shares of Common Stock issuable upon conversion of securities, including shares of PRIDES, or exercise of stock options.

Prior to this offering, there has been no public market for the shares of PRIDES. The initial public offering price for the shares of PRIDES was determined by negotiations between the Company and the Representatives. Among the factors considered in determining the price to the public were the market price of the Common Stock, an assessment of the Company's recent results of operations, the future prospects of the Company and the industry in general, market prices of securities of other companies engaged in activities similar to the Company and prevailing conditions in the securities markets. There can be no assurance that an active trading market will develop for the shares of PRIDES or that the shares of PRIDES will trade in the public market subsequent to the offering at or above the initial public offering price.

The Underwriters receive customary fees for ordinary brokerage transactions with the Company and its affiliates. The Underwriters and their affiliates have performed investment banking services in the ordinary course of their respective businesses for the Company and its affiliates in the past, for which they have received customary compensation, and may continue to do so in the future.

The Company and the several Underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the other may be required to make in respect thereof.

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PROSPECTUS

UNITED COMPANIES FINANCIAL CORPORATION
DEBT SECURITIES AND PREFERRED STOCK

United Companies Financial Corporation ("UCFC" or the "Company") may offer from time to time, together or separately, (i) its unsecured debt securities, which may be either senior (the "Senior Debt Securities") or subordinated (the "Subordinated Debt Securities") and, together with the Senior Debt Securities, the "Debt Securities"), and (ii) shares of its preferred stock, par value \$2.00 per share (the "Preferred Stock"), (the Debt Securities and the Preferred Stock are collectively referred to herein as the "Securities"), in amounts, at prices and on terms to be determined at the time of the offering thereof. The Subordinated Debt Securities and Preferred Stock may be convertible or exchangeable into other series of Debt Securities or shares of the common stock, par value \$2.00 per share, of the Company (the "Common Stock"). The Securities offered pursuant to this Prospectus may be issued in one or more series or issuances the aggregate offering price of which will not exceed \$200,000,000 (or

the equivalent thereof if the Debt Securities are denominated in one or more foreign currencies or foreign currency units).

The specific terms of the Securities in respect of which this Prospectus is being delivered (the "Offered Securities") will be set forth in an accompanying supplement to this Prospectus (each, a "Prospectus Supplement"), including, where applicable (i) in the case of Debt Securities, the specific designation, aggregate principal amount, ranking as Senior Debt Securities or Subordinated Debt Securities, authorized denominations, maturity, any premium, rate or method of calculation of interest, if any, and dates for payment thereof, any terms for optional or mandatory redemption, any sinking fund provisions, any terms for conversion or exchange into other series of Debt Securities or Common Stock and any other special terms, and (ii) in the case of the Preferred Stock, the specific designation, the aggregate number of shares offered, the dividend rate (or method of calculation thereof), the dividend period and dividend payment dates, whether such dividends will be cumulative or noncumulative, the liquidation preference, voting rights, if any, any terms for optional or mandatory redemption, any terms for conversion or exchange into other series of Debt Securities or Common Stock and any other special terms. If so specified in the applicable Prospectus Supplement, Debt Securities of a series may be issued in whole or in part in the form of one or more temporary or permanent global securities.

The Senior Debt Securities will rank equally with all other unsubordinated and unsecured indebtedness of the Company. The Subordinated Debt Securities will be subordinate in right of payment to all existing and future Senior Indebtedness (as defined herein) of the Company.

The Securities may be sold (i) through underwriting syndicates represented by managing underwriters, or by underwriters without a syndicate, with such underwriters to be designated at the time of sale; (ii) through agents designated from time to time; or (iii) directly by the Company. The names of any underwriters or agents of UCFC involved in the sale of the Securities, the public offering price or purchase price thereof, any applicable commissions or discounts, any other terms of the offering of such Securities and the net proceeds to the Company from such sale, will be set forth in the applicable Prospectus Supplement.

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.

The date of this Prospectus is June 12, 1995.

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THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

FOR NORTH CAROLINA INVESTORS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF INSURANCE FOR THE STATE OF NORTH CAROLINA (THE "NORTH CAROLINA INSURANCE COMMISSIONER") NOR HAS THE NORTH CAROLINA INSURANCE COMMISSIONER RULED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.

LOUISIANA INSURANCE LAWS AND REGULATIONS PROVIDE THAT NO PERSON MAY ACQUIRE CONTROL OF THE COMPANY AND THUS INDIRECT CONTROL OF ITS LOUISIANA DOMICILED INSURANCE SUBSIDIARIES, UNITED COMPANIES LIFE INSURANCE COMPANY AND UNITED GENERAL TITLE INSURANCE COMPANY, UNLESS SUCH PERSON HAS PROVIDED CERTAIN REQUIRED INFORMATION TO THE INSURANCE COMMISSIONER OF THE STATE OF LOUISIANA AND SUCH ACQUISITION HAS BEEN APPROVED BY THE INSURANCE COMMISSIONER OF THE STATE OF LOUISIANA, AFTER PUBLIC HEARING. UNDER LOUISIANA INSURANCE LAWS AND REGULATIONS, ANY PERSON WHO OWNS, CONTROLS OR HAS THE POWER TO VOTE 10% OR MORE OF THE VOTING SECURITIES OF A CORPORATION IS PRESUMED TO HAVE CONTROL OF THAT CORPORATION AND ITS SUBSIDIARIES. A SECURITY WHICH IS CONVERTIBLE INTO OR EVIDENCES A RIGHT TO ACQUIRE A VOTING SECURITY IS VIEWED AS A VOTING SECURITY. CONSEQUENTLY, NO PURCHASER IN THIS OFFERING MAY ACQUIRE, DIRECTLY OR INDIRECTLY, AN AMOUNT OF VOTING SECURITY WHICH WOULD BRING SUCH PURCHASER'S TOTAL HOLDINGS TO 10% OR MORE OF THE VOTING SECURITIES OF THE COMPANY, UNLESS SUCH PURCHASER HAS PROVIDED THE REQUIRED INFORMATION TO THE INSURANCE COMMISSIONER OF THE STATE OF LOUISIANA AND THE ACQUISITION HAS BEEN APPROVED BY THE INSURANCE COMMISSIONER OF THE STATE OF LOUISIANA.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents, previously filed by the Company with the

Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are incorporated herein by reference:

- (a) The Company's Annual Report on Form 10-K for the year ended December 31, 1994, as amended by Amendment No. 1 on Form 10-K/A;
- (b) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995;
- (c) The Company's Proxy Statement dated May 1, 1995 in connection with the Company's Annual Meeting of Shareholders to be held on June 14, 1995;
- (d) The Company's Current Report on Form 8-K filed on May 26, 1995;
- (e) The Company's Registration Statement on Form 8-A filed on June 9, 1995; and
- (f) The description of the Company's Preferred Share Purchase Rights contained in the Company's Registration Statement on Form 8-A filed on August 5, 1994.

All reports and any definitive proxy or information statements filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the Securities offered hereby shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained 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 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.

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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 DOCUMENTS INCORPORATED HEREIN BY REFERENCE (OTHER THAN EXHIBITS TO SUCH DOCUMENTS WHICH ARE NOT SPECIFICALLY INCORPORATED BY REFERENCE IN SUCH DOCUMENTS). WRITTEN REQUESTS FOR SUCH COPIES SHOULD BE DIRECTED TO DALE E. REDMAN, CHIEF FINANCIAL OFFICER, UNITED COMPANIES FINANCIAL CORPORATION, 4041 ESSEN LANE, BATON ROUGE, LOUISIANA 70809. TELEPHONE REQUESTS MAY BE DIRECTED TO MR. REDMAN AT (504) 924-6007.

AVAILABLE INFORMATION

UCFC is subject to the informational requirements of the Exchange Act and, in accordance therewith, files reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information can be inspected and copied at the following public reference facilities maintained by the Commission: Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549; Seven World Trade Center, Suite 1300, New York, New York 10048; and the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material may also be obtained by mail from the Public Reference Section of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, upon payment of prescribed rates. In addition, reports, proxy statements and other information concerning UCFC may be inspected at the offices of the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D.C. 20006.

This Prospectus constitutes a part of a Registration Statement filed by the Company with the Commission on Form S-3 under the Securities Act of 1933, as amended (the "Securities Act"). This Prospectus omits certain of the information contained in the Registration Statement, and reference is hereby made to the Registration Statement and related exhibits for further information with respect to the Company and the securities offered hereby. Statements contained herein concerning the provisions of any document are not necessarily complete and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the Commission. Each such statement is qualified in its entirety by such reference. These documents may be inspected without charge at the office of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and copies may be obtained at fees and charges prescribed by the Commission.

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THE COMPANY

GENERAL

The Company, founded in 1946, is a financial services holding company having mortgage and insurance operations. The Company's mortgage operations are focused on the origination, sale and servicing of first mortgage, non-conventional, home equity loans. Loan originations are accomplished primarily through a retail branch network, which as of March 31, 1995, consisted of 143 offices in 39 states, and a wholesale loan network of correspondents and brokers. The Company's strategy for increasing loan production includes continued geographic expansion, increased wholesale loan originations, loan acquisitions and the introduction of new loan products. Home equity loan production in 1994, 1993 and 1992 was \$909 million, \$540 million and \$301 million, respectively. Home equity loan production for the first three months of 1995 was \$309 million compared to \$197 million for the same period of 1994. The Company believes its loan securitizations improve its access to funding and thereby provide a distribution outlet sufficient to meet the Company's expanded home equity loan production. Increased loan production and its reduced cost of funding are the primary reasons that operating income before income taxes of the Company's mortgage operations rose to \$81.2 million in 1994 from \$46.3 million in 1993 and from \$24.0 million in 1992. Although loan sale gains increased from \$22.6 million for the first quarter of 1994 to \$26.7 million for the same period in 1995, the Company's operating income before income taxes of its mortgage operations declined to \$17.9 million for the first quarter of 1995 as compared to \$20.4 million for the first quarter of 1994, primarily as a result of increased expenses relating to the expansion of its mortgage operations. The Company's insurance operations sell primarily single premium deferred annuities marketed in 47 states, the District of Columbia and Puerto Rico. For additional information regarding the Company's operations by business segment, see "Selected Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein and the Company's Annual Report on Form 10-K for the year ended December 31, 1994, as amended by Amendment No. 1 on Form 10-K/A, and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995.

The Company is incorporated in the State of Louisiana, its headquarters is located at 4041 Essen Lane, Baton Rouge, Louisiana 70809, and its telephone number is (504) 924-6007. As of March 31, 1995, the Company had approximately 1,550 employees.

MORTGAGE

United Companies Lending Corporation ("UC Lending" or "UCLC"), the Company's wholly owned mortgage subsidiary, originates, sells and services primarily first mortgage, non-conventional, home equity loans which are typically not loans for the purchase of homes. These loans are made primarily to individuals who may not otherwise qualify for conventional loans which are readily marketable to government-sponsored mortgage agencies or conduits and available through most commercial banks and many other lending institutions. The weighted average interest rate and the weighted average loan origination fee on UC Lending home equity loans originated during 1994 were 11.7% and 6.0%, respectively, and for such loans originated during the first three months of 1995, were 12.4% and 5.2%, respectively. The Company attributes these loan terms to its belief that its customers generally place a higher priority on the amount of the monthly payment and prompt credit approval than on the interest rate and origination fees associated with the loan. Further, borrowers of non-conventional loans may present a greater credit risk and generally pay higher interest rates and loan origination fees. Management of the Company believes that any greater credit risk arising out of making loans to these borrowers is compensated by higher fees and interest rates. The average home equity loan amount at origination was approximately \$41,000 during 1994, up from \$39,000 during 1993, and increased to \$43,000 during the first three months of 1995. This increase has been due primarily to an expansion into geographic areas where home values are higher, a de-emphasis of second mortgage loans, an expansion of loan product lines and the introduction and growth of the wholesale loan production programs. UC Lending originated \$893 million of first mortgage home equity loans in 1994, up 68% from \$531 million in 1993 and originated \$298 million of first mortgage home equity loans during the first three months of 1995 compared to \$195 million for the same period of 1994. Loan originations are accomplished primarily through a

retail branch network in 39 states consisting of 143 offices as of March 31, 1995, and the wholesale loan network of correspondents and brokers. The Company's strategy for increasing loan production includes continued geographic expansion, increased wholesale originations, loan acquisitions and the

introduction of new loan products. In order to expand its distribution network, during the third quarter of 1992, the Company initiated a wholesale loan network of correspondents and brokers through a division of UC Lending operating under the registered service mark UNICOR Mortgage(R), Inc. ("UNICOR"). The Company has expanded this division which, as of March 31, 1995, was operating in 34 states. The Company plans to further expand UNICOR on a selective basis into other states. UNICOR offers fixed and adjustable rate home equity loans to borrowers of a credit quality comparable to customers of UC Lending's branch network. During late 1993, UC Lending began another wholesale loan network which offers the same products as the UNICOR program to banks and other financial institutions through its division that operates under the registered service mark GINGER MAE(R), Inc. ("GINGER MAE"), the acronym for the Good Neighbor Reinvestment Mortgage Assistance Loan Program. This program is intended to permit participating institutions to originate loans to borrowers who do not qualify for conventional credit. Loans purchased by UC Lending under this program are underwritten by UC Lending personnel prior to approval and funding under substantially the same guidelines as those utilized by UNICOR. As of March 31, 1995, GINGER MAE had 174 financial institutions in 16 states participating in the GINGER MAE program. In August 1994, the Company incorporated two separate subsidiaries, UNICOR Mortgage(R), Inc. and GINGER MAE(R), Inc., and intends to commence operation of the wholesale division through these separate subsidiaries during 1995.

The secondary mortgage market's growing acceptance of mortgage-backed securities based on non-conventional home equity loans has allowed the Company to pool large numbers of loans for sale as mortgage-backed securities. In late 1991 and in 1992, this was accomplished primarily through private placement transactions. During 1993 and 1994, UC Lending sold publicly \$451 million and \$973 million, respectively, of home equity loans through a Company-sponsored shelf registration statement which was initially approved in 1993 for up to \$1 billion principal amount of mortgage-backed securities and was amended in 1994 to cover an additional \$3 billion principal amount of mortgage-backed securities. The weighted average interest spread on loans sold to third parties (the difference between the stated rate on the loan and the rate paid to purchasers, less certain recurring fees) ranged from 4.56% in 1992 to 6.06% in 1993 to 4.49% in 1994 to 4.42% in the three months ended March 31, 1995. The weighted average interest spread on loans sold is determined without regard to expected credit losses. Therefore, the spread is not impacted by projected or actual credit losses. The Company's securitization transactions are credit enhanced and have received ratings of "Aaa" from Moody's Investors Service, Inc. and "AAA" from Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc. ("Standard & Poor's"). The Company presently intends to effect securitization transactions on a quarterly basis, but the amount and timing of sales of securities under the shelf registration statement will depend upon market and other conditions affecting the operations of the Company. Servicing rights are retained on substantially all loans sold, and as of March 31, 1995, UC Lending serviced 56,625 home equity loans having an aggregate principal balance of approximately \$1.9 billion.

The ability of the Company to sell loans and/or mortgage-backed securities in the secondary market is essential for continuation of the Company's loan origination operations. A prolonged, substantial reduction in the size of the secondary market for home equity loans may adversely affect the Company's ability to sell its loan originations and/or mortgage-backed securities in the secondary market with consequent adverse impact on the Company's profitability and future originations. Moreover, market and other considerations could affect the timing of the Company's securitization transactions and delays in such sales could reduce the amount of gains recognized from the sale of loans in a given quarter.

The Company derives a significant portion of its income by realizing gains upon the sale of loans due to the excess servicing income of such loans. Excess servicing income represents the excess of the interest rate payable by a borrower on a loan over the interest rate passed through to the investor acquiring an interest in such loan, less the Company's normal servicing fee and other applicable recurring fees. When loans are sold, the Company recognizes as current income the present value of the excess servicing income expected to be realized over the anticipated average life of loans sold less future estimated credit losses relating to the loans sold. At March 31, 1995, the Company's balance sheet reflected capitalized excess servicing income of

approximately \$196 million and an allowance for loss on loans serviced of approximately \$29.6 million. The capitalized excess servicing income is computed using prepayment, default and interest rate assumptions that the Company believes market participants would use for similar instruments at the time of sale. The weighted average discount rate used to determine the present value of the balance of capitalized excess servicing income on home equity loans reflected on the Company's balance sheet at March 31, 1995, was approximately

10%. The Company is not aware of an active market for this kind of receivable. No assurance can be given that this receivable could in fact be sold at its stated value on the balance sheet.

Capitalized excess servicing income is amortized over the lesser of the estimated or actual remaining life of the underlying loans as an offset against the excess servicing income component of servicing income actually received in connection with such loans. Although management of the Company believes that it has made reasonable estimates of the excess servicing income likely to be realized, it should be recognized that the rate of prepayment and the amount of defaults utilized by the Company are estimates and actual experience may vary from these estimates. The Company periodically reviews its prepayment assumptions in relation to current rates of prepayment and, if necessary, writes down the remaining asset to the net present value of the estimated remaining future excess servicing income. Rapid increases in interest rates or competitive pressures may result in a reduction of excess servicing income, thereby reducing the gains recognized by the Company upon the sale of loans in the future.

The gain recognized by the Company upon the sale of loans will have been overstated if the excess servicing income actually received by the Company is less than originally assumed. An acceleration of future prepayments could result in capitalized excess servicing income amortization expense exceeding realized excess servicing income, thereby adversely affecting the Company's servicing income and resulting in a charge to earnings in the period of adjustment. Likewise, if delinquencies or liquidations were to occur sooner in the portfolio of loans sold by the Company and/or with greater frequency than was initially assumed, capitalized excess servicing income amortization would occur more quickly than originally anticipated, which would have an adverse effect on servicing income in the period of such adjustment.

LIFE INSURANCE

United Companies Life Insurance Company ("UC Life" or "UCLIC"), the Company's wholly owned life insurance company domiciled in Louisiana and organized in 1955, is currently authorized to conduct business in 47 states, the District of Columbia and Puerto Rico. The primary products of UC Life are deferred annuities marketed on a commission basis principally through financial institutions and independent general agents and are generally sold to middle income customers seeking tax deferred insurance products, primarily to provide savings for retirement. UC Life produced \$250 million, \$208 million and \$48.6 million in sales of annuity products during the years ended December 31, 1994 and 1993 and in the three months ended March 31, 1995, respectively. At March 31, 1995, total annuity reserves were \$1.4 billion. The Company intends to add variable annuity products to its annuity line of business during 1995. UC Life has also focused its efforts on improving the quality and liquidity of its investment portfolio. At March 31, 1995, the invested assets of UC Life consisted of \$1.1 billion in investment grade fixed maturity securities (at amortized cost), \$152 million of residential first mortgage loans (which were primarily originated by UC Lending) and \$155 million of commercial mortgage loans (also primarily originated by UC Lending). At March 31, 1995, the weighted average rating of its publicly traded bond portfolio was "AA", the assets allocated to investments in mortgage-backed securities were \$789 million and the amount of non-investment grade publicly traded bonds in the portfolio was \$21.1 million or 1.8% of the portfolio. During the first three months of 1995 and 1994, the net interest spread on the Company's annuity business was 2.38% compared to 2.61%, respectively.

Reserves for annuity policies constitute the Company's primary liabilities. The duration of these liabilities is affected by a number of factors, including interest rates, surrender penalties, ratings, public confidence in the insurance industry generally and in the Company specifically, governmental regulations and tax laws. Since insurance commissions incurred at the origination of annuity policies are generally deferred and recognized over the estimated life of the policies, any unexpected increase in surrenders of annuity contracts would require more rapid recognition of these expenses, thereby adversely impacting profitability.

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In June 1994, A.M. Best Company ("Best") reaffirmed its "A-" (Excellent) rating of UC Life. Best's ratings depend in part on its analysis of an insurance company's financial strength, operating performance and claims paying ability. In addition, UC Life's claims paying ability has been rated "A+" by Duff & Phelps, Inc. During 1994, Standard & Poor's revised the formula used in assigning its qualified solvency ratings of insurance companies and, as a result, revised its rating assigned to UC Life from "BBBq" to "BBq." The Company believes that UC Life's ratings will enable it to continue to compete successfully.

BUSINESS STRATEGIES

The Company's strategic plan focuses primarily on its continued emphasis on its mortgage operations. Management of the Company believes that the implementation of significant changes in mortgage operations, such as centralization of collections and other loan servicing functions, institution of a branch incentive compensation structure, and the addition of the UNICOR and GINGER MAE programs have positioned the Company to be able to continue the increased loan production in its mortgage operations. The Company's increased profitability has resulted primarily from its increased loan origination capacity and its ability to more efficiently pool and sell loans in the secondary market, principally through securitizations. Management of the Company intends to continue to pursue the following strategies in its mortgage operations:

Mortgage Production Strategy

- Continue to focus production on first mortgage non-conventional, home equity loans.
- Increase the number of retail branches and expand geographically to become a national lender.
- Continue to expand the product line and distribution channels.
- Continue to centralize and improve customer service and loan servicing functions to focus the Company's branches on loan originations.
- Continue to grow its wholesale lending operation to complement its retail network and thereby broaden the market reach of the Company.

Securitization Strategy

- Continue to focus production on selected categories of loans that are attractive to purchasers of mortgage-backed securities.
- Maintain direct access to the mortgage-backed securities markets through a Company-sponsored conduit which uses its own shelf registration statement.
- Continue to maintain the Company's underwriting standards.
- Use standardized loan documentation based upon Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA") and Federal Home Loan Mortgage Corporation ("FHLMC") forms.

As part of its business strategy, the Company continues to seek ways to serve better its existing customer base and to broaden its customer base. To that end, the Company is actively considering the feasibility of introducing new loan products, including manufactured housing loans and secured credit card loans. The Company has recently decided to commence a program for manufactured housing loan products which will be conducted through a new subsidiary. There can be no assurance that the Company will introduce any other new loan products or that any new loan products it may introduce will be successful. Neither the manufactured housing loan products nor any other new loan product the Company may introduce is expected to have a material effect on the Company's operations in 1995.

In addition to its mortgage banking strategy, the Company intends to focus its insurance operations on developing the economies of scale necessary to compete in the current annuity marketplace while maintaining an operating philosophy which emphasizes investment grade securities, cost control and quality customer service.

DISCONTINUED OPERATIONS

UG Title

On April 10, 1995, the Company made a decision to dispose of its investment in United General Title Insurance Company ("UG Title"), a wholly owned subsidiary of the Company, and, on May 1, 1995, approved a formal plan of disposal. As a result, the operations of UG Title have been classified as discontinued operations, and, accordingly, the consolidated financial statements and the related notes of the Company segregate continuing and discontinued operations. It is anticipated that the disposal will be completed during 1995.

In connection therewith, a letter of intent to sell UG Title has been signed which provides for a reduction of the sale price for certain claims relating to transactions occurring prior to the date of sale and discovered

within twelve months thereafter. The Company has estimated the risk of loss related to such potential claims and recorded a provision for such loss in connection with the disposition. Should such claims materially exceed the Company's estimates for such losses, such consequence will have an adverse impact on the Company's operations by reducing the proceeds to be received from the sale. The transaction contemplated by the letter of intent is subject to negotiation and execution of a definitive agreement and the satisfaction of certain conditions, including receipt of necessary regulatory approvals. The Company believes that the failure to consummate the transaction contemplated by the letter of intent should not have a material adverse effect on the Company's financial condition.

In connection with the decision to dispose of UG Title, the Company recorded a \$128,000 after tax loss in its financial statements as of and for the quarter ended March 31, 1995. Total revenues of UG Title for the three months ended March 31, 1995 and 1994 were \$9.0 million and \$9.1 million, respectively, and net income (loss) was \$(373,000) and \$233,000, respectively. Total assets of UG Title at March 31, 1995 and December 31, 1994 were \$16.0 million and \$18.0 million, respectively.

UG Title was formed in 1983 to compliment the Company's mortgage operations; however, underwriting of affiliated transactions represented less than 3% of UG Title's business in 1994. At December 31, 1994, UG Title was licensed in 28 states, was represented by approximately 880 independent general agents and had no direct operations. Key markets for UG Title are Colorado, Louisiana, Florida and California. During 1994 and 1993, title insurance premiums were \$44.7 million and \$24.4 million, respectively. During 1994, UG Title experienced a net loss of \$5.0 million compared to net income of \$0.8 million in 1993. Operations in 1994 suffered severely as the result of claims related to agency escrow shortages in several states and losses associated with a loan broker in California. In addition to the incurred losses, the profitability of UG Title in 1994 was negatively impacted by a \$3.8 million increase in its reserve for policy losses.

UG Title provides single premium products insuring the validity of residential first and second mortgage loans and indemnifying the policyholders against loss or damage from obtaining an invalid title to real property. UG Title focuses on underwriting title policies for resales and refinancings of properties which policies averaged \$80,100 in 1994. Risks in excess of \$350,000 are reinsured primarily with Fidelity National Title Insurance Company; however, UG Title remains contingently liable for reinsurance ceded. UG Title, unlike some other title insurers, operates exclusively through independent title agents.

Foster Mortgage Corporation

On May 7, 1993, the Company decided to divest its subsidiary Foster Mortgage Corporation ("FMC"). As a result of this decision, the operations of FMC have been classified as discontinued operations and, accordingly, the consolidated financial statements of the Company and the related notes segregate continuing and discontinued operations. In connection with the decision to dispose of FMC, the Company recorded a \$17.6 million after tax loss in its financial statements as of and for the quarter ended March 31, 1993, reflecting the operating loss of FMC for the quarter ended March 31, 1993 of \$1.5 million, net of tax benefit and the estimated loss from disposal of FMC of \$16.1 million, net of tax benefit. The Company has not reflected operating losses incurred by FMC subsequent to that date in the Company's financial statements.

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As of November 30, 1993, the servicing rights owned by FMC, which constituted substantially all of its assets, were sold. On December 21, 1993, the institutional lenders under FMC's primary credit facility (the "FMC Institutional Lenders") filed a petition in the U.S. bankruptcy court to cause the remaining affairs of FMC to be wound up under the supervision of the bankruptcy court. The FMC Institutional Lenders filed and the bankruptcy court has approved a plan of liquidation for FMC providing for the appointment of a trustee selected by the FMC Institutional Lenders, disposal of FMC's remaining assets, and distributions to FMC's creditors. The FMC Institutional Lenders allege that FMC has certain claims against the Company, including a claim with respect to the Company's alleged failure to remit all sums due FMC regarding federal income taxes estimated by the FMC Institutional Lenders to range from \$2.1 million to \$29 million. FMC and the Company executed, subject to the approval of the bankruptcy court, a settlement agreement relating to payments between FMC and the Company in connection with the federal income tax benefits resulting from FMC's losses and to certain prior intercompany payments between FMC and the Company. The settlement agreement included a release by FMC in favor of the Company of any and all claims relating to federal income taxes. The FMC Institutional Lenders opposed the proposed settlement agreement. At the conclusion of a hearing on the proposed settlement on August 18, 1994, the

bankruptcy court approved the portion of the settlement providing for a net payment by the Company of \$1.65 million to FMC in satisfaction of the federal income tax benefits resulting from FMC's losses and the release of any claims regarding federal income taxes. The Company had previously recorded substantially all of the impact of this portion of the settlement in its prior financial statements. The bankruptcy court declined to approve the other portion of the proposed settlement relating to payments received by the Company from FMC within twelve months of the bankruptcy filing. These matters may be pursued by the trustee under the plan of liquidation approved by the bankruptcy court. If the Company were required to refund such payments, the Company has estimated the potential additional loss to be \$1.9 million, net of tax benefits. The decision of the bankruptcy court on the settlement is not final and was appealed by the FMC Institutional Lenders to the U.S. District Court which affirmed the bankruptcy court's decision. The FMC Institutional Lenders have appealed this decision to the United States Court of Appeals for the Fifth Circuit. Management of the Company does not believe that any additional amounts are owed by the Company to FMC and intends to vigorously contest any claims which may be brought against it for such amounts.

The Company did not guarantee any debt of FMC and believes, based upon advice of its counsel, that it has no responsibility for the obligations of FMC under FMC's primary credit facility or (excluding potential consequences of the bankruptcy filing on certain prior intercompany transactions or potential additional payment for tax benefits as discussed above) for any other liabilities to FMC's lenders.

GOVERNMENT REGULATION AND LEGISLATION; LEGAL PROCEEDINGS

The Company's mortgage and insurance businesses are subject to extensive regulation, supervision and licensing by federal and state authorities. Regulated matters include, without limitation, maximum interest rates and fees which may be charged by the Company, disclosure in connection with loan originations, credit reporting requirements, servicing requirements, insurance premium rates and coverage issues, federal and state taxation, and multiple qualification and licensing requirements for doing business in various jurisdictions. While the Company believes that it maintains all requisite licenses, permits and approvals and is in compliance in all material respects with applicable federal and state regulations, there can be no assurance that more restrictive laws or regulations will not be adopted which could make compliance in the future more difficult and/or more expensive. Legislative and regulatory proposals are frequently advanced which, if adopted, could adversely affect the Company's profitability or the manner in which the Company conducts its activities. In particular, amendments to the Federal Truth-in-Lending Act (the "TILA") which may become effective on October 1, 1995, impose additional disclosure requirements and prohibit certain prepayment penalty charges, among other requirements, on loans with a specified level of origination fees or a specified interest rate level. A significant percentage of the Company's loans originated after the effective date could be subject to the requirements of this legislation. The Company is currently reviewing this legislation in its final form to determine the impact of its provisions on the Company's business or results of operations.

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On March 21, 1994, the United States Court of Appeals for the Eleventh Circuit in *Rodash v. AIB Mortgage Company*, held, in part, that a lender improperly disclosed the collection of the Florida state intangible tax from the borrower, thereby subjecting the loan to rescission under the TILA by the borrower for three years after it was made. Subsequent to the court's initial decision and prior to its refusal to reconsider its decision, the Florida legislature amended the language of the intangible tax to clarify the legislature's previous intention that the intangible tax be disclosed for purposes of the TILA in the manner that had been followed by most lenders in Florida, including the Company. Although the Florida legislature intended this legislation to apply retroactively, no final court decision has been rendered as to the effect of this legislation on loans originated prior to its effective date. This court decision may also apply to a similar intangible tax imposed by other states. To its knowledge, as of May 12, 1995, no claims have been filed against the Company under this court decision (other than as a defense in foreclosure proceedings) and no notice of a breach of a representation has been received under the Company's loan sale agreements requesting it to repurchase, cure or substitute other loans for the loans sold. If the intent of the Florida legislature is not upheld and if a substantial number of claims are filed by borrowers against the Company resulting in rescission or repurchase, the Company's financial statements and operations will be materially adversely affected. As the financial impact, if any, of this contingency cannot presently be reasonably estimated, the Company has made no accrual therefor.

A substantial amount of the Company's annuity policies are marketed through financial institutions. In a recent decision, the United States Supreme Court

upheld the United States Comptroller of the Currency's decision to permit national banks to sell annuities in towns with more than 5,000 inhabitants.

COMPETITION

As a marketer of credit and annuity products, the Company faces intense competition. Traditional competitors in the financial services business include other mortgage banking companies, commercial banks, credit unions, thrift institutions, credit card issuers and finance companies. Competitors in the annuity business include an increasing number of insurance companies which have recently begun to offer annuity products. Many of these competitors in the financial services and annuity business are substantially larger and have more capital and other resources than the Company. Competition can take many forms including convenience in obtaining a loan or annuity, customer service, marketing and distribution channels and interest or crediting rates. In addition, the current level of gains realized by the Company and its existing competitors on the sale of its and their non-conventional loans could attract additional competitors into this market with the possible effect of lowering gains on future loan sales as the result of increased loan origination competition.

USE OF PROCEEDS

Except as may otherwise be set forth in the applicable Prospectus Supplement, the net proceeds from the sale of the Offered Securities will be used to reduce the Company's revolving bank debt and for general corporate purposes. At March 31, 1995, the floating interest rate on the Company's revolving bank debt was 7.82% per annum.

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RATIOS OF EARNINGS

The following tables set forth the ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and preferred stock dividends for the Company for the three months ended March 31, 1995 and for each of the years in the five-year period ended December 31, 1994.

The ratio of earnings to fixed charges has been computed by dividing earnings by fixed charges. The ratio of earnings to combined fixed charges and preferred stock dividends has been computed by dividing earnings by the sum of fixed charges and preferred stock dividend requirements. Earnings consist of income before income taxes plus fixed charges. Fixed charges consist of interest on all indebtedness and the portion of rental expense considered to be representative of interest.

RATIO OF EARNINGS TO FIXED CHARGES

THREE MONTHS ENDED MARCH 31, 1995	YEAR ENDED DECEMBER 31,				
	1994	1993	1992	1991	1990
<S> 4.0	<C> 6.1	<C> 4.8	<C> 2.6	<C> 1.4	<C> 1.3

RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

THREE MONTHS ENDED MARCH 31, 1995	YEAR ENDED DECEMBER 31,				
	1994	1993	1992	1991	1990
<S> 4.0	<C> 6.1	<C> 4.6 *	<C> 2.6	<C> 1.4	<C> 1.3

* The Company had no preferred stock outstanding other than for a portion of the year ended December 31, 1993. The preferred stock dividend declared during such period has been increased to an amount representing the pre-tax earnings which would be required to cover such dividend.

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SELECTED FINANCIAL AND OTHER DATA

The selected financial data set forth below are derived from the Company's Consolidated Financial Statements. The Company's Consolidated Balance Sheets at December 31, 1994 and 1993, and Consolidated Statements of Income, Stockholders' Equity and Cash Flows for the years ended December 31, 1994, 1993 and 1992 and notes thereto were audited by Deloitte & Touche LLP, independent certified public accountants, and are incorporated by reference herein and available as described under "Incorporation of Certain Documents by Reference" and "Available Information." The Company's Consolidated Financial Statements should be read in conjunction with this table and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in the Company's Annual Report on Form 10-K for the year ended December 31, 1994, as amended by Amendment No. 1 on Form 10-K/A. The financial information and other data set forth for the three months ended March 31, 1995 and 1994 are unaudited; however, in the opinion of the Company's management, the accompanying financial information contains all adjustments, consisting only of normal accruals, except for discontinued operations, necessary to present fairly the financial information for such periods. The results of operations for the three months ended March 31, 1995 may not be indicative of results of operations to be expected for the full year.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31, (1)		YEAR ENDED DECEMBER 31, (1)				
	1995	1994	1994	1993	1992	1991	1990
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:							
Interest, charges and fees on							
loans.....	\$ 30,788	\$ 27,285	\$ 116,747	\$ 96,284	\$ 92,785	\$ 90,180	\$ 63,300
Loan sale gains.....	26,734	22,554	86,735	59,441	33,475	29,627	18,613
Investment income.....	25,011	18,221	84,666	75,527	65,548	61,828	65,349
Loan servicing income.....	3,484	3,689	15,173	10,077	10,611	9,492	10,592
Net insurance premiums.....	2,102	3,068	11,373	18,684	22,860	36,269	39,820
	-----	-----	-----	-----	-----	-----	-----
Total revenues.....	88,119	74,817	314,694	260,013	225,279	227,396	197,674
Total expenses.....	68,570	53,985	230,620	216,952	204,664	219,580	190,837
	-----	-----	-----	-----	-----	-----	-----
Income from continuing operations							
before income taxes.....	19,549	20,832	84,074	43,061	20,615	7,816	6,837
Provision for income taxes.....	6,725	7,355	29,492	14,744	7,601	3,164	2,473
	-----	-----	-----	-----	-----	-----	-----
Income from continuing operations....	12,824	13,477	54,582	28,317	13,014	4,652	4,364
Income (loss) from discontinued							
operations.....	(128)	233	(5,048)	(16,742)	(2,768)	6,824	3,943
	-----	-----	-----	-----	-----	-----	-----
Net income.....	\$ 12,696	\$ 13,710	\$ 49,534	\$ 11,575	\$ 10,246	\$ 11,476	\$ 8,307
	=====	=====	=====	=====	=====	=====	=====
PER SHARE DATA(2):							
Primary:							
Income from continuing							
operations.....	\$.91	\$.93	\$ 3.83	\$ 2.52	\$ 1.31	\$.47	\$.44
Income (loss) from discontinued							
operations.....	(.01)	.02	(.35)	(1.51)	(.28)	.69	.40
	-----	-----	-----	-----	-----	-----	-----
Net income.....	\$.90	\$.95	\$ 3.48	\$ 1.01	\$ 1.03	\$ 1.16	\$.84
	=====	=====	=====	=====	=====	=====	=====
Fully diluted:							
Income from continuing							
operations.....	\$.91	\$.93	\$ 3.83	\$ 2.38	\$ 1.31	\$.47	\$.44
Income (loss) from discontinued							
operations.....	(.01)	.02	(.35)	(1.41)	(.28)	.69	.40
	-----	-----	-----	-----	-----	-----	-----
Net income.....	\$.90	\$.95	\$ 3.48	\$.97	\$ 1.03	\$ 1.16	\$.84
	=====	=====	=====	=====	=====	=====	=====
Weighted average shares outstanding:							
Primary.....	14,081	14,402	14,245	11,104	9,917	9,883	9,832
Fully Diluted.....	14,123	14,402	14,245	11,853	9,917	9,883	9,832
Cash dividends.....	\$.1000	\$.0909	\$.3636	\$.3092	\$.2728	\$.2556	\$.2372
Stockholders' equity -- period							
end(3).....	\$ 13.96	\$ 11.89	\$ 11.34	\$ 11.45	\$ 9.70	\$ 8.94	\$ 8.08

</TABLE>

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31, (1)		YEAR ENDED DECEMBER 31, (1)				
	1995	1994	1994	1993	1992	1991	1990
	(DOLLARS IN THOUSANDS)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA -- PERIOD END:							
Investment securities -- net(3).....	\$1,142,954	\$ 961,672	\$1,044,842	\$ 902,091	\$ 759,354	\$ 376,966	\$ 588,397
Loans -- net.....	394,362	494,723	369,382	517,720	502,229	604,942	362,164
Capitalized excess servicing income.....	195,609	131,611	179,065	113,192	72,062	53,942	47,153
Deferred policy acquisition costs....	92,802	83,584	91,915	83,495	80,007	78,599	77,601
Total assets.....	2,087,806	1,863,915	1,978,255	1,817,153	1,627,900	1,492,816	1,363,955
Annuity reserves.....	1,440,233	1,317,878	1,425,973	1,294,983	1,147,555	1,014,649	875,346
Notes payable.....	240,342	180,950	213,668	155,500	206,850	200,447	216,971
Total liabilities.....	1,893,914	1,702,254	1,823,005	1,663,785	1,531,642	1,404,382	1,284,524
Stockholders' equity(3).....	193,892	161,661	155,250	153,368	96,258	88,434	79,430
OTHER DATA:							
Mortgage							
Total loan originations.....	\$ 309,564	\$ 197,357	\$ 913,319	\$ 545,229	\$ 321,198	\$ 328,184	\$ 397,794
Home equity loan originations.....	309,290	197,329	908,821	539,868	301,234	253,613	224,783
Average home equity loan size.....	43	43	41	39	28	24	23
Home equity loans							
serviced -- period end.....	1,895,955	1,248,424	1,683,698	1,125,139	819,448	703,922	575,282
Total loans serviced -- period end.....	2,234,232	1,668,714	2,032,405	1,568,781	1,367,822	1,344,388	1,175,038
Average coupon on home equity loans originated.....	12.4%	11.0%	11.7%	11.8%	13.4%	N/A	N/A
Loan origination fees as % of home equity loans.....	5.2%	6.0%	6.0%	7.0%	7.9%	8.2%	7.9%
Weighted average interest spread retained on home equity loans							
sold.....	4.42%	5.61%	4.49%	6.06%	4.56%	4.42%	4.01%
Life Insurance							
Annuity sales.....	\$ 48,563	\$ 45,029	\$ 249,737	\$ 207,682	\$ 187,050	\$ 175,796	\$ 102,391
Net interest spread on annuities...	2.38%	2.61%	2.73%	2.20%	1.84%	1.88%	2.18%
Investment grade bonds as % of invested assets.....	72.0%	64.3%	69.6%	59.6%	54.3%	25.1%	45.5%

</TABLE>

(1) On April 10, 1995, the Company decided to dispose of its investment in its wholly owned subsidiary, UG Title, and on May 1, 1995, approved a formal plan of disposal of UG Title. In addition, on May 7, 1993, the Company announced its decision to dispose of the net assets and operations of FMC, a wholly owned subsidiary of the Company. The operations of UG Title and FMC have been reclassified as discontinued operations and the prior years' financial statements of the Company included herewith have been reclassified accordingly.

(2) All share and per share data have been adjusted to reflect stock dividends.

(3) During the first quarter of 1994, the Company implemented the provisions of FASB Statement of Financial Accounting Standards No. 115 ("SFAS 115"), which revised the method of accounting for certain of the Company's investments. Prior to adoption of SFAS 115, the Company reported its investments in fixed income investments at amortized cost, adjusted for declines in value considered to be other than temporary. SFAS 115 requires the classification of securities in one of three categories: "available-for-sale", "held-to-maturity" or "trading securities." Securities classified as held-to-maturity are carried at amortized cost, whereas securities classified as trading securities or available-for-sale are recorded at fair value. Effective with the adoption of SFAS 115, the Company determined the appropriate classification of its investments and, if necessary, adjusted the carrying value of such securities accordingly as if the unrealized gains or losses had been realized. The adjustment, net of applicable income taxes, for investments classified as available-for-sale is recorded in "Net unrealized loss on securities" and is included in Stockholders' equity. In accordance with the provisions of SFAS 115, prior year investments were not restated.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,				
	1995	1994	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	(DOLLARS IN THOUSANDS)						
MORTGAGE							
Interest, charges and fees on loans.....	\$20,140	\$14,798	\$ 68,658	\$ 44,797	\$ 35,003	\$ 36,174	\$ 33,029
Investment income.....	1,465	266	2,762	1,054	696	1,137	--
Loan sale gains.....	26,734	22,554	86,289	59,220	29,679	15,571	14,636
Loan servicing income.....	4,734	4,977	19,892	15,568	15,284	12,108	10,289
Total revenues.....	53,073	42,595	177,601	120,639	80,662	64,990	57,954
Total expenses.....	35,170	22,244	96,446	74,344	56,661	60,592	54,406
Income from continuing operations before income taxes.....	17,903	20,351	81,155	46,295	24,001	4,398	3,548
LIFE INSURANCE							
Interest, charges and fees on loans.....	9,267	11,577	43,647	45,561	51,396	51,585	32,399
Investment income.....	24,145	18,313	83,614	75,594	67,287	63,285	65,549
Net insurance premiums.....	2,102	3,068	11,373	18,684	22,860	36,269	39,820
Loan sale gains.....	--	--	--	--	3,310	--	3,977
Loan servicing income (loss).....	(427)	(44)	(505)	340	673	1,645	2,625
Total revenues.....	35,087	32,914	138,129	140,179	145,526	152,784	144,370
Total expenses.....	31,918	31,335	129,049	137,544	140,061	150,707	131,216
Income from continuing operations before income taxes.....	3,169	1,579	9,080	2,635	5,465	2,077	13,154
CORPORATE, OTHER OPERATIONS AND ELIMINATIONS							
Income (loss) from continuing operations before income taxes.....	(1,523)	(1,098)	(6,161)	(5,869)	(8,851)	1,341	(9,865)
CONSOLIDATED							
Income from continuing operations before income taxes.....	19,549	20,832	84,074	43,061	20,615	7,816	6,837
Provision for income taxes.....	6,725	7,355	29,492	14,744	7,601	3,164	2,473
Income from continuing operations.....	12,824	13,477	54,582	28,317	13,014	4,652	4,364
Income (loss) from discontinued operations.....	(128)	233	(5,048)	(16,742)	(2,768)	6,824	3,943
Net income.....	\$12,696	\$13,710	\$ 49,534	\$ 11,575	\$ 10,246	\$ 11,476	\$ 8,307

</TABLE>

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

The following analysis should be read in conjunction with the Company's Consolidated Financial Statements and accompanying Notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1994, as amended by Amendment No. 1 on Form 10-K/A, and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995. See "Incorporation of Certain Documents by Reference" and "Available Information."

OVERVIEW

The table below sets forth income from continuing operations before income taxes for each of the Company's business segments and certain home equity loan data for the indicated periods:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	1995	1994	1994	1993	1992
	(DOLLARS IN THOUSANDS)				

<S>	<C>	<C>	<C>	<C>	<C>
Mortgage.....	\$ 17,903	\$ 20,351	\$ 81,155	\$ 46,295	\$ 24,001
Life Insurance.....	3,169	1,579	9,080	2,635	5,465
Corporate, other operations and eliminations.....	(1,523)	(1,098)	(6,161)	(5,869)	(8,851)
Total.....	\$ 19,549	\$ 20,832	\$ 84,074	\$ 43,061	\$ 20,615
Home equity loan originations.....	\$309,290	\$197,329	\$908,821	\$539,868	\$301,234
Home equity loans sold.....	274,653	198,332	977,653	462,873	271,920
Interest spread retained on home equity loans sold.....	4.42%	5.61%	4.49%	6.06%	4.56%

</TABLE>

The following summary identifies the major factors which influenced the results of operations of the Company's primary operating divisions during the indicated periods.

MORTGAGE

The Company's mortgage operations primarily consist of the origination, sale and servicing of first mortgage, non-conventional, home equity loans. Fundamental to the profitability and funding of the Company's mortgage operations is the sale of these loans with servicing rights retained. The majority of the revenue of the mortgage segment is derived from gain recognized on the sale of loans and the recognition of net loan fees at the time of sale of the loans. Net loan fees on loans owned by the Company are recognized over the lives of the loans.

Prior to 1991, the Company had either held the home equity loans it originated in its own portfolio or sold them to financial institutions. Since the fourth quarter of 1991, however, the secondary mortgage market's growing acceptance of mortgage-backed securities based on non-conventional home equity loans has allowed the Company to pool large numbers of loans for sale as mortgage-backed securities. In late 1991 and 1992, this was accomplished primarily through private placement transactions. In 1993, the Company began selling its loans in public securitization transactions through its own shelf registration statement and sold publicly \$973 million and \$451 million of home equity loans during 1994 and 1993, respectively.

The Company's mortgage operations are interest rate sensitive and, therefore, fluctuations in and the level of interest rates can have a variety of effects on the Company's profitability. In particular, significant changes in interest rates may impact the volume of loan originations, and will influence the funding costs of such originations and the amount of gain recognized on loans sold in the secondary market. During periods of declining interest rates the mortgage operations will generally experience an increase in profitability as the interest spread should widen both on loans held by the Company as an investment and on loans sold in the secondary market.

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Although loan sale gains increased from \$22.6 million for the first quarter of 1994 to \$26.7 million for the same period in 1995, the Company's operating income before income taxes of its mortgage operations declined to \$17.9 million for the first quarter of 1995 as compared to \$20.4 million for the first quarter of 1994, primarily as a result of increased expenses relating to the expansion of its mortgage operations. During 1993, the positive effect on income of the mortgage operations resulted primarily from a wider interest margin retained on loans sold and a lower cost of funding loan originations than experienced in 1992 or 1994. The weighted average interest spread on loans sold to third parties (the difference between the stated rate on the loan and the rate paid to purchasers, less recurring fees) increased from 4.56% in 1992 to 6.06% in 1993 and declined to 4.49% in 1994 due to a rising interest rate environment. This spread was 4.42% for the first quarter of 1995 compared to 5.16% for the first quarter of 1994, the reduction due primarily to the higher market interest rates during the first quarter of 1995. The weighted average interest spread on loans sold is determined without regard to credit losses. Therefore, the spread is not impacted by projected or actual credit losses. The lower interest spread on loans sold during 1994 and the first quarter of 1995 was somewhat offset by an increased volume of loans originated and sold. In 1994, \$909 million of home equity loans were originated and \$978 million were sold to third parties compared to \$540 million originated and \$463 million sold to third parties in 1993. In the first three months of 1995, \$309 million of home equity loans were originated and \$275 million were sold to third parties compared to \$197 million originated and \$198 million sold to third parties in the first three months of 1994.

Although historically a lower interest rate environment has not resulted in a significant increase in the level of prepayment of loans originated and

serviced by the Company, a significant and sustained reduction in interest rates could cause prepayments to increase, and thereby result in a contraction of the amount of loans owned and serviced and an accelerated amortization of capitalized excess servicing income. Increased prepayments reduce the time period during which the Company receives excess servicing income and other servicing income with respect to prepaid loans. Increased amortization of capitalized excess servicing income is a current charge to earnings. Likewise, if delinquencies or liquidations were to occur sooner in the portfolio of loans sold by the Company and/or with greater frequency than was initially assumed, capitalized excess servicing income amortization would occur more quickly than originally anticipated, which would have an adverse effect on servicing income in the period of such adjustment. In contrast, an increase in the level of interest rates for an extended period of time could adversely affect the ability of the Company to originate loans, as well as the profitability of the loan origination program, by increasing the cost of funding and reducing the interest spread on loans retained and loans sold. If actual prepayments with respect to loans sold occur more slowly than estimated at the time of sale, total income would exceed previously estimated amounts; however, no adjustments would be made to capitalized excess servicing income on the Company's consolidated balance sheet as such income would be recognized prospectively.

LIFE INSURANCE

UC Life has focused its efforts on increased annuity sales by expanding its distribution network of financial institutions and independent general agents. In 1994, annuity sales were \$250 million, the largest annual production since 1982. Annuity sales for the first quarter of 1995 were \$48.6 million compared to \$45.0 million for the first quarter of 1994. UC Life focused in 1994 on expanding the independent general agents share of its distribution network, which agents sold approximately 46% of the total dollar amount of annuities written in 1994 compared to 30% in 1993. As with the Company's mortgage operation, fluctuations in and the level of interest rates also impacts the operations of UC Life. The average spread on the annuity business was 1.84% in 1992 and increased to 2.20% and to 2.73% during 1993 and 1994, respectively. This spread declined to 2.38% during the first quarter of 1995. Surrenders of annuity policies increased in 1994 compared to prior years and in the first quarter of 1995 compared to the first quarter of 1994 due in part to the reduction in interest rates on new and existing annuity contracts and to a rising interest rate environment and an increase in the number of annuity contracts which were beyond the surrender penalty period.

UC Life has continued its efforts to improve the quality and liquidity of its investment portfolio. At March 31, 1995, the weighted average rating of the publicly traded bond portfolio was "AA", the amortized cost of assets allocated to investments in investment grade fixed maturity securities was \$337 million or 29.4%

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of the portfolio and in investment grade mortgage-backed securities was \$789 million or 68.8% of the portfolio. At March 31, 1995, the amortized cost of UC Life's holdings of non-investment grade publicly traded bonds was \$21.1 million or 1.8% of the portfolio. UC Life's invested assets also include residential and commercial real estate mortgages originated and serviced by UC Lending; however, the percentage of assets invested in mortgage loans in recent years has been reduced primarily as the result of their disfavor with insurance regulatory authorities and rating agencies.

The annuities sold by UC Life are monetary in nature and therefore sensitive to changes in the interest rate environment. Profitability of UC Life is directly affected by its ability to invest annuity premiums at yields above the interest crediting rates on the related policy liabilities. One of the primary financial objectives of UC Life is to effectively manage this interest spread over time in changing interest rate environments. This is accomplished in part by adjusting the interest crediting rate paid on its existing and new annuity policies. During periods of declining interest rates, the fair value of UC Life's investments, primarily fixed maturity investments, increases; however, yields earned on investments made during such periods decline. In contrast, during periods of rising interest rates the fair value of the investment portfolio declines and the risk of policy surrenders increases. An unanticipated increase in surrenders would impact the Company's liquidity, potentially requiring the sale of certain investments prior to their maturities, which may be at a loss.

Reserves for annuity policies constitute the Company's primary liabilities. The duration of these liabilities is affected by a number of factors, including interest rates, surrender penalties, ratings, public confidence in the insurance industry generally and in UC Life specifically, governmental regulations and tax laws. Since insurance commissions incurred at the origination of annuity policies are generally deferred and recognized over the estimated life of the

policies, any unexpected increase in surrenders of annuity contracts would require more rapid recognition of these expenses, thereby adversely impacting profitability.

DISCONTINUED OPERATIONS

UG Title

On April 10, 1995, the Company made a decision to dispose of its investment in UG Title, a wholly owned subsidiary of the Company, and, on May 1, 1995, approved a formal plan of disposal. As a result, the operations of UG Title have been classified as discontinued operations, and, accordingly, the consolidated financial statements and the related notes of the Company segregate continuing and discontinued operations. It is anticipated that the disposal will be completed during 1995.

In connection therewith, a letter of intent to sell UG Title has been signed which provides for a reduction of the sale price for certain claims relating to transactions occurring prior to the date of sale and discovered within twelve months thereafter. The Company has estimated the risk of loss related to such potential claims and recorded a provision for such loss in connection with the disposition. Should such claims materially exceed the Company's estimates for such losses, such consequence will have an adverse impact on the Company's operations by reducing the proceeds to be received from the sale. The transaction contemplated by the letter of intent is subject to negotiation and execution of a definite agreement and the satisfaction of certain conditions, including receipt of necessary regulatory approvals. The Company believes that the failure to consummate the transaction contemplated by the letter of intent should not have a material adverse effect on the Company's financial condition.

In connection with the decision to dispose of UG Title, the Company recorded a \$128,000 after tax loss in its financial statements as of and for the quarter ended March 31, 1995. Total revenues of UG Title for the three months ended March 31, 1995 and 1994 were \$9.0 million and \$9.1 million, respectively, and net income (loss) was \$(373,000) and \$233,000, respectively. Total assets of UG Title at March 31, 1995 and December 31, 1994 were \$16.0 million and \$18.0 million, respectively.

UG Title was formed in 1983 to compliment the Company's mortgage operations; however, underwriting of affiliated transactions represented less than 3% of UG Title's business in 1994. At December 31, 1994, UG Title was licensed in 28 states, was represented by approximately 880 independent general agents and had no direct operations. Key markets for UG Title are Colorado, Louisiana, Florida and California. During 1994

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and 1993, title insurance premiums were \$44.7 million and \$24.4 million, respectively. During 1994, UG Title experienced a net loss of \$5.0 million compared to net income of \$0.8 million in 1993. Operations in 1994 suffered severely as the result of claims related to agency escrow shortages in several states and losses associated with a loan broker in California. In addition to the incurred losses, the profitability of UG Title in 1994 was negatively impacted by a \$3.8 million increase in its reserve for policy losses.

UG Title provides single premium products insuring the validity of residential first and second mortgage loans and indemnifying the policyholders against loss or damage from obtaining an invalid title to real property. UG Title focuses on underwriting title policies for resales and refinancings of properties which policies averaged \$80,100 in 1994. Risks in excess of \$350,000 are reinsured primarily with Fidelity National Title Insurance Company; however, UG Title remains contingently liable for reinsurance ceded. UG Title, unlike some other title insurers, operates exclusively through independent title agents.

FMC

On May 7, 1993, the Company decided to divest its subsidiary FMC. As a result of this decision, the operations of FMC have been classified as discontinued operations, and, accordingly, the consolidated financial statements of the Company and the related notes segregate continuing and discontinued operations. In connection with the decision to dispose of FMC, the Company recorded a \$17.6 million after tax loss in its financial statements as of and for the quarter ended March 31, 1993, reflecting the operating loss of FMC for the quarter ended March 31, 1993 of \$1.5 million, net of tax benefit and the estimated loss from disposal of FMC of \$16.1 million, net of tax benefit. The Company has not reflected operating losses incurred by FMC subsequent to that date in the Company's financial statements.

As of November 30, 1993, the servicing rights owned by FMC, which constituted substantially all of its assets, were sold. On December 21, 1993, the FMC Institutional Lenders filed a petition in the U.S. bankruptcy court to cause the remaining affairs of FMC to be wound up under the supervision of the bankruptcy court. The FMC Institutional Lenders filed and the bankruptcy court has approved a plan of liquidation for FMC providing for the appointment of a trustee selected by the FMC Institutional Lenders, disposal of FMC's remaining assets, and distributions to FMC's creditors. The FMC Institutional Lenders allege that FMC has certain claims against the Company, including a claim with respect to the Company's alleged failure to remit all sums due FMC regarding federal income taxes estimated by the FMC Institutional Lenders to range from \$2.1 million to \$29 million. FMC and the Company executed, subject to the approval of the bankruptcy court, a settlement agreement relating to payments between FMC and the Company in connection with the federal income tax benefits resulting from FMC's losses and to certain prior intercompany payments between FMC and the Company. The settlement agreement included a release by FMC in favor of the Company of any and all claims relating to federal income taxes. The FMC Institutional Lenders opposed the proposed settlement agreement. At the conclusion of a hearing on the proposed settlement on August 18, 1994, the bankruptcy court approved the portion of the settlement providing for a net payment by the Company of \$1.65 million to FMC in satisfaction of the federal income tax benefits resulting from FMC's losses and the release of any claims regarding federal income taxes. The Company had previously recorded substantially all of the impact of this portion of the settlement in its prior financial statements. The bankruptcy court declined to approve the other portion of the proposed settlement relating to payments received by the Company from FMC within twelve months of the bankruptcy filing. These matters may be pursued by the trustee under the plan of liquidation approved by the bankruptcy court. If the Company were required to refund such payments, the Company has estimated the potential additional loss to be \$1.9 million, net of tax benefits. The decision of the bankruptcy court on the settlement is not final and was appealed by the FMC Institutional Lenders to the U.S. District Court which affirmed the bankruptcy court's decision. The FMC Institutional Lenders have appealed this decision to the United States Court of Appeals for the Fifth Circuit. Management of the Company does not believe that any additional amounts are owed by the Company to FMC and intends to vigorously contest any claims which may be brought against it for such amounts.

The Company did not guarantee any debt of FMC and believes, based upon advice of its counsel, that it has no responsibility for the obligations of FMC under FMC's primary credit facility or (excluding potential

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consequences of the bankruptcy filing on certain prior intercompany transactions or potential additional payment for tax benefits as discussed above) for any other liabilities to FMC's lenders.

RESULTS OF OPERATIONS

The Company's consolidated financial statements present UG Title and FMC as discontinued operations. Discussed below are results of continuing operations for the periods presented.

THREE MONTHS ENDED MARCH 31, 1995 COMPARED TO THREE MONTHS ENDED MARCH 31, 1994

Income from continuing operations for the first quarter of 1995 was \$12.8 million (\$.91 per share based on 14.1 million weighted average shares outstanding) compared to net income of \$13.5 million (\$.93 per share based on 14.4 million shares outstanding) for the same period of 1994. In comparison to the 1994 period, the decline in income in 1995 was primarily the result of costs of expanding the Company's mortgage operations. Personnel costs in the Company's mortgage division increased approximately \$3.9 million as the average number of employees in the unit increased by approximately 300 from the first quarter of 1994 to the same period of 1995. In addition, advertising expenses increased approximately \$2.0 million and occupancy costs of the mortgage operations increased approximately \$.6 million as the result of an increase in the number of retail branches from 125 at March 31, 1994 to 143 at March 31, 1995. The negative effect on income of these increased expense items was offset to some extent by a \$76 million increase in the amount of loans sold, which resulted in an increase in loan sale gains from \$22.6 million for the first quarter of 1994 to \$26.7 million for the same period in 1995.

The following table sets forth certain financial data for the periods indicated.

<TABLE>
<CAPTION>

THREE MONTHS ENDED
MARCH 31,

	1995	1994
(IN THOUSANDS)		
<S>	<C>	<C>
Total revenues.....	\$88,119	\$74,817
Total expenses.....	68,570	53,985
Income from continuing operations before income taxes.....	19,549	20,832
Income from continuing operations.....	12,824	13,477

Revenues. The following table sets forth information regarding the components of the Company's revenues for the three months ended March 31, 1995 and 1994.

	THREE MONTHS ENDED MARCH 31,	
	1995	1994
(IN THOUSANDS)		
<S>	<C>	<C>
Interest, charges and fees on loans.....	\$30,788	\$27,285
Loan sale gains.....	26,734	22,554
Investment income.....	25,011	18,221
Loan servicing income.....	3,484	3,689
Net insurance premiums.....	2,102	3,068
Total.....	\$88,119	\$74,817

Interest, charges and fees on loans increased \$3.5 million for the first three months of 1995 compared to the same period of 1994. This line item includes interest on mortgage loans owned by the mortgage and life insurance divisions and loan origination fees earned by the mortgage division. Loan origination fees in excess of direct origination costs on loans held by the Company are recognized over the life of the loan and are recognized at the time of sale on loans sold to third parties. During the three months ended March 31, 1995 and 1994, the Company sold approximately \$275 million and \$198 million, respectively, in home equity loans and recognized approximately \$8.2 million and \$7.0 million, respectively, in net loan origination fees in connection with these sales. Other loan income includes primarily prepayment fees, late charges, and insurance commissions.

The following table presents the composition of interest, charges and fees on loans for the periods indicated.

	THREE MONTHS ENDED MARCH 31,	
	1995	1994
(IN THOUSANDS)		
<S>	<C>	<C>
Loan origination fees.....	\$15,502	\$12,465
Mortgage loan interest.....	10,650	11,258
Other loan income.....	4,636	3,562
Total.....	\$30,788	\$27,285

The Company estimates that non-accrual loans reduced mortgage loan interest for the first three months of 1995 and 1994 by approximately \$2.9 million and \$2.5 million, respectively. During the three months ended March 31, 1995 the average amount of non-accrual loans owned by the Company was \$21.5 million compared to approximately \$28.7 million during the same period of 1994. In addition, the average balance of loans serviced for third parties which were on a non-accrual basis or in foreclosure was \$69.3 million and \$50.8 million during the first three months of 1995 and 1994, respectively, representing 3.9% and 4.5%, respectively, of the average amount of loans serviced for third parties. The Company is generally obligated to advance interest on delinquent loans which have been sold until satisfaction of the note, liquidation of the collateral or

charge off of the delinquent loan. At March 31, 1995, the Company owned approximately \$10.5 million of commercial loans which were on an accrual status, but which the Company considers as potential problem loans, compared to \$8.2 million at March 31, 1994. The Company evaluates each of these commercial loans to estimate its risk of loss in the investment and provides for such loss through a charge to earnings.

Loan sale gains increased \$4.2 million during the first three months of 1995 over the same period in 1994. Loan sale gains approximate the present value over the estimated lives of the loans of the excess of the contractual rates on the loans sold, over the sum of the pass-through rate paid to the buyer, a normal servicing fee, a trustee fee, a surety bond fee, if any, in mortgage-backed securitization transactions, and an estimate of future credit losses. The increase in the amount of loan sale gains was due primarily to a \$76 million increase in the amount of loans sold which offset a decline in excess servicing income retained by the Company (i.e., the stated interest rate on the loan less the pass-through rate and the normal servicing fee and other applicable recurring fees). Interest spread retained by the Company on loans sold includes the normal servicing fee. During 1994, guidelines were published by Standard & Poor's defining a normal servicing fee as 50 basis points for servicing "B" and "C" quality home equity loans, such as those originated by the Company. As the result of this industry data, the servicing fee rate used by the Company in its securitization transactions subsequent to July 1, 1994 has been 50 basis points compared to previous securitizations which include a servicing fee rate of 75 basis points.

The following table presents information regarding home equity loan sale transactions for the periods indicated.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,	
	1995	1994
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
Home equity loans sold.....	\$274,653	\$198,332
Average coupon on home equity loans sold.....	12.65%	11.67%
Interest spread retained on home equity loans sold.....	4.42%	5.61%
Home equity loan sale gains.....	\$ 26,734	\$ 22,554

</TABLE>

In comparison to the first quarter of 1994, market interest rates were higher in the first quarter of 1995, and, as a result, the Company experienced a decrease in the weighted average interest spread retained on home equity loans sold from 5.61% in 1994 to 4.42% in 1995. Fluctuations in and the level of market interest rates will impact the interest spread retained by the Company on loans sold, and, potentially, the amount of its loan sale gains. An increase in the level of market interest rates will generally adversely affect the interest spread on loans sold, whereas such interest spread generally widens during a declining interest rate environment. Although actions have been taken by the Company during a rising interest rate environment to mitigate the impact on earnings of fluctuations in market rates, such as increasing the coupon rate charged on its loan products, the effect of such actions will generally lag the impact of market rate fluctuations. The weighted average interest spread retained by the Company on loan sales during the first quarter of 1995 increased to 4.42% from 4.10% during the fourth quarter of 1994. This increase is primarily attributable to an increase in the weighted average coupon on loans sold which offset an increase in the pass-through rates attributable to such loans.

Historically, the Company has not entered into commercial interest rate hedge transactions in connection with future loan securitizations; however, during the first quarter of 1995 the Company entered into a hedge with respect to a portion of the home equity mortgage loan securitization transaction which closed during the quarter. In addition, the Company has used a prefunding feature in connection with recent loan securitization transactions. The prefunding feature "locks in" the pass-through rate that the Company will pay to the investors on a prefunded amount which will be used to acquire loans at a future date. The Company is obligated for the difference between the earnings on such prefunded amount and the pass-through interest paid to the investors during the period from the date of the closing of the securitization transaction until the date of delivery of the loans. In connection with the home equity loan securitization transaction which closed in the first quarter of 1995, approximately \$79 million was held in a prefunding account for purchase of the Company's home equity loans during the second quarter of 1995. Pursuant thereto,

home equity loans with a remaining principal balance of approximately \$79 million were delivered in May 1995.

Investment income totaled \$25.0 million on average investments of approximately \$1.2 billion for the first three months of 1995 compared to investment income of \$18.2 million on average investments of approximately \$977 million during the same period of 1994. At March 31, 1995 the amortized cost of the fixed income portfolio totaled \$1.1 billion and was comprised principally of \$789 million in investment grade mortgage-backed securities and \$337 million in investment grade bonds. At March 31, 1995, the weighted average rating of the publicly traded bond portfolio according to nationally recognized rating agencies was "AA". During 1994, the Company established a trading account for a portion of its investment portfolio invested in common stocks. At March 31, 1995, the carrying value of investments in the Company's trading account was \$0.8 million reflecting an \$88,000 net unrealized gain which is included in investment income for the first quarter of 1995.

Loan servicing income declined \$0.2 million for the three months ending March 31, 1995 compared to the same period of 1994. Loan servicing income was negatively affected by a \$1 million increase in the amortization of prior loan sale gains as the result of an adjustment in the estimated prepayment assumptions of certain mortgage loans serviced by the Company, primarily adjustable rate mortgage loans. This adjustment was made in connection with the Company's evaluation of capitalized excess servicing income which is performed as of each balance sheet date. This evaluation includes an analysis of the prepayment assumptions used in calculating loan sale gains in relation to the current rate of prepayment, and if necessary, revising the estimate using the original discount rate. Any losses arising from adverse prepayment experience are recognized immediately while favorable experience is recognized prospectively. This adjustment offset the impact of a \$700 million increase in the average amount of home equity loans serviced by the Company for third parties during the first quarter of 1995 compared to the same period of 1994. In addition, the reduction in the normal servicing fee from 75 to 50 basis points as discussed above has the impact of increasing current

revenues (loan sale gains) while reducing future revenues (loan servicing income). The following table reflects the components of loan servicing income for the periods indicated.

<TABLE>
<CAPTION>

THREE MONTHS ENDED
MARCH 31,

1995 1994

(IN THOUSANDS)

<S>	<C>	<C>
Servicing fees earned.....	\$ 16,951	\$11,870
Amortization of capitalized excess servicing income.....	(13,467)	(8,181)
	-----	-----
Total.....	\$ 3,484	\$ 3,689
	=====	=====

</TABLE>

Net insurance premiums declined \$1.0 million for the first three months of 1995 compared with the same period of 1994. Net insurance premiums reflect the recognition of credit life premiums on policies sold in prior years. The decrease in premium income is primarily the result of UC Life's decision in 1993 to discontinue sales of credit insurance products.

Expenses. The following table presents the components of the Company's expenses for the periods indicated.

<TABLE>
<CAPTION>

THREE MONTHS ENDED
MARCH 31,

1995 1994

(IN THOUSANDS)

<S>	<C>	<C>
Interest on annuity policies.....	\$19,526	\$17,793
Personnel.....	17,071	13,507
Interest.....	5,894	2,425
Loan loss provision.....	4,064	3,996
Insurance commissions.....	3,548	3,423

Insurance benefits.....	2,429	3,008
Other operating.....	16,038	9,833
	-----	-----
Total.....	\$68,570	\$53,985
	=====	=====

</TABLE>

Interest on annuity policies increased \$1.7 million for the first three months of 1995 when compared to the same period of 1994 primarily as the result of an increase in annuity reserves. Average annuity reserves were \$1.4 billion during the first quarter of 1995, an increase of approximately \$127 million from the same period of 1994.

Personnel expenses increased approximately \$3.6 million primarily because of costs associated with the expansion of the Company's mortgage operations and an increase in incentive bonuses based on loan production.

Interest expense for the first three months of 1995 increased \$3.5 million from the same period of 1994 primarily as the result of an increase in the weighted average interest rate on debt outstanding.

The provision for estimated losses on the commercial mortgage portfolio during the first quarter of 1995 declined approximately \$0.8 million when compared to the same period of 1994 due to a reduction in the amount of loans serviced and an improved commercial real estate environment. The positive effect of this reduction on net income was offset by an increase in the provision for estimated losses on home equity loans when compared to the first quarter of 1994.

Insurance commissions for the first three months of 1995 were \$3.5 million compared to \$3.4 million for the same period of 1994. Commissions paid on issuance of the Company's single premium deferred annuity products are generally capitalized as deferred policy acquisition costs and amortized over the estimated life of the policy. During the three months ended March 31, 1995, the Company capitalized approximately \$3.9 million in commissions paid on sales of annuities compared to \$3.5 million during the same period of

1994. Amortization of commission expense on annuities capitalized in prior periods was \$2.6 million during the three months ended March 31, 1995, compared to \$2.2 million during the same period of 1994.

Other operating expenses for the three months ended March 31, 1995 increased approximately \$6.2 million when compared to the same period of 1994 primarily as the result of expansion of the Company's mortgage operations, including a \$2.0 million increase in advertising expenses, a \$0.8 million increase in loan purchase premiums and a \$0.6 million increase in occupancy expenses.

YEAR ENDED DECEMBER 31, 1994 COMPARED TO YEAR ENDED DECEMBER 31, 1993

Net income for 1994 was \$49.5 million (\$3.48 per share based on 14,245,325 weighted average shares outstanding) compared to net income of \$11.6 million for 1993 (\$.97 per share based on 11,852,764 weighted average shares outstanding). The increase in net income in 1994 resulted primarily from an increase in the gain on sale of loans and an improved interest margin earned on annuities. In addition, as previously discussed in "-- Discontinued Operations," net income for 1994 and 1993 was reduced by a \$5.0 million and \$16.7 million loss, respectively, recognized in connection with the Company's decisions to divest UG Title and FMC.

The following table sets forth certain financial data for the periods indicated.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,	
	1994	1993
	-----	-----
	(IN THOUSANDS)	
<S>	<C>	<C>
Total revenues.....	\$314,694	\$260,013
Total expenses.....	230,620	216,952
Income from continuing operations before income taxes.....	84,074	43,061
Income from continuing operations.....	54,582	28,317

</TABLE>

Revenues. The following table sets forth information regarding the

components of the Company's revenues for the year ended December 31, 1994 and 1993.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,	
	1994	1993
	(IN THOUSANDS)	
<S>	<C>	<C>
Interest, charges and fees on loans.....	\$116,747	\$ 96,284
Loan sale gains.....	86,735	59,441
Investment income.....	84,666	75,527
Loan servicing income.....	15,173	10,077
Net insurance premiums.....	11,373	18,684
Total.....	\$314,694	\$260,013

</TABLE>

Interest, charges and fees on loans increased \$20.5 million for 1994. This line item includes interest on mortgage loans owned by the mortgage and insurance divisions and loan origination fees earned by the mortgage division. Loan origination fees in excess of direct origination costs on each loan held by the Company are recognized over the life of the loan or earlier at the time of sale on a loan sold to third parties. During 1994 and 1993, the Company sold approximately \$978 million and \$463 million, respectively, in home equity loans and recognized approximately \$32.5 million and \$18.9 million, respectively, in net loan origination fees in connection with these sales. Other loan income includes primarily prepayment fees, late charges and insurance commissions.

The following table presents the composition of interest, charges and fees on loans for the periods indicated.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,	
	1994	1993
	(IN THOUSANDS)	
<S>	<C>	<C>
Loan origination fees.....	\$ 56,576	\$35,987
Mortgage loan interest.....	47,996	51,763
Other loan income.....	12,175	8,534
Total.....	\$116,747	\$96,284

</TABLE>

The Company estimates that nonaccrual loans reduced mortgage loan interest for 1994 and 1993 by approximately \$10.3 million and \$9.5 million, respectively. During 1994 the average amount of nonaccrual loans owned by the Company was \$25.5 million compared to approximately \$31.7 million during 1993. In addition, the average balance of loans serviced for third parties which were on a nonaccrual basis or in foreclosure was \$55.6 million and \$43.4 million during 1994 and 1993, respectively, representing 4.1% and 4.5%, respectively, of the average amount of loans serviced for third parties. The Company is generally obligated to advance interest on delinquent loans to the investor or holder of the mortgage-backed security, as the case may be, at the pass-through rate until satisfaction of the note, liquidation of the collateral or charge off of the delinquent loan. At December 31, 1994, the Company owned approximately \$7.8 million of commercial loans which were on an accrual status, but which the Company considers as potential problem loans, compared to \$8.1 million at December 31, 1993. The Company evaluates each of these commercial loans to estimate its risk of loss in the investment and provides for such loss through a charge to earnings.

Loan sale gains recognized by the Company's mortgage division increased \$27.1 million during 1994 over 1993. Loan sale gains approximate the present value over the estimated lives of the loans of the excess of the contractual rates on the loans sold, over the sum of the pass-through rate paid to the buyer, a normal servicing fee, a trustee fee, a surety bond fee, if any, in mortgage-backed securitization transactions, and an estimate of future credit losses. The increase in the amount of loan sale gains was due primarily to a \$515 million increase in the amount of loans sold which offset a decrease in excess servicing income retained by the Company (i.e., the stated interest rate

on the loan less the pass-through rate and the normal servicing fee and other applicable recurring fees). Interest spread retained by the Company on loans sold includes the normal servicing fee. During 1994, guidelines were published by Standard & Poor's defining a normal servicing fee as 50 basis points for servicing "B" and "C" quality home equity loans, such as those originated by the Company. As the result of this industry data, the servicing fee rate used by the Company in its 1994 third and fourth quarter loan securitization transactions was 50 basis points. This resulted in an increase in the amount of loan sale gain recognized on the home equity loans sold in the 1994 third and fourth quarters compared to previous securitization transactions which include a servicing fee rate of 75 basis points.

The following table presents information regarding home equity loan sale transactions for the periods indicated.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,	
	1994	1993
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
Home equity loans sold.....	\$977,653	\$462,873
Average coupon on home equity loans sold.....	11.80%	12.00%
Weighted interest spread retained on home equity loans sold....	4.49%	6.06%
Home equity loan sale gains.....	\$ 86,735	\$ 59,220

</TABLE>

In comparison to 1993, market interest rates were higher in 1994, and, as a result, the Company experienced a decrease in the weighted average interest spread retained on home equity loans sold from 6.06% in 1993 to 4.49% in 1994. Fluctuations in and the level of market interest rates will impact the interest spread retained by the Company on loans sold, and, potentially, the amount of its loan sale gains. An increase in the

level of market interest rates will generally adversely affect the interest spread on loans sold, whereas such interest spread generally widens during a declining interest rate environment. Although actions have been taken by the Company during a rising interest rate environment to mitigate the impact on earnings of fluctuations in market rates, such as increasing the coupon rate charged on its loan products, the effect of such action will generally lag the impact of market rate fluctuations. The weighted average interest spread retained by the Company on loan sales during the fourth quarter of 1994 declined to 4.10% from 4.63% retained on loan sales during the first nine months of 1994. This decrease is primarily attributable to increases in the pass-through rates on mortgage backed securities sold under the Company sponsored shelf registration statement due to increases in market rates. Historically, the Company has not entered into commercial interest rate hedge transactions in connection with warehousing loans for future loan securitizations. The Company has used a prefunding feature in connection with recent loan securitization transactions. Such prefunding feature "locks in" the pass-through rate that the Company will pay to the investor on a predetermined amount of loans for future delivery. The Company is obligated for the difference between the earnings on such prefunded amount and the pass-through interest paid to the investor during the period from the date of the closing of the securitization transaction until the date of delivery of the loans. In connection with the home equity loan securitization transaction which closed in the fourth quarter of 1994, approximately \$53 million was held in a prefunding account for purchase of the Company's home equity loans during the first quarter of 1995.

Investment income totaled \$84.7 million on average investments of approximately \$1.1 billion for 1994 compared to investment income of \$75.5 million on average investments of approximately \$872 million during the same period of 1993. The impact on revenue of the increased asset base in 1994 was partially offset by lower weighted average investment yields than those obtained during 1993. Investment income for 1994 and 1993 includes investment gains of \$0.2 million and \$0.6 million, respectively. At December 31, 1994, the amortized cost of the fixed income portfolio totaled \$1.1 billion and was comprised principally of \$790 million in investment grade mortgage-backed securities and \$281 million in investment grade bonds. At December 31, 1994, the weighted average rating of the publicly traded bond portfolio according to nationally recognized statistical rating agencies was "AA". During 1994, the Company established a trading account for a portion of its investment portfolio invested in common stocks. At December 31, 1994, the carrying value of investments in the Company's trading account was \$679,000 reflecting a \$22,751 unrealized gain which is included in investment income for 1994.

Loan servicing income increased \$5.1 million for 1994 compared to 1993, reflecting the impact of an increased amount of home equity loans serviced for third parties offset by an increase in the amortization of capitalized excess servicing income. The reduced normal servicing fee rate from 75 to 50 basis points as discussed above has the impact of increasing current revenues (loan sale gains) while reducing future revenues (loan servicing income) with respect to the loan sale transactions occurring on and after the reduction. The following table reflects the components of loan servicing income for the periods indicated.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,	
	1994	1993
	(IN THOUSANDS)	
<S>	<C>	<C>
Servicing fees earned.....	\$ 55,428	\$ 31,621
Amortization of capitalized excess servicing income.....	(40,255)	(21,544)
Total.....	\$ 15,173	\$ 10,077

</TABLE>

Net insurance premiums declined \$7.3 million for 1994 compared with 1993. Net insurance premiums reflect revenues associated primarily with credit insurance underwritten by UC Life. The decrease in premium income is primarily the result of the impact of UC Life's decision to discontinue sales of credit insurance products.

Expenses. The following table presents the components of the Company's expenses for the periods indicated.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,	
	1994	1993
	(IN THOUSANDS)	
<S>	<C>	<C>
Interest on annuity policies.....	\$ 73,065	\$ 76,086
Personnel.....	57,380	40,784
Interest.....	14,563	10,158
Insurance commissions.....	14,264	13,920
Loan loss provision.....	13,457	17,343
Insurance benefits.....	12,654	18,200
Other operating.....	45,237	40,461
Total.....	\$230,620	\$216,952

</TABLE>

Interest on annuity policies declined \$3.0 million in 1994 when compared to 1993 as the result of a reduction in the average interest crediting rate on the Company's annuity policies offset by the impact of an increase in annuity reserves. Average annuity reserves were \$1.4 billion during 1994, an increase of approximately \$117 million from 1993.

Personnel expenses increased approximately \$16.6 million primarily because of costs associated with the expansion of the Company's mortgage operations, loan production related incentives and an increase in the cost of the Company's employee benefit and incentive plans.

Insurance commissions for 1994 increased by approximately \$.3 million over commissions for 1993. Commissions paid on issuance of the Company's deferred annuity products are generally capitalized as deferred policy acquisition costs and amortized over the estimated life of the policy. During 1994, the Company capitalized approximately \$20.7 million in commissions paid on sales of annuities compared to \$13.7 million during 1993. Amortization of commission expense on annuities capitalized in prior periods was \$9.5 million during 1994, compared to \$5.6 million during 1993.

Insurance benefits for 1994 declined \$5.5 million compared to 1993 primarily as the result of a reduction in benefits associated with ordinary life and credit insurance products.

The Company's loan loss provision was \$13.5 million and \$17.3 million for 1994 and 1993, respectively. The decrease in the provision resulted from a decrease in the provision for losses on home equity loans due to a reduction in the amount of loans owned by the Company, a decrease in the amount of property placed into foreclosure and a lower incidence of loss per property sold.

Interest expense for 1994 increased approximately \$4.4 million compared to 1993 primarily as the result of an increase in the weighted average interest rate charged on debt.

Other operating expenses for 1994 increased approximately \$4.8 million when compared to 1993 primarily as the result of costs associated with the expansion of the Company's mortgage operations, including a \$2.3 million increase in advertising expenses and a \$1.3 million increase in occupancy and equipment expenses. Other operating expenses in 1993 included a \$2.3 million accrual for the estimated cost of a legal settlement and \$1.4 million in estimated losses in connection with termination of a third party administrative contract for credit insurance.

ASSET QUALITY AND RESERVES

The quality of the Company's loan and bond portfolios and of the loan portfolio serviced for third parties significantly affects the profitability of the Company. The values of and markets for these assets are dependent on a number of factors, including general economic conditions, interest rates and governmental regulations. Adverse changes in such factors, which become more pronounced in periods of economic decline, may affect the quality of these assets and the Company's resulting ability to sell these assets for acceptable prices.

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General economic deterioration can result in increased delinquencies on existing loans, reductions in collateral values and declines in the value of investments resulting from a reduced capacity of issuers to repay the bonds.

Loans. Substantially all of the loans owned by the Company were originated through the Company's branch (i.e., retail) network or wholesale loan programs. In connection with its origination of home equity loans, the Company relies on thorough underwriting and credit review procedures, a mortgage on the borrower's residence and, in some cases, other security, and, in its retail origination program, contact with borrowers through its branch office system to manage credit risk on its loans. In addition to servicing the loans owned by the Company, the mortgage division serviced approximately \$1.9 billion in loans for third parties at March 31, 1995, \$1.7 billion of which are home equity loans. Substantially all of the home equity loans serviced for third parties were publicly sold as mortgage backed securities ("pass-through certificates"). The purchasers of the pass-through certificates receive a credit enhanced security which is generally achieved in part by subordinating the excess interest spread retained by the Company to the payment of scheduled principal and interest on the certificates. Such subordination relates to credit losses which may occur after the sale of the loans and continues until the earlier of the payment in full of the loans or termination of the agreement pursuant to which the loans were sold. If cumulative payment defaults exceed the amount subordinated, a third party insurer is obligated to pay any further losses experienced by the owners of the pass-through certificates.

The Company is also obligated to cure, repurchase or replace loans which may be determined after the sale to violate representations and warranties relating to them and which are made by the Company at the time of the sale. The Company regularly evaluates the quality of the loan portfolio and estimates its risk of loss based upon historical loss experience, prevailing economic conditions, estimated collateral value and such other factors which, in management's judgment, are relevant in estimating the credit risk in owned and/or serviced loans. Estimated losses on the owned portfolio are provided for by an increase in the allowance for loan losses through a charge to current operating income. At March 31, 1995, the Company's allowance for loan losses was \$16.8 million. For loans sold, the Company reduces the amount of gain recognized on the sale by the estimated amount of credit losses, and records such amount on its balance sheet in the allowance for loss on loans serviced. At March 31, 1995, the allowance for loss on loans serviced was \$29.6 million. The maximum recourse associated with sales of home equity loans according to terms of the loan sale agreements totaled approximately \$323 million, of which amount approximately \$312 million relates to the subordinated cash and excess interest spread. Should credit losses on loans sold materially exceed the Company's estimates for such losses, such consequence will have a material adverse effect on the Company's operations.

At March 31, 1995, the contractual balance of loans serviced was approximately \$2.2 billion comprised of approximately \$387 million serviced for

the Company and approximately \$1.9 billion serviced for investors. The portfolio is geographically diversified. Although the Company services loans in 46 states, at March 31, 1995 a substantial portion of the loans serviced were originated in Florida (13.4%), Ohio (11.5%) and Louisiana (10.1%), respectively, and no other state accounted for more than 8.0% of the serviced portfolio. Included in the serviced portfolio are commercial loans originated by the Company, a substantial portion of which were originated in Florida (27.4%) and Georgia (16.8%) and no other state accounted for more than 8.5% of the commercial loans serviced. The risk inherent in such concentrations is dependent not only upon regional and general economic stability which affects property values, but also the financial well-being and creditworthiness of the borrower.

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The following table provides a summary of loans owned and/or serviced which are past due 30 days or more, foreclosed properties and loans charged off as of the dates indicated.

<TABLE>
<CAPTION>

PERIOD ENDED	CONTRACTUAL BALANCE OF LOANS	DELINQUENCIES CONTRACTUAL BALANCE	% OF CONTRACTUAL BALANCE	FORECLOSED PROPERTIES		NET LOANS CHARGED OFF	% OF AVERAGE LOANS*
				OWNED BY THE COMPANY	SERVICED FOR THIRD PARTY INVESTORS		
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
(DOLLARS IN THOUSANDS)							
MARCH 31, 1995							
Home equity.....	\$1,895,955	\$134,514	7.09%	\$ 7,527	\$13,187	\$ 3,470	0.76%
Commercial.....	267,291	5,208	1.95%	21,509	10,738	210	0.32%
Conventional.....	70,986	2,634	3.71%	285	--	36	0.20%
Total.....	\$2,234,232	\$142,356	6.37%	\$29,321	\$23,925	\$ 3,716	
DECEMBER 31, 1994							
Home equity.....	\$1,683,698	\$129,203	7.67%	\$ 8,791	\$11,837	\$11,694	0.84%
Commercial.....	274,413	5,377	1.96%	22,131	8,784	5,658	1.83%
Conventional.....	74,294	2,672	3.60%	35	--	100	0.16%
Total.....	\$2,032,405	\$137,252	6.75%	\$30,957	\$20,621	\$17,452	
DECEMBER 31, 1993							
Home equity.....	\$1,125,139	\$ 92,974	8.26%	\$17,014	\$ 8,355	\$ 8,548	0.88%
Commercial.....	345,365	19,292	5.59%	20,871	9,275	3,579	0.95%
Conventional.....	98,277	3,747	3.81%	148	--	77	0.09%
Total.....	\$1,568,781	\$116,013	7.40%	\$38,033	\$17,630	\$12,204	

</TABLE>

* Annualized for the three months ended March 31, 1995.

Management continues to focus on reducing the level of non-earning assets owned and/or serviced by expediting the foreclosure process. The balance of foreclosed home equity loans owned and/or serviced totaled \$20.7 million at March 31, 1995 compared to \$22.0 million at March 31, 1994.

The above delinquency and loan loss experience represents the Company's recent experience. However, the delinquency, foreclosure and net loss percentages may be affected by the increase in the size and relative lack of seasoning of the portfolio. In addition, the Company can neither quantify the impact of property value declines, if any, on the home equity loans nor predict whether or to what extent or how long such declines may exist. In a period of such declines, the rates of delinquencies, foreclosures and losses on the home equity loans could be higher than those theretofore experienced in the mortgage lending industry in general. Adverse economic conditions (which may or may not affect real property values) may affect the timely payment by borrowers of scheduled payments of principal and interest on the home equity loans and, accordingly, the actual rates of delinquencies, foreclosures and losses. As a result, the information in the above tables should not be considered as the only basis for assessing the likelihood, amount or severity of delinquencies or losses in the future on home equity loans and no assurance can be given that the delinquency and loss experience presented in the tables will be indicative of such experience on home equity loans.

A summary analysis of the changes in the Company's allowance for loan losses for the indicated periods is as follows.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	1995	1994	1994	1993	1992
	(IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>
Balance at beginning of period.....	\$16,508	\$21,017	\$21,017	\$15,842	\$15,962
Loans charged to allowance					
Home equity.....	(3,827)	(4,029)	(12,745)	(9,114)	(5,511)
Commercial.....	(210)	--	(5,767)	(3,579)	(4,805)
Conventional.....	(36)	(15)	(149)	(142)	(158)
Total.....	(4,073)	(4,044)	(18,661)	(12,835)	(10,474)
Recoveries on loans previously charged to allowance.....	357	276	1,209	631	1,085
Net loans charged off.....	(3,716)	(3,768)	(17,452)	(12,204)	(9,389)
Loan loss provisions.....	4,064	3,996	13,457	17,343	10,027
Reserve reclassification.....	(14)	(61)	(514)	36	(758)
Balance at end of period.....	\$16,842	\$21,184	\$16,508	\$21,017	\$15,842
Specific reserves.....	\$ 6,353	\$ 8,429	\$ 6,571	\$ 8,500	\$ 7,067
Unallocated reserves.....	10,489	12,755	9,937	12,517	8,775
Total reserves.....	\$16,842	\$21,184	\$16,508	\$21,017	\$15,842

</TABLE>

Specific reserves are provided for foreclosures in which the carrying value of the loan exceeds the market value of the collateral. Unallocated reserves are provided for loans not in foreclosure and are calculated primarily using objective measurement techniques. Unallocated reserves also include reserves for active loans which have been modified or indicate potential problems as well as reserves for a \$32.5 million subordinated position the Company acquired in connection with the securitization and sale of approximately \$230 million in commercial real estate mortgage loans in 1990. At March 31, 1995, the Company owned \$29.3 million of property acquired in settlement of loans, excluding the specific reserves attributed to these properties. These balances are included in the loans owned by the Company. The specific reserve in the table above is provided to reduce the carrying value of these properties to their market value.

A summary of the allowances for future credit losses on loans and foreclosed properties owned by the Company and loans sold with recourse (including for purposes hereof loans sold with limited guarantees and subordination of cash and excess interest spread owned by the Company) as of the dates indicated is as follows:

<TABLE>
<CAPTION>

	MARCH 31,		DECEMBER 31,		
	1995	1994	1994	1993	1992
	(IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>
Allowance for loan losses (Applicable to loans and foreclosed properties owned by the Company).....	\$16,842	\$21,184	\$16,508	\$21,017	\$15,842
Allowance for loss on loans serviced (Applicable to loans sold with recourse)...	29,580	16,393	26,822	12,938	7,015
Total.....	\$46,422	\$37,577	\$43,330	\$33,955	\$22,857

</TABLE>

As of March 31, 1995, approximately \$1.7 billion of home equity loans sold were serviced by UC Lending under agreements substantially all of which provide for the subordination of cash and excess interest spread owned by the Company for credit losses ("loans sold with recourse"). The maximum recourse associated

with sales of home equity loans according to terms of the loan sales agreements was approximately \$323 million at

March 31, 1995, of which \$312 million relates to the subordinated cash and excess interest spread. The Company's estimate of its losses, based on historical loan loss experience, was approximately \$29.6 million at March 31, 1995 and is recorded in the Company's allowance for loss on loans serviced. Should credit losses on loans sold with limited recourse, or subordination of cash and excess interest spread owned by the Company, materially exceed the Company's estimate for such losses, such consequence will have a material adverse impact on the Company's operations.

Recent legal developments related to mortgage loans. On March 21, 1994, the United States Court of Appeals for the Eleventh Circuit held, in part, that a lender improperly disclosed the collection of the Florida state intangible tax from the borrower, thereby subjecting the loan to rescission under the TILA by the borrower for three years after it was made. Subsequent to the court's initial decision and prior to its refusal to reconsider its decision, the Florida legislature amended the language of the intangible tax to clarify the legislature's previous intention that the intangible tax be disclosed for purposes of the TILA in the manner that had been followed by most lenders in Florida, including the Company. Although the Florida legislature intended this legislation to apply retroactively, no final court decision has been rendered as to the effect of this legislation on loans originated prior to its effective date. This court decision may also apply to a similar intangible tax imposed by other states. To its knowledge, as of May 12, 1995, no claims have been filed against the Company under this court decision (other than as a defense in foreclosure proceedings) and no notice of a breach of a representation has been received under the Company's loan sale agreements requesting it to repurchase, cure or substitute other loans for the loans sold. If the intent of the Florida legislature is not upheld and if a substantial number of claims are filed by borrowers against the Company resulting in rescission or repurchase, the Company's financial statements and operations will be materially adversely affected. As the financial impact, if any, of this contingency cannot presently be reasonably estimated, the Company has made no accrual therefor.

Amendments to the TILA which may become effective on October 1, 1995, impose additional disclosure requirements and prohibit certain prepayment penalty charges, among other requirements, on loans with a specified level of origination fees or a specified interest rate level. A significant percentage of the Company's loans originated after the effective date could be subject to the requirements of this legislation. The Company is currently reviewing this legislation in its final form to determine the impact of its provisions on the Company's business or results of operations.

Investment securities. The Company's investment portfolio consists primarily of mortgage backed securities and corporate bonds, comprising 66% and 29% of the portfolio at March 31, 1995, respectively. At March 31, 1995, approximately 93% of the Company's portfolio of investment securities were classified in an available-for-sale category and the carrying value adjusted to fair value by means of an adjustment to stockholders' equity. The remainder of the portfolio consists primarily of private placements made either directly or through an investment partnership and are classified as held-to-maturity and valued at cost. At March 31, 1995, the Company owned \$0.8 million in equity securities classified as trading securities. The net unrealized loss in the debt securities portfolio (amortized cost over fair value) at March 31, 1995 was \$32.7 million compared to an unrealized loss of \$73.9 million at December 31, 1994. At March 31, 1995, the weighted average rating of UC Life's publicly traded bond portfolio was "AA", the amortized cost of assets allocated to investments in investment grade fixed maturity securities was \$337 million or 29.4% of the portfolio and in investment grade mortgage-backed securities was \$789 million or 68.8% of the portfolio. At March 31, 1995 the amortized cost of UC Life's holdings of non-investment grade publicly traded bonds was \$21.1 million or 1.8% of the portfolio.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal cash requirements consist of funding loan originations in its mortgage operations and the payment of policyholder claims and surrenders incurred in its insurance operations. The Company's mortgage operations require continued access to short and long-term sources of debt financing, the sale of loans to UC Life and the sale of loans and asset-backed securities in the secondary market. The liquidity requirements for the Company's insurance operations are generally met by funds provided from the sale of annuities and cash flow from its investments in fixed income securities and mortgage loans.

The Company's primary debt facility has been a revolving credit facility (the "Bank Facility") dated as of October 11, 1988. On November 2, 1994 the Company publicly sold \$125 million of its senior unsecured notes (the "Senior Notes"). The net proceeds from the sale of the Senior Notes were used to repay a portion of the principal amount of the indebtedness outstanding under the Bank Facility. The Senior Notes bear interest at the rate of 9.35% per annum, provide for interest payable semi-annually, mature on November 1, 1999 and are not redeemable prior to maturity. The Senior Notes rank on a parity with other unsecured and unsubordinated indebtedness of the Company. An amendment to the Bank Facility became effective upon the consummation of the sale of the Senior Notes which (i) extended the maturity of the Bank Facility from December 31, 1995 to December 31, 1996, (ii) released liens on the stock of the Company's subsidiaries and other collateral, (iii) reduced the amount available under the Bank Facility from \$200 million to \$113.6 million and (iv) permitted the non-insurance subsidiaries of the Company to have one or more warehouse lines of credit with an aggregate amount outstanding of up to \$300 million.

The following discussion reflects the primary sources of liquidity and capital for each of the Company's primary operating divisions.

Mortgage. The principal cash requirements of the Company's mortgage operations arise from loan originations, deposits to reserve accounts, repayments of inter-company debt borrowed under the Bank Facility, debt service relating to the Senior Notes, payments of operating and interest expenses and income taxes related to loan sale transactions. Loan originations are funded principally through the Bank Facility and short-term bank facilities pending loan sales to UC Life and in the secondary market. In addition, at March 31, 1995, UC Lending had available a secured warehouse facility provided by the investment bank that acted as sole underwriter of the Company's first quarter public loan securitization transaction. The warehouse facility was directly related to this securitization transaction and initially provided funding for up to \$200 million of eligible home equity loans for such securitization and will mature with the closing of the last delivery of loans under the prefunding account relative to this securitization.

UC Lending and other mortgage lending subsidiaries of the Company entered into a credit agreement dated as of May 23, 1995 with First Union National Bank of North Carolina and certain other lenders signatory thereto (the "Warehouse Facility"). Under the Warehouse Facility, UC Lending and the other mortgage lending subsidiaries may borrow up to \$150,000,000 on a revolving basis secured by home equity loans eligible thereunder. Loans under the Warehouse Facility are subject to the satisfaction of certain borrowing conditions, including a minimum borrowing base and will bear interest at a floating rate. Borrowings under the Warehouse Facility are required to be repaid from the proceeds of the sale or other disposition of the home equity loan collateral. The lenders' commitment under the Warehouse Facility is scheduled to terminate on May 23, 1997. As of May 23, 1995, no amounts were outstanding under the Warehouse Facility.

Substantially all of the loans originated or acquired by UC Lending are sold. Net cash from operating activities of the Company in 1994 and 1993 and for the first quarter of 1995 and 1994 reflects approximately \$948 million, \$596 million, \$321 million and \$202 million, respectively, in cash used for loan originations and acquisitions. The primary source of funding for loan originations is derived from the reinvestment of proceeds from the ultimate sale of loans in the secondary market which totaled approximately \$978 million and \$463 million in 1994 and 1993, respectively, and \$275 million and \$198 million in the three months ended March 31, 1995 and 1994, respectively. In connection with the loan sale transactions in the secondary market, third-party surety bonds and cash deposits by the Company as credit enhancements were provided. The loan sale transactions required the subordination of certain cash flows payable to UC Lending and its subsidiaries to the payment of principal and interest due to certificate holders. In connection with these transactions, UC Lending was required, in some instances, to fund an initial deposit, and thereafter, in each transaction, a portion of the amounts receivable by UC Lending and its subsidiaries from the excess interest spread is required to be placed and maintained in a reserve account to the extent of the subordination requirements. The subordination requirements generally provide that the excess interest spread is payable to a reserve account until a specified level of cash, which is less than the maximum subordination amount, is accumulated therein. The capitalized excess servicing income of the Company is subject to being utilized first to replenish cash paid from the reserve account to fund shortfalls in collections from borrowers who default on the payment of principal or interest on the loans underlying the pass-through certificates issued until the total of the

Company's deposits into the reserve account equal the maximum subordination amount. In connection with the issuance and sale of approximately \$1.8 billion

of pass-through certificates through March 31, 1995 under the Company sponsored shelf-registration statement, the subordination amounts aggregate approximately \$273 million. After the Company's deposits into the reserve account equal the maximum subordination amount for a transaction, the subordination of the related excess interest spread (including the guarantee fee payable therefrom) for these purposes is terminated. The excess interest spread required to be deposited and maintained in the respective reserve accounts will not be available to support the cash flow requirements of the Company until such amount exceeds the maximum subordinated amount (other than amounts, if any, in excess of the specified levels required to be maintained in the reserve accounts, which may be distributed periodically to the Company). At March 31, 1995, the amounts on deposit in such reserve accounts totaled \$97.8 million.

The expansion of the Company's mortgage division and the increase in the amount of loans originated are capital intensive operations; therefore, adequate credit facilities and other sources of funding, including the ability of the Company to sell loans in the secondary market and to UC Life, are essential for the continuation of and the growth in the Company's loan operations. At March 31, 1995, the Company's debt facilities available to fund general operating needs totaled \$276 million, of which \$236 million was outstanding, resulting in available, but unfunded debt capacity for general operating needs of \$40 million. During the first quarter of 1995, peak borrowings under such credit facilities reached \$262 million and rose to \$273 million subsequent to quarter end. At December 31, 1994, the Company had \$266 million in such debt facilities available with \$212 million outstanding, resulting in \$54 million in available, but unfunded debt capacity. The Company continues to evaluate its current resources and to explore the feasibility of additional capital market transactions.

Life insurance. The principal cash requirement of UC Life consists of contractual obligations to policyholders, principally through policy claims and surrenders. The primary sources of funding these obligations, in addition to cash flow from investments, are the sale of annuities. Net cash flow from annuity operations is used to build an investment portfolio, which in turn produces future cash flows from investment income and provides a secondary source of liquidity for this division. Net cash provided by operating activities of the insurance division in 1994 and 1993 was approximately \$64 million and \$78 million, respectively, and in the first quarter of 1995 and 1994 was approximately \$24.2 million and \$19.5 million, respectively, resulting primarily from cash earnings on investments. The Company monitors available cash and cash equivalents to maintain adequate balances for current payments while maximizing cash available for longer term investment activities. The Company's financing activities during 1994 and 1993 reflect approximately \$250 million and \$208 million, respectively and in the first quarter of 1995 and 1994 reflect approximately \$48.6 million and \$45.0 million, respectively, in cash received primarily from sales by UC Life of its annuity products. As reflected in the net cash used by investing activities during the same periods, investment purchases were approximately \$300 million, \$293 million, \$81.6 million and \$106.5 million, respectively, reflecting the investment of these funds and the reinvestment of proceeds from maturities of investments. Cash used by financing activities during these periods also reflects payments of \$192 million, \$136 million, \$53.8 million and \$39.9 million, respectively, primarily on annuity products resulting from policyholder surrenders and claims. The increase in annuity surrenders during 1994 and the first quarter of 1995 was expected, due in part to an increase in the amount of annuity policies which were beyond the surrender penalty period. The interest margin on the Company's annuity liabilities during the first quarter of 1995 was 2.38% compared to 2.61% during the same period of 1994. UC Life's investments at March 31, 1995 included approximately \$337 million in residential and commercial mortgage loans, and the amortized cost of its bond portfolio included \$358 million in corporate and government bonds and private debt placements and \$789 million in mortgage-backed securities.

The investment portfolio is also managed to provide a secondary source of liquidity as investments can be sold, if necessary, to fund abnormal levels of policy surrenders, claims and expenses. An unanticipated increase in surrenders would impact the Company's liquidity, potentially requiring the sale of certain assets, such as bonds and loans prior to their maturities, which may be at a loss.

As a Louisiana domiciled insurance company, UC Life is subject to certain regulatory restrictions on the payment of dividends. UC Life had the capacity at March 31, 1995 to pay dividends of \$8.2 million. UC Life did not pay any dividends to the Company during 1992, 1993 or 1994 in order to retain capital in UC Life.

ACCOUNTING STANDARDS

In May 1993 and in October 1994, the FASB issued Statements of Financial

Accounting Standards Nos. 114 and 118 ("SFAS 114" and "SFAS 118") which address the accounting by creditors for impairment of loans and specify how allowances for credit losses related to certain loans should be determined. The statements also address the accounting by creditors for all loans that are restructured in a troubled debt restructuring involving modification of the terms of a receivable. The implementation of the provisions of SFAS 114 and SFAS 118 in the first quarter of 1995 did not have a material effect on the financial statements of the Company.

DESCRIPTION OF SECURITIES

GENERAL

The following description of the terms of the Securities sets forth certain general terms and provisions of the Securities to which any Prospectus Supplement may relate. The particular terms of the Securities offered by any Prospectus Supplement and the extent, if any, to which such general provisions may apply to the Securities so offered will be described in the Prospectus Supplement relating to such Securities.

DEBT SECURITIES

The Senior Debt Securities are to be issued under an indenture to be dated as of a date prior to the first issuance of Senior Debt Securities, as supplemented from time to time (the "Senior Indenture"), between the Company and The First National Bank of Chicago, as Trustee (the "Senior Trustee"), and the Subordinated Debt Securities are to be issued under an indenture to be dated as of a date prior to the first issuance of Subordinated Debt Securities, as supplemented from time to time (the "Subordinated Indenture"), between the Company and State Street Bank and Trust Company, as Trustee (the "Subordinated Trustee"). The term "Trustee" as used herein shall refer to either the Senior Trustee or the Subordinated Trustee, as appropriate, for Senior Debt Securities or Subordinated Debt Securities. The form of the Senior Indenture and the form of the Subordinated Indenture (being referred to herein collectively as the "Indentures" and individually as an "Indenture") are filed as exhibits to the Registration Statement. The Indentures are subject to and governed by the Trust Indenture Act of 1939, as amended (the "TIA"). The statements made under this heading relating to the Debt Securities and the Indentures are summaries of the provisions thereof, do not purport to be complete and are qualified in their entirety by reference to the Indentures, including the definitions of certain terms therein and in the TIA. Certain capitalized terms used below but not defined herein have the meanings ascribed to them in the applicable Indenture. Unless otherwise noted below, section references below are to both Indentures.

The particular terms of the Debt Securities being offered (the "Offered Debt Securities"), any modifications of or additions to the general terms of the Debt Securities as described herein that may be applicable in the case of the Offered Debt Securities and any applicable Federal income tax considerations will be described in the Prospectus Supplement relating to the Offered Debt Securities. Accordingly, for a description of the terms of the Offered Debt Securities, reference must be made both to the Prospectus Supplement relating thereto and the description of Debt Securities set forth in this Prospectus.

General

The Debt Securities will be direct, unsecured obligations of the Company. The indebtedness represented by the Senior Debt Securities will rank equally with all other unsecured and unsubordinated indebtedness of the Company. The indebtedness represented by the Subordinated Debt Securities will be subordinated in right of payment to the prior payment in full of the Senior Indebtedness of the Company (including the Senior

Debt Securities) as described under "-- Subordination" below. The Debt Securities may be issued in one or more series.

The Company primarily conducts its operations through its Subsidiaries. The rights of the Company and its creditors, including the Holders of the Debt Securities, 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 except to the extent that the Company may itself be a creditor with recognized claims against the Subsidiary.

The accompanying Prospectus Supplement will set forth the terms of the Offered Debt Securities, which may include the following:

- (1) The title of the Offered Debt Securities and whether they are Senior Debt Securities or Subordinated Debt Securities.

(2) The aggregate principal amount of the Offered Debt Securities and any limit on the aggregate principal amount of the Offered Debt Securities.

(3) The percentage of the principal amount at which the Offered Debt Securities will be issued and, if other than the principal amount thereof, the portion of the principal amount thereof payable upon declaration of acceleration of the Maturity thereof or the method by which such portion shall be determined.

(4) The date or dates on which or periods during which the Offered Debt Securities may be issued, and the date or dates, or the method by which such date or dates will be determined, on which the principal of (and premium, if any, on) the Offered Debt Securities will be payable.

(5) The rate or rates at which the Offered Debt Securities will bear interest, if any, or the method by which such rate or rates shall be determined, the date or dates from which such interest, if any, shall accrue or the method by which such date or dates shall be determined, the interest payment dates on which such interest will be payable and, if the Offered Debt Securities are Registered Securities, the regular record dates, if any, for the interest payable on such interest payment dates, and, if the Offered Debt Securities are floating rate securities, the notice, if any, to Holders regarding the determination of interest and the manner of giving such notice.

(6) The place or places where the principal of (and premium, if any) and interest on the Offered Debt Securities shall be payable; the extent to which, or the manner in which, any interest payable on any Global Note (as defined below) on an interest payment date will be paid, and the manner in which any principal of, or premium, if any, on, any Global Note will be paid.

(7) The obligation, if any, of the Company to redeem, repay or purchase the Offered Debt Securities pursuant to any mandatory redemption, sinking fund or analogous provisions or at the option of the Holder thereof and the period or periods within which, or the dates on which, the prices at which and the terms and conditions upon which the Offered Debt Securities shall be redeemed, repaid or purchased, in whole or in part, pursuant to such obligation.

(8) The right, if any, of the Company to redeem the Offered Debt Securities at its option and the period or periods within which, or the date or dates on which, the price or prices at which, and the terms and conditions upon which Offered Debt Securities may be redeemed, if any, in whole or in part, at the option of the Company or otherwise.

(9) If the coin or currency in which the Offered Debt Securities shall be issuable is U.S. dollars, the denominations of the Offered Debt Securities if other than denominations of \$1,000 and any integral multiple thereof.

(10) Whether the Offered Debt Securities are to be issued as original issue discount securities ("Discount Securities") and the amount of discount at which such Offered Debt Securities may be issued and, if other than the principal amount thereof, the portion of the principal amount of Offered Debt Securities which shall be payable upon declaration of acceleration of the Maturity thereof upon an Event of Default.

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(11) Provisions, if any, for the defeasance of Offered Debt Securities or certain of the Company's obligations with respect to the Offered Debt Securities.

(12) Whether the Offered Debt Securities are to be issued as Registered Securities or Bearer Securities or both, and, if Bearer Securities are issued, whether any interest coupons appertaining thereto ("Coupons") will be attached thereto, whether such Bearer Securities may be exchanged for Registered Securities and the circumstances under which, and the place or places at which, any such exchanges, if permitted, may be made.

(13) Whether provisions for payment of additional amounts or tax redemptions shall apply and, if such provisions shall apply, such provisions; and, if any of the Offered Debt Securities are to be issued as Bearer Securities, the applicable procedures and certificates relating to the exchange of temporary Global Notes for definitive Bearer Securities.

(14) If other than U.S. dollars, the currency, currencies or currency units (the term "currency" as used herein will include currency units) in

which the Offered Debt Securities shall be denominated or in which payment of the principal of (and premium, if any) and interest on the Offered Debt Securities may be made, and particular provisions applicable thereto and, if applicable, the amount of Offered Debt Securities which entitles the Holder of an Offered Debt Security or its proxy to one vote for purposes of voting at a meeting of Holders of the Offered Debt Securities.

(15) If the principal of (and premium, if any) or interest on the Offered Debt Securities are to be payable, at the election of the Company or a Holder thereof, in a currency other than that in which the Debt Securities are denominated or payable without such election, in addition to or in lieu of the applicable provisions of the Indentures, the period or periods within which and the terms and conditions upon which, such election may be made and the time and the manner of determining the exchange rate or rates between the currency or currencies in which the Offered Debt Securities are denominated or payable without such election and the currency or currencies in which the Offered Debt Securities are to be paid if such election is made.

(16) The date as of which any Offered Debt Securities shall be dated.

(17) If the amount of payments of principal of (and premium, if any) or interest on the Offered Debt Securities may be determined with reference to an index, including, but not limited to, an index based on a currency or currencies other than that in which the Offered Debt Securities are denominated or payable, or any other type of index, the manner in which such amounts shall be determined.

(18) If the Offered Debt Securities are denominated or payable in foreign currency, any other terms concerning the payment of principal of (and premium, if any) or any interest on the Offered Debt Securities (including the currency or currencies of payment thereof).

(19) The designation of the original Currency Determination Agent, if any.

(20) The applicable Overdue Rate, if any.

(21) If the Offered Debt Securities do not bear interest, the applicable dates upon which the Company will furnish or cause to be furnished to the Trustee a list of the names and addresses of the Registered Holders of the Offered Debt Securities.

(22) Any addition to, or modification or deletion of, any Events of Default or covenants provided for in the applicable Indenture with respect to the Offered Debt Securities.

(23) If any of the Offered Debt Securities are to be issued as Bearer Securities, (x) whether interest in respect of any portion of a temporary Debt Security in global form (representing all of the Outstanding Bearer Securities of the series) payable in respect of any interest payment date prior to the exchange of such temporary Offered Debt Security for definitive Offered Debt Securities shall be paid to any clearing organization with respect to the portion of such temporary Offered Debt Security held for its account and, in such event, the terms and conditions (including any certification requirements) upon which any such interest payment received by a clearing organization will be credited to the Persons

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entitled to interest payable on such interest payment date, (y) the terms upon which interests in such temporary Offered Debt Security in global form may be exchanged for interests in a permanent Global Note or for definitive Offered Debt Securities and the terms upon which interests in a permanent Global Note, if any, may be exchanged for definitive Offered Debt Securities and (z) the cities in which the Authorized Newspapers designated for the purposes of giving notices to Holders are published.

(24) Whether the Offered Debt Securities shall be issued in whole or in part in the form of one or more Global Notes and, in such case, the depository or any common depository for such Global Notes; and if the Offered Debt Securities are issuable only as Registered Securities, the manner in which and the circumstances under which Global Notes representing Offered Debt Securities may be exchanged for Registered Securities in definitive form.

(25) The designation, if any, of any depositories, trustees (other than the applicable Trustee), paying agents, authenticating agents, security registrars (other than the Trustee) or other agents with respect to the Offered Debt Securities.

(26) If the Offered Debt Securities are to be issuable in definitive form only upon receipt of certain certificates or other documents or upon satisfaction of certain conditions, the form and terms of such certificates, documents or conditions.

(27) If the Offered Debt Securities are Subordinated Debt Securities, whether they will be convertible or exchangeable into shares of Common Stock and, if so, the terms and conditions, which may in addition to or in lieu of the provisions contained in the Subordinated Indenture, upon which such Offered Debt Securities will be so convertible or exchangeable, including the conversion or exchange price and the conversion or exchange period.

(28) Any other terms of the Offered Debt Securities not specified in the Indenture under which such Offered Debt Securities are to be issued (which other terms shall not be inconsistent with the provisions of such Indenture).

Each Indenture provides that the aggregate principal amount of Debt Securities that may be issued thereunder is unlimited. The Debt Securities may be issued in one or more series thereunder, in each case as authorized from time to time by the Board of Directors of the Company, or any committee thereof or any duly authorized officer or pursuant to any modification of an Indenture. (Section 3.01)

In the event that Discount Securities are issued, the Federal income tax consequences and other special considerations applicable to such Discount Securities will be described in the Prospectus Supplement relating thereto.

The general provisions of the Indentures do not contain any provisions that would limit the ability of the Company or its Subsidiaries to incur indebtedness or that would afford holders of Debt Securities protection in the event of a highly leveraged or similar transaction involving the Company or its Subsidiaries. Reference is made to the accompanying Prospectus Supplement for information with respect to any deletions from, modifications of or additions, if any, to the Events of Default or covenants of the Company described below that are applicable to the Offered Debt Securities, including any addition of covenants or other provisions providing event risk or similar protection.

All of the Debt Securities of a series need not be issued at the same time, and may vary as to denomination, interest rate, maturity and other provisions and unless otherwise provided, a series may be reopened for issuance of additional Debt Securities of such series. (Section 3.01)

Denominations, Registration and Transfer

Unless specified in the Prospectus Supplement, the Debt Securities of any series shall be issuable only as Registered Securities in denominations of \$1,000 and any integral multiple thereof and shall be payable only in U.S. dollars. (Section 3.02) The Indentures also provide that Debt Securities of a series may be issuable in

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global form. See "-- Book-Entry Debt Securities." Unless otherwise indicated in the Prospectus Supplement, Bearer Securities (other than in global form) will have Coupons attached. (Section 2.01)

Registered Securities of any series will be exchangeable for other Registered Securities of the same series of like aggregate principal amount and of like Stated Maturity and with like terms and conditions. If so specified in the Prospectus Supplement, at the option of the Holder thereof, to the extent permitted by law, any Bearer Security of any series which by its terms is registrable as to principal and interest may be exchanged for a Registered Security of such series of like aggregate principal amount and of a like Stated Maturity and with like terms and conditions, upon surrender of such Bearer Security at the corporate trust office of the applicable Trustee or at any other office or agency of the Company designated for the purpose of making any such exchanges. Subject to certain exceptions, any Bearer Security issued with Coupons surrendered for exchange must be surrendered with all unmatured Coupons and any matured Coupons in default attached thereto. (Section 3.05)

Notwithstanding the foregoing, the exchange of Bearer Securities for Registered Securities will be subject to the provisions of United States income tax laws and regulations applicable to Debt Securities in effect at the time of such exchange. (Section 3.05)

Except as otherwise specified in the Prospectus Supplement, in no event may Registered Securities, including Registered Securities received in exchange for

Bearer Securities, be exchanged for Bearer Securities. (Section 3.05)

Upon surrender for registration of transfer of any Registered Security of any series at the office or agency of the Company maintained for such purpose, the Company shall deliver, in the name of the designated transferee, one or more new Registered Securities of the same series of like aggregate principal amount of such denominations as are authorized for Registered Securities of such series and of a like Stated Maturity and with like terms and conditions. No service charge will be made for any transfer or exchange of Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. (Section 3.05)

The Company shall not be required (i) to register, transfer or exchange Debt Securities of any series during a period beginning at the opening of business 15 days before the day of the transmission of a notice of redemption of Debt Securities of such series selected for redemption and ending at the close of business on the day of such transmission, or (ii) to register, transfer or exchange any Debt Security so selected for redemption in whole or in part, except the unredeemed portion of any Debt Security being redeemed in part. (Section 3.05)

Events of Default

Under the Indentures, "Event of Default" with respect to the Debt Securities of any series means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law, 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 Debt Security or any payment with respect to the Coupons, if any, of such series when it becomes due and payable, and continuance of such default for a period of 30 days; (2) default in the payment of the principal of (and premium, if any, on) any Debt Security of such series at its Maturity; (3) default in the deposit of any sinking fund payment, when and as due by the terms of a Debt Security of such series; (4) default in the performance, or breach of any covenant or warranty in the applicable Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in the applicable Indenture specifically dealt with or which expressly has been included in the applicable Indenture solely for the benefit of Debt Securities of a series other than such series), and continuance of such default or breach for a period of 60 days after there has been given to the Company by the applicable Trustee or to the Company and the applicable Trustee by the Holders of at least 25% in principal amount of the Outstanding Debt Securities of such series, a written notice specifying such default or breach and requiring it to be remedied; (5) certain events of bankruptcy, insolvency or reorganization with respect to the Company; or (6) any other

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Event of Default provided with respect to Debt Securities of that series pursuant to the applicable Indenture. (Section 5.01)

Each Indenture requires the Company to file with the applicable Trustee, annually, an officers' certificate as to the Company's compliance with all conditions and covenants under the applicable Indenture. (Section 12.02) Each Indenture provides that the applicable Trustee may withhold notice to the Holders of a series of Debt Securities of any default (except payment defaults on such Debt Securities) if it considers such withholding to be in the interest of the Holders of such series of Debt Securities to do so. (Section 6.02)

If an Event of Default with respect to Debt Securities of any series at the time outstanding occurs and is continuing, then in every case the applicable Trustee or the Holders of not less than 25% in principal amount of the Outstanding Debt Securities of such series may declare the principal amount (or, if any Debt Securities of such series are Discount Securities, such portion of the principal amount of such Discount Securities as may be specified in the terms of such Discount Securities) of the Debt Securities of such series to be due and payable immediately, by a notice in writing to the Company (and to the applicable Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount), plus accrued and unpaid interest (and premium, if any) shall become immediately due and payable. Upon payment of such amount in the currency in which such Debt Securities are denominated (except as otherwise provided in the applicable Indenture or specified in the Prospectus Supplement), all obligations of the Company in respect of the payment of principal of the Debt Securities of such series shall terminate. (Section 5.02)

Subject to the provisions of each Indenture relating to the duties of the applicable Trustee, in case an Event of Default with respect to Debt Securities of a particular series shall occur and be continuing, the applicable Trustee shall be under no obligation to exercise any of its rights or powers under such

Indenture at the request, order or direction of any of the Holders of Debt Securities of that series, unless such Holders shall have offered to the applicable Trustee reasonable indemnity against the expenses and liabilities which might be incurred by it in compliance with such request. (Section 5.07) Subject to such provisions for the indemnification of the applicable Trustee, the Holders of a majority in principal amount of the Outstanding Debt Securities of such series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the applicable Trustee under such Indenture, or exercising any trust or power conferred on the applicable Trustee with respect to the Debt Securities of that series provided that such direction does not conflict with law or with the applicable Indenture. (Section 5.12)

At any time after such a declaration of acceleration with respect to Debt Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the applicable Trustee as provided in the Indentures, the Holders of a majority in principal amount of the Outstanding Debt Securities of such series, by written notice to the Company and the applicable Trustee, may rescind and annul such declaration and its consequences if (1) the Company has paid or deposited with the applicable Trustee a sum in the currency in which such Debt Securities are denominated (except as otherwise provided in the applicable Indenture or specified in the Prospectus Supplement) sufficient to pay (A) all overdue installments of interest on all Debt Securities or all overdue payments with respect to any Coupons of such series, (B) the principal of (and premium, if any, on) any Debt Securities of such series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Debt Securities, (C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest on each Debt Security of such series or upon overdue payments on any Coupons of such series at a rate established for such series, and (D) all sums paid or advanced by the applicable Trustee and the reasonable compensation, expenses, disbursements and advances of the applicable Trustee, its agents and counsel; and (2) all Events of Default with respect to Debt Securities of such series, other than the nonpayment of the principal of Debt Securities of such series which have become due solely by such declaration of acceleration, have been cured or waived as provided in the applicable Indenture. No such rescission and waiver will affect any subsequent default or impair any right consequent thereon. (Section 5.02)

Modification or Waiver

Without prior notice to or consent of any Holders, the Company and the applicable Trustee, at any time and from time to time, may modify the applicable Indenture for any of the following purposes: (1) to evidence the succession of another corporation to the rights of the Company and the assumption by such successor of the covenants and obligations of the Company in the applicable Indenture and in the Debt Securities and Coupons, if any, issued thereunder; (2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Debt Securities and the Coupons, if any, appertaining thereto (and if such covenants are to be for the benefit of less than all series, stating that such covenants are expressly being included solely for the benefit of such series), or to surrender any right or power conferred in the applicable Indenture upon the Company; (3) to add any additional Events of Default (and if such Events of Default are to be applicable to less than all series, stating that such Events of Default are expressly being included solely to be applicable to such series); (4) to add or change any of the provisions of the applicable Indenture to such extent as shall be necessary to permit or facilitate the issuance thereunder of Debt Securities of any series in bearer form, registrable or not registrable, and with or without Coupons, to permit Bearer Securities to be issued in exchange for Registered Securities, to permit Bearer Securities to be issued in exchange for Bearer Securities of other authorized denominations or to permit the issuance of Debt Securities of any series in uncertificated form, provided that any such action shall not adversely affect the interests of the Holders of Debt Securities of any series or any related Coupons in any material respect; (5) to change or eliminate any of the provisions of the applicable Indenture, provided that any such change or elimination will become effective only when there is no Outstanding Debt Security issued thereunder or Coupon of any series created prior to such modification which is entitled to the benefit of such provision and as to which such modification would apply; (6) to secure the Debt Securities issued thereunder; (7) to supplement any of the provisions of the applicable Indenture to such extent as is necessary to permit or facilitate the defeasance and discharge of any series of Debt Securities, provided that any such action will not adversely affect the interests of the Holders of Debt Securities of such series or any other series of Debt Securities issued under such Indenture or any related Coupons in any material respect; (8) to establish the form or terms of Debt Securities and Coupons, if any, as permitted by the applicable Indenture; (9) to evidence and provide for the acceptance of appointment thereunder by a successor Trustee with respect to one

or more series of Debt Securities and to add to or change any of the provisions of the applicable Indenture as is necessary to provide for or facilitate the administration of the trusts thereunder by more than one Trustee; or (10) to cure any ambiguity, to correct or supplement any provision in the applicable Indenture which may be defective or inconsistent with any other provision therein, to eliminate any conflict between the terms of the applicable Indenture and the Debt Securities issued thereunder and the TIA or to make any other provisions with respect to matters or questions arising under the applicable Indenture which will not be inconsistent with any provision of the applicable Indenture; provided such other provisions shall not adversely affect the interests of the Holders of Outstanding Debt Securities or Coupons, if any, of any series created thereunder prior to such modification in any material respect. (Section 11.01)

With the written consent of the Holders of not less than a majority in principal amount of the Outstanding Debt Securities of each series affected by such modification voting separately, the Company and the applicable Trustee may modify the applicable Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the applicable Indenture or of modifying in any manner the rights of the Holders of Debt Securities and Coupons, if any, under the applicable Indenture; provided, however, that no such modification may, without the consent of the Holder of each Outstanding Debt Security of each such series affected thereby (1) change the Stated Maturity of the principal of, or any installment of interest on, any Debt Security, or reduce the principal amount thereof or the interest thereon or any premium payable upon redemption thereof, or change the Stated Maturity of or reduce the amount of any payment to be made with respect to any Coupon, or change the currency or currencies in which the principal of (and premium, if any) or interest on such Debt Security is denominated or payable, or reduce the amount of the principal of a Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof, or adversely affect the right of repayment or repurchase, if any, at the option of the Holder, or reduce the amount of, or postpone the date fixed for, any payment under any sinking fund or analogous provisions for any Debt Security, or impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or limit

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the obligation of the Company to maintain a paying agency outside the United States for payments on Bearer Securities, or adversely affect the right to convert any Subordinated Debt Security into shares of Common Stock as may be set forth in the Prospectus Supplement; (2) reduce the percentage in principal amount of the Outstanding Debt Securities of any series, the consent of whose Holders is required for any such modification, or the consent of whose Holders is required for any waiver of compliance with certain provisions of the applicable Indenture or certain defaults or Events of Default thereunder and their consequences provided for in such Indenture; (3) modify any of the provisions of the applicable Indenture relating to modifications and waivers of defaults and covenants, except to increase any such percentage or to provide that certain other provisions of the applicable Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Debt Security of each series affected thereby; provided, however, that certain of such modifications may be made without the consent of any Holder of any Debt Security; or (4) in the case of the Subordinated Indenture, modify any of the provisions relating to the subordination of the Subordinated Debt Securities in a manner adverse to the Holders thereof. (Section 11.02)

A modification which changes or eliminates any covenant or other provision of the applicable Indenture with respect to one or more particular series of Debt Securities and Coupons, if any, or which modifies the rights of the Holders of Debt Securities and Coupons of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under the applicable Indenture of the Holders of Debt Securities and Coupons, if any, of any other series. (Section 11.02)

In the case of the Subordinated Indenture, no modification may adversely affect the rights of any holder of Senior Indebtedness under the subordination provisions of the Subordinated Indenture without the consent of such holder. (Section 11.08 of the Subordinated Indenture)

The Holders of not less than a majority in principal amount of the Outstanding Debt Securities of any series may on behalf of the Holders of all the Debt Securities of any such series waive, by notice to the applicable Trustee and the Company, any past default or Event of Default under the applicable Indenture with respect to such series and its consequences, except a default (1) in the payment of the principal of (or premium, if any) or interest on any Debt Security of such series, or in the payment of any sinking fund installment or analogous obligation with respect to the Debt Securities of such

series, or (2) in respect of a covenant or provision hereof which pursuant to the second paragraph under "-- Modification or Waiver" cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security of such series affected. Upon any such waiver, such default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of the Debt Securities of such series under the applicable Indenture, but no such waiver will extend to any subsequent or other default or Event of Default or impair any right consequent thereon. (Section 5.13)

The Company may omit in any particular instance to comply with certain covenants in the applicable Indenture (including, if so specified in the Prospectus Supplement, any covenant not set forth in the applicable Indenture but specified in the Prospectus Supplement to be applicable to the Debt Securities of any series issued thereunder, except as otherwise specified in the Prospectus Supplement, and including the covenants relating to the maintenance by the Company of its existence, rights and franchises), if before the time for such compliance the Holders of at least a majority in principal amount of the Outstanding Debt Securities of such series either waive such compliance in such instance or generally waive compliance with such provisions, but no such waiver may extend to or affect any term, provision or condition except to the extent expressly so waived, and, until such waiver becomes effective, the obligations of the Company and the duties of the applicable Trustee in respect of any such provision will remain in full force and effect. (Section 12.09 of the Senior Indenture; Section 12.07 of the Subordinated Indenture)

Subordination

Upon any distribution of assets of the Company upon the dissolution, winding up, liquidation or reorganization of the Company, the payment of the principal of (and premium, if any) and interest on the Subordinated Debt Securities will be subordinated to the extent provided in the Subordinated Indenture in right of payment to the prior payment in full of all Senior Indebtedness, including Senior Debt Securities

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(Sections 16.01 and 16.02 of the Subordinated Indenture), but the obligation of the Company to make payment of principal (and premium, if any) or interest on the Subordinated Debt Securities will not otherwise be affected. (Section 16.02 of the Subordinated Indenture) No payment on account of principal (or premium, if any), sinking funds or interest may be made on the Subordinated Debt Securities (including, without limitation, payment of any Coupons) unless full payment of amounts then due for principal, premium, if any, sinking funds and interest on Senior Indebtedness has been made or duly provided for. (Section 16.03 of the Subordinated Indenture) In the event that, notwithstanding the foregoing, any payment by the Company described in the foregoing sentence is received by the Trustee under the Subordinated Indenture, any Paying Agent or the Holders of any of the Subordinated Debt Securities before all Senior Indebtedness is paid in full, such payment or distribution shall be paid over to the holders of such Senior Indebtedness or on their behalf for application to the payment of all such 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. Subject to payment in full of Senior Indebtedness, the Holders of the Subordinated Debt Securities will be subrogated to the rights of the holders of the Senior Indebtedness to the extent of payments made to the holders of such Senior Indebtedness out of the distributive share of the Subordinated Debt Securities. (Section 16.02 of the Subordinated Indenture)

By reason of such subordination, in the event of a distribution of assets upon insolvency, certain general creditors of the Company may recover more, ratably, than Holders of the Subordinated Debt Securities. The Subordinated Indenture provides that the subordination provisions thereof shall not apply to money and securities held in trust pursuant to the satisfaction and discharge and the legal defeasance provisions of the Subordinated Indenture. (Sections 4.02 and 15.02 of the Subordinated Indenture)

If this Prospectus is being delivered in connection with the offering of a series of Subordinated Debt Securities, the accompanying Prospectus Supplement or the information incorporated by reference therein will set forth the approximate amount of Senior Indebtedness outstanding as of a recent date.

Discharge, Legal Defeasance and Covenant Defeasance

The applicable Indenture with respect to the Debt Securities of any series may be discharged, subject to certain terms and conditions, when (1) either (A) all Debt Securities and the Coupons, if any, of such series have been delivered to the applicable Trustee for cancellation, or (B) all Debt Securities and the Coupons, if any, of such series not theretofore delivered to the applicable Trustee for cancellation (i) have become due and payable, (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 applicable Trustee for the giving of notice by the applicable Trustee, and the Company, in the case of (i), (ii) or (iii) of subclause (B), has irrevocably deposited or caused to be deposited with the applicable Trustee as trust funds in trust for such purpose an amount in the currency in which such Debt Securities are denominated sufficient to pay and discharge the entire indebtedness on such Debt Securities for principal (and premium, if any) and interest to the date of such deposit (in the case of Debt Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be; provided, however, in the event a petition for relief under the applicable Federal or state bankruptcy, insolvency or other similar law is filed with respect to the Company within 91 days after the deposit and the applicable Trustee is required to return the deposited money to the Company, the obligations of the Company under the applicable Indenture with respect to such Debt Securities will not be deemed terminated or discharged; (2) the Company has paid or caused to be paid all other sums payable under the applicable Indenture by the Company; (3) the Company has delivered to the applicable Trustee an officers' certificate and an opinion of counsel each stating that all conditions precedent therein provided relating to the satisfaction and discharge of the applicable Indenture with respect to such series have been complied with; and (4) the Company has delivered to the applicable Trustee an opinion of counsel or a ruling of the Internal Revenue Service to the effect that such deposit and discharge will not cause the Holders of the Debt Securities of the series to recognize income, gain or loss for Federal income tax purposes. (Section 4.01)

If provision is made for the defeasance of Debt Securities of a series, and if the Debt Securities of such series are Registered Securities and denominated and payable only in U.S. dollars, then the provisions of each

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Indenture relating to defeasance shall be applicable except as otherwise specified in the Prospectus Supplement for Debt Securities of such series. Defeasance provisions, if any, for Debt Securities denominated in a foreign currency or currencies or for Bearer Securities may be specified in the Prospectus Supplement. (Section 15.01)

At the Company's option, either (a) the Company shall be deemed to have been Discharged (as defined below) from its obligations with respect to Debt Securities of any series (including, in the case of Subordinated Debt Securities, the provisions described under "-- Subordination" herein) ("legal defeasance option") or (b) the Company shall cease to be under any obligation to comply with any obligation of the Company in the applicable Indenture including any restrictive covenants described in the accompanying Prospectus Supplement and any other covenants applicable to the Debt Securities which are subject to covenant defeasance (including, in the case of Subordinated Debt Securities, the provisions described under "-- Subordination" herein) ("covenant defeasance option") at any time after the applicable conditions set forth below have been satisfied: (1) the Company shall have deposited or caused to be deposited irrevocably with the applicable Trustee as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Debt Securities of such series (i) money in an amount, or (ii) U.S. Government Obligations which through the payment of interest and principal 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 (iii) a combination of (i) and (ii), sufficient, in the opinion (with respect to (i) and (ii)) of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the applicable Trustee, to pay and discharge each installment of principal (including any mandatory sinking fund payments) of and premium, if any, and interest on, the Outstanding Debt Securities of such series on the dates such installments of interest or principal and premium are due; (2) such deposit shall not cause the applicable Trustee with respect to the Debt Securities of that series to have a conflicting interest with respect to the Debt Securities of any series; (3) such deposit will not result in a breach or violation of, or constitute a default under, the applicable Indenture or any other agreement or instrument to which the Company is a party or by which it is bound; (4) if the Debt Securities of such series are then listed on any national securities exchange, the Company shall have delivered to the applicable Trustee an opinion of counsel or a letter or other document from such exchange to the effect that the Company's exercise of its legal defeasance option or the covenant defeasance option, as the case may be, would not cause such Debt Securities to be delisted; (5) no Event of Default or event (including such deposit) which, with notice or lapse of time or both, would become an Event of Default with respect to the Debt Securities of such series shall have occurred and be continuing on the date of such deposit and, with respect to the legal defeasance option only, no Event of Default under the provisions of the applicable Indenture relating to certain events of bankruptcy or insolvency or event which with the giving of notice or lapse of time, or both, would become an Event of Default under such bankruptcy or

insolvency provisions shall have occurred and be continuing on the 91st day after such date; and (6) certain other opinions, officers' certificates and other documents specified in the applicable Indenture, including an opinion of counsel or a ruling of the Internal Revenue Service to the effect that such deposit, defeasance or Discharge will not cause the Holders of the Debt Securities of such series to recognize income, gain or loss for Federal income tax purposes. Notwithstanding the foregoing, if the Company exercises its covenant defeasance option and an Event of Default under the provisions of the Indentures relating to certain events of bankruptcy or insolvency or event which with the giving of notice or lapse of time, or both, would become an Event of Default under such bankruptcy or insolvency provisions shall have occurred and be continuing on the 91st day after the date of such deposit, the obligations of the Company referred to under the definition of covenant defeasance option with respect to such Debt Securities shall be reinstated in full. (Section 15.02)

Payment and Paying Agents

If Debt Securities of a series are issuable only as Registered Securities, the Company will maintain in each Place of Payment for such series an office or agency where Debt Securities of that series may be presented or surrendered for payment, where Debt 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 Debt Securities of that series and the applicable Indenture may be served. (Section 12.03)

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If Debt Securities of a series are issuable as Bearer Securities, the Company will maintain (A) in the Borough of Manhattan, The City and State of New York, an office or agency where any Registered Securities of that series may be presented or surrendered for payment, where any Registered Securities of that series may be surrendered for registration of transfer, where Debt Securities of that series may be surrendered for exchange or redemption, where Subordinated Debt Securities of that series that are convertible may be surrendered for conversion, where notices and demands to or upon the Company in respect of the Debt Securities of that series and the applicable Indenture may be served and where Bearer Securities of that series and related Coupons may be presented or surrendered for payment in the circumstances described in the following paragraph (and not otherwise), (B) subject to any laws or regulations applicable thereto, in a Place of Payment for that series which is located outside the United States, an office or agency where Debt Securities of that series and related Coupons may be presented and surrendered for payment (including payment of any additional amounts payable on Debt Securities of that series, if so provided in such series; provided, however, that if the Debt Securities of that series are listed on The Stock Exchange of the United Kingdom and the Republic of Ireland, the Luxembourg Stock Exchange or any other stock exchange located outside the United States and such stock exchange shall so require, the Company will maintain a Paying Agent for the Debt Securities of that series in London, Luxembourg or any other required city located outside the United States, as the case may be, so long as the Debt Securities of that series are listed on such exchange, and (C) subject to any laws or regulations applicable thereto, in a Place of Payment for that series located outside the United States an office or agency where any Registered Securities of that series may be surrendered for registration of transfer, where Debt Securities of that series may be surrendered for exchange or redemption, where Subordinated Debt Securities of that series that are convertible may be surrendered for conversion and where notices and demands to or upon the Company in respect of the Debt Securities of that series and the applicable Indenture may be served. The Company will give prompt written notice to the applicable Trustee of the locations, and any change in the locations, of such offices or agencies. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the applicable Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the corporate trust office of the applicable Trustee, except that Bearer Securities of that series and the related coupons may be presented and surrendered for payment at the offices specified in the applicable Debt Security and the Company has appointed the applicable Trustee (or in the case of Bearer Securities may appoint such other agent as may be specified in the applicable Prospectus Supplement) as its agent to receive all presentations, surrenders, notices and demands. (Section 12.03)

No payment of principal, premium or interest on Bearer Securities shall be made at any office or agency of the Company in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States; provided, however, that, if the Debt Securities of a series are denominated and payable in U.S. dollars, payment of principal of and any premium and interest on Bearer Securities of such series, if specified in the applicable Prospectus Supplement, shall be made at the office of the applicable Trustee or the Company's Paying Agent in the Borough of Manhattan, the City and State of New York, if (but only if) payment in U.S. dollars of the full amount of such principal, premium, interest or

additional amounts, as the case may be, at all offices or agencies outside the United States maintained for the purpose by the Company in accordance with the applicable Indenture is illegal or effectively precluded by exchange controls or other similar restrictions. (Section 12.03)

Book-Entry Debt Securities

The Debt Securities of a series may be issued in whole or in part in global form that will be deposited with, or on behalf of, a depository identified in the Prospectus Supplement. Global Notes may be issued in either registered or bearer form and in either temporary or permanent form (each a "Global Note"). Payments of principal of (and premium, if any) and interest on Debt Securities represented by a Global Note will be made by the Company to the applicable Trustee and then by such Trustee to the depository.

If specified in the applicable Prospectus Supplement, any Global Notes will be deposited with, or on behalf of, The Depository Trust Company, New York, New York ("DTC"), as depository, or such other depository as may be specified in the applicable Prospectus Supplement. In the event that DTC acts as

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depository with respect to any Global Notes, the Company anticipates that such Global Notes will be registered in the name of DTC's nominee, and that the following provisions will apply to the depository arrangements with respect to any such Global Notes. Additional or differing terms of the depository arrangements, if any, applicable to the Offered Debt Securities, will be described in the accompanying Prospectus Supplement.

So long as DTC or its nominee is the registered owner of a Global Note, DTC or its nominee, as the case may be, will be considered the sole Holder of the Debt Securities represented by such Global Note for all purposes under the applicable Indenture. Except as provided below, owners of beneficial interests in a Global Note will not be entitled to have Debt Securities represented by such Global Note registered in their names, will not receive or be entitled to receive physical delivery or Debt Securities in certificated form and will not be considered the owners or Holders thereof under the applicable Indenture. The laws of some states require that certain purchasers of securities take physical delivery of such securities in certificated form; accordingly, such laws may limit the transferability of beneficial interests in a Global Note.

If DTC is at any time unwilling or unable to continue as depository and a successor depository is not appointed by the Company within 90 days, the Company will issue individual Debt Securities in certificated form in exchange for the Global Notes. In addition, the Company may at any time, and in its sole discretion, determine not to have any Debt Securities represented by one or more Global Notes and, in such event, will issue individual Debt Securities in certificated form in exchange for the relevant Global Notes. If Registered Securities of any series shall have been issued in the form of one or more Global Notes and if an Event of Default with respect to the Debt Securities of such series shall have occurred and be continuing, the Company will issue individual Debt Securities in certificated form in exchange for the relevant Global Notes. (Section 3.04)

The following is based on information furnished by DTC:

DTC is a limited-purpose trust company organized under the Banking Law of the State of New York, a "banking organization" within the meaning of the Banking Law 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. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Commission.

Purchases of Debt Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Debt Securities on DTC's records. The ownership interest of each actual purchaser of each Debt Security ("Beneficial Owner") is in turn recorded on the Direct and Indirect

Participants' records. A Beneficial Owner does not receive written confirmation from DTC of its purchase, but such Beneficial Owner is expected to receive a written confirmation providing details of the transaction, as well as periodic statements of its holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Debt Securities are accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners do not receive certificates representing their ownership interests in Debt Securities, except in the event that use of the book entry system for the Debt Securities is discontinued.

To facilitate subsequent transfers, the Debt Securities are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the Debt Securities with DTC and their registration in the name of Cede & Co. effects no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the

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Debt Securities; DTC records reflect only the identity of the Direct Participants to whose accounts Debt Securities are credited, which may or may not be the Beneficial Owners. The Participants remain responsible for keeping account of their holdings on behalf of their customers.

Delivery of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners are governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Debt Securities. Under its usual procedures, DTC mails a proxy (an "Omnibus Proxy") to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Debt Securities are credited on the record date (identified on a list attached to the Omnibus Proxy).

Principal and interest payments on the Debt Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings as shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Company or the Paying Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Debt Securities at any time by giving reasonable notice to the Company or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not appointed, Debt Security certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Debt Security certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources (including DTC) that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

Unless stated otherwise in the applicable Prospectus Supplement, the underwriters or agents with respect to a series of Debt Securities issued as Global Notes will be Direct Participants in DTC.

None of the Company, any underwriter or agent, the applicable Trustee or any applicable Paying Agent will have the responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a Global Note, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Conversion or Exchange Rights

The terms and conditions, if any, upon which Subordinated Debt Securities being offered are convertible or exchangeable into Common Stock will be set

forth in the Prospectus Supplement relating thereto. Such terms will include the conversion or exchange price, the conversion or exchange period, provisions as to whether conversion or exchange will be at the option of the Holder or the Company, the events requiring an adjustment of the conversion or exchange price and provisions affecting conversions or exchanges in the event of the redemption of such Subordinated Debt Securities.

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Concerning the Trustees

The Company may from time to time maintain deposit accounts and conduct other banking transactions with The First National Bank of Chicago or State Street Bank and Trust Company and their affiliated entities in the ordinary course of business.

Certain Definitions

Set forth below is summary of certain defined terms used in the applicable Indenture. Reference is made to the applicable Indenture for the full definition of all such terms.

"Discharged" means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by, and obligations under, the Debt Securities of such series and to have satisfied all the obligations under the applicable Indenture relating to the Debt Securities of such series, except (i) the right of Holders of Debt Securities of such series to receive, from the trust fund described under "Discharge, Legal Defeasance and Covenant Defeasance" above, payment of the principal of (and premium, if any) and interest on such Debt Securities when such payments are due, (ii) the Company's obligations with respect to the Debt Securities of such series under the provisions relating to exchanges, transfers and replacement of Debt Securities, the maintenance of an office or agency of the Company and the defeasance trust fund, the provisions relating to compensation and reimbursement of the applicable Trustee and (iii) the rights, powers, trusts, duties and immunities of the applicable Trustee thereunder. (Section 15.02)

"Indebtedness" means (i) any liability of any Persons (a) for borrowed money, or (b) evidenced by a bond, note, debenture or similar instrument (including purchase money obligations but excluding trade payables), or (c) for the payment of money relating to a lease that is required to be classified as a capitalized lease obligation in accordance with generally accepted accounting principles, or (d) preferred or preference stock of a Subsidiary of the Company held by Persons other than the Company or a Subsidiary of the Company; (ii) any liability of others described in the preceding clause (i) that the Person has guaranteed, that is recourse to such Person or that is otherwise its legal liability; and (iii) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (i) and (ii) above. (Section 1.01)

"Senior Indebtedness" means the principal of (and premium, if any) and unpaid interest on (i) Indebtedness of the Company, whether outstanding on the date of the Subordinated Indenture or thereafter created, incurred, assumed or guaranteed, for money borrowed (other than the Indebtedness evidenced by the Subordinated Debt Securities of any series), unless in the instrument creating or evidencing the same or pursuant to which the same is outstanding it is provided that such Indebtedness is not senior or prior in right of payment to the Subordinated Debt Securities or is pari passu or subordinate by its terms in right of payment to the Subordinated Debt Securities and (ii) renewals, extensions and modifications of any such Indebtedness. (Section 1.01 of the Subordinated Indenture)

"Subsidiary" means any Corporation of which at least a majority of the outstanding stock having by the terms thereof ordinary voting power to elect a majority of the directors of such Corporation, irrespective of whether or not at the time stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency, is at the time, directly or indirectly, owned or controlled by the Company or by one or more Subsidiaries thereof, or by the Company and one or more Subsidiaries thereof. (Section 1.01)

"U.S. Government Obligations" means securities that are (i) direct obligations of the United States for the timely payment of which its full faith and credit is pledged, or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which, in either case under clauses (i) or (ii), are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest

on (or principal of) any such U.S. Government Obligation held by such custodian for the account of the holder of a 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 interest on or principal of the U.S. Government Obligation evidenced by such depository receipt. (Section 15.02)

PREFERRED STOCK

The description of certain provisions of the Preferred Stock set forth below and in any Prospectus Supplement does not purport to be complete and is subject to and qualified in its entirety by reference to the Company's Articles of Incorporation and the Articles of Amendment relating to each such series of Preferred Stock, which will be filed with the Commission in connection with the offering of such series of Preferred Stock.

General

Under the Company's Articles of Incorporation, the Board of Directors may, by resolution, establish series of Preferred Stock having such voting powers, and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as the Board of Directors may determine.

The Preferred Stock offered hereby will have the dividend, liquidation and voting rights set forth below unless otherwise provided in the Prospectus Supplement relating to a particular series of Preferred Stock. Reference is made to the Prospectus Supplement relating to the particular series of Preferred Stock offered thereby for specific terms, including: (1) the designation and stated value per share of such Preferred Stock and the number of shares offered; (2) the amount of liquidation preference per share; (3) the price at which such Preferred Stock will be issued; (4) the dividend rate (or method of calculation), the dates on which dividends will be payable, whether such dividends will be cumulative or noncumulative and, if cumulative, the dates from which dividends will commence to cumulate; (5) any redemption or sinking fund provisions; (6) any terms by which such series of Preferred Stock may be convertible into or exchanged for Common Stock or Debt Securities; and (7) any additional or other rights, preferences, privileges, limitations and restrictions relating to such series of Preferred Stock.

The Preferred Stock offered hereby will be issued in one or more series. The holders of Preferred Stock will have no preemptive rights. Preferred Stock will be fully paid and nonassessable upon issuance against full payment of the purchase price therefor. Unless otherwise specified in the Prospectus Supplement relating to a particular series of Preferred Stock, each series of Preferred Stock will, with respect to dividend rights and rights on liquidation, dissolution and winding up of the Company, rank prior to the Common Stock (the "Junior Stock") and on a parity with each other series of Preferred Stock offered hereby (the "Parity Stock").

Dividend Rights

Holders of the Preferred Stock of each series will be entitled to receive, when, as and if declared by the Board of Directors of the Company, out of funds legally available therefor, cash dividends at such rates and on such dates as are set forth in the Prospectus Supplement relating to such series of Preferred Stock. Such rate may be fixed or variable or both. Each such dividend will be payable to the holders of record as they appear on the stock books of the Company on such record dates as will be fixed by the Board of Directors of the Company. Dividends on any series of the Preferred Stock may be cumulative or noncumulative, as provided in the Prospectus Supplement relating thereto. If the Board of Directors of the Company fails to declare a dividend payable on a dividend payment date on any series of Preferred Stock for which dividends are noncumulative, then the right to receive a dividend in respect of the dividend period ending on such dividend payment date will be lost, and the Company will have no obligation to pay the dividend accrued for that period, whether or not dividends are declared for any future period. Dividends on shares of each series of Preferred Stock for which dividends are cumulative will accrue from the date set forth in the applicable Prospectus Supplement.

The Preferred Stock of each series will include customary provisions (1) restricting the payment of dividends or the making of other distributions on, or

the redemption, purchase or other acquisition of, Junior Stock unless full dividends, including, in the case of cumulative Preferred Stock, accruals, if any, in respect of prior dividend periods, on the shares of such series of Preferred Stock have been paid and (2) providing for the pro rata payment of dividends on such series and other Parity Stock when dividends have not been paid in full upon such series and other Parity Stock.

Rights Upon Liquidation

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of each series of Preferred Stock will be entitled to receive out of assets of the Company available for distribution to stockholders, before any distribution of assets is made to holders of Junior Stock, liquidating distributions in the amount set forth in the Prospectus Supplement relating to such series of Preferred Stock plus an amount equal to accrued and unpaid dividends. If, upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the amounts payable with respect to the Preferred Stock of any series and any Parity Stock are not paid in full, the holders of the Preferred Stock of such series and of such Parity Stock will share ratably in any such distribution of assets of the Company in proportion to the full respective preferential amounts (which may include accumulated dividends) to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of such series of Preferred Stock will have no right or claim to any of the remaining assets of the Company. Neither the sale of all or a portion of the Company's assets nor the merger or consolidation of the Company into or with any other corporation shall be deemed to be a dissolution, liquidation or winding up, voluntarily or involuntarily, of the Company.

Voting Rights

The holders of Preferred Stock of a series offered hereby will not be entitled to vote except as indicated in the Prospectus Supplement relating to such series of Preferred Stock or as required by applicable law. Unless otherwise specified in the Prospectus Supplement relating to a particular series of Preferred Stock, when and if any such series is entitled to vote, each share in such series will be entitled to one vote.

DESCRIPTION OF CAPITAL STOCK

GENERAL

Set forth below is a description of the material terms and provisions of the equity securities of the Company. The following description does not purport to be complete and is subject to and qualified in its entirety by reference to the Articles of Incorporation, as amended, of the Company (the "Articles of Incorporation") and the By-Laws, as amended, of the Company (the "By-Laws") and the Rights Plan of the Company dated as of July 27, 1994 between the Company and Chemical Bank, as Rights Agent (the "Rights Plan"). The Articles of Incorporation is an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1994, as amended by Amendment No. 1 on Form 10-K/A, the By-Laws is an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995, and the Rights Plan is an exhibit to Company's Registration Statement on Form 8-A.

The Company is authorized to issue (i) 100,000,000 shares of Common Stock, par value \$2.00 per share and (ii) 20,000,000 shares of Preferred Stock, par value \$2.00 per share, which may be issued in one or more series with such voting powers, designations, preferences, rights, qualifications, limitations and restrictions as shall be specified by the Board of Directors. The Board of Directors may issue one or more series of preferred stock with voting and conversion rights which could adversely affect the voting power of the holders of Common Stock and the holders of other series of Preferred Stock, and which could, among other things, have the effect of delaying, deferring or preventing a change in control of the Company. In connection with the Rights Plan, the Board of Directors authorized the issuance of 1,000,000 shares of Series A Junior Participating Preferred Stock to holders of rights issued under the Rights Plan. See "-- Rights Plan" below.

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As of May 10, 1995, 13,908,931 shares of Common Stock were issued and outstanding, excluding 579,841 treasury shares.

COMMON STOCK

Dividends

Holders of the Company's Common Stock are entitled to receive such dividends as may be legally declared by the Board of Directors. The declaration

and amount of future dividends may depend, in part, on restrictive covenants contained in certain loan agreements and certain state regulations regarding minimum capitalization requirements for insurance companies that have the effect of limiting dividends from UCLIC and UG Title to the Company.

Voting Rights

Holders of Common Stock are entitled to one vote for each share held of record. Except as discussed below, action of the stockholders may generally be taken by the affirmative vote of a majority of the shares present or represented at a duly called meeting at which a quorum is present or represented.

Other Rights

Holders of Common Stock have no preemptive or subscription rights and have no liability for further calls or assessments. All shares of Common Stock are entitled to share ratably in the net assets of the Company upon liquidation.

The transfer agent and registrar for the Common Stock is Chemical Bank of New York, New York.

SPECIAL CHARTER, BY-LAW AND LOUISIANA LAW PROVISIONS

Certain provisions of the Company's Articles of Incorporation, the Company's By-Laws, Louisiana law, and the Company's Rights Plan, may have the effect of delaying, deterring or discouraging, among other things, a non-negotiated tender or exchange offer for the Company's Common Stock or a proxy contest for control of the Company.

Anti-Takeover Provisions in the Company's Articles of Incorporation and By-Laws

On January 31, 1995, the Company's Board of Directors adopted several amendments to the Company's By-Laws, to be effective as of January 31, 1995, which amendments, among other things: (1) authorize the Board of Directors exclusively to fix the number of directors by no less than a 66 2/3% vote and classify the Board into three classes with staggered terms; (2) provide procedures for the removal of directors and for filling vacancies on the Board; (3) provide advance notice procedures for shareholder nominations and proposals; and (4) provide procedures for the calling of a special meeting of the shareholders.

In addition, the Company has recently submitted several proposed amendments to its Articles of Incorporation for a vote of its shareholders at the Company's Annual Meeting of Shareholders to be held on June 14, 1995 (the "1995 Annual Meeting"). One of the proposed amendments to the Company's Articles of Incorporation would require the affirmative vote of the holders of not less than 80% of the total voting power of the Company to alter, amend or repeal the foregoing amendments to the Company's By-Laws that were adopted by the Board of Directors on January 31, 1995, are in effect, and are being submitted to the shareholders solely to make it more difficult for shareholders to change them.

The other amendments to the Company's Articles of Incorporation which have been adopted by the Board of Directors, and which are being submitted to the shareholders for approval at the 1995 Annual Meeting are: (a) to provide that no action may be taken by the shareholders except at an annual or special meeting; (b) to provide that a special meeting of the shareholders may be called only by a written request signed by the holders of no less than 66 2/3% of the total voting power of the Company; (c) to provide that amendments (a) and (b) may not be amended, altered or repealed except by the affirmative vote of the

holders of no less than 80% of the total voting power of the Company; and (d) to eliminate the right of a director absent from a meeting of the Board or any committee thereof to give a proxy to another director or to a shareholder. These amendments to the Articles of Incorporation are not presently in effect and will become effective only if approved by the shareholders.

The Board of Directors has unanimously adopted the aforescribed amendments to the Company's Articles of Incorporation, has determined that such amendments are advisable and has unanimously voted to recommend them to the Company's shareholders for approval.

Taken together, the amendments to the Articles of Incorporation and By-Laws of the Company (which amendments, under the proposed amendment to the Articles, may not be amended, altered or repealed without the 80% shareholder vote) will make more difficult, and thus may discourage, any attempt to gain control of the Company through a proxy contest or through the acquisition of the Company's Common Stock, and as a result, will tend to perpetuate the control of present

management. The 80% voting requirements in certain provisions of the proposed amendments could allow the holders of just over 20% of the total voting power of the Company to defeat proposed actions that might be supported by persons holding a majority of the total voting power of the Company. As of March 31, 1995, the directors and executive officers of the Company were the beneficial owners of 10.893% of the outstanding shares of Common Stock.

The Company's Articles of Incorporation presently contain provisions that have intended "anti-takeover" effects. The Articles of Incorporation of the Company include certain provisions (the "Special Vote Provisions") requiring the affirmative vote of 80% of the outstanding shares of the Company's voting stock before the Company may enter into (i) a merger or consolidation with any other corporation, (ii) a sale or lease of substantially all of the assets of the Company to any other corporation, person or entity, or (iii) a sale or lease to the Company by any other corporation, person or other entity of assets having a value greater than \$1 million in exchange for voting stock of the Company, in each case if such other corporation, person or other entity, directly or indirectly, owns or controls 10% or more of the Company's voting stock prior to any such transaction. The Special Vote Provisions apply only to the above-described transactions which do not receive prior approval of the Board of Directors.

The Articles of Incorporation of the Company also contain certain provisions (the "Takeover Consideration Provisions") authorizing the Board of Directors, in evaluating an offer from a third party to merge with or acquire the shares or assets of the Company, to give due consideration to certain factors not directly related either to the price per share offered for or the then market price of the Company's Common Stock. The factors that the Board of Directors is authorized to consider under the Takeover Consideration Provisions include, without limitation: (i) the consideration being offered in the acquisition proposal as it relates to the then current value of the Company in a freely negotiated transaction, and to the Board of Directors' then estimate of the future value of the Company as an independent entity; (ii) the social, legal and economic effects of the acquisition proposal on the Company and its subsidiaries, and the franchisees, employees, suppliers, customers, creditors and business of the Company and its subsidiaries; (iii) the financial condition and earnings prospects of the potential offeror, including but not limited to, debt service and other existing or likely financial obligations of the potential offeror, and the possible effect of such condition upon the Company and its subsidiaries and other elements of the communities in which the Company and its subsidiaries operate or are located; and (iv) the competence, experience and integrity of the potential offeror.

Pursuant to Section 92G of the Louisiana Business Corporation Law (the "LBCL"), the Board of Directors is also authorized to consider the factors set forth therein (which are generally comparable to those set forth in the Takeover Consideration Provisions) and any other factors which it deems relevant in evaluating a tender offer or an offer to make a tender or exchange offer or to effect a merger or consolidation.

The Special Vote Provisions and the Takeover Consideration Provisions may be altered only by the affirmative vote of 80% of the outstanding shares of the Company's voting stock.

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Directors' and Officers' Exculpation and Indemnification

The Articles of Incorporation provide that no director or officer of the Company shall be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director or officer except for liability (i) for breach of the director's or officer's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 92D of the LBCL, which specifies certain corporate transactions, such as certain dividend declarations and dispositions of assets, as unlawful, or (iv) for any transaction from which the director or officer derived an improper personal benefit. With the exception of the items noted in (i) through (iv) above, the effect of this provision of the Articles of Incorporation is to eliminate the rights of the Company and its stockholders (through stockholders' derivative suits on behalf of the Company) to recover monetary damages against a director or officer for breach of his or her fiduciary duty as a director or officer. This provision does not limit or eliminate the rights of the Company or any stockholders to seek non-monetary relief, such as an injunction or rescission in the event of a breach of a director's or officer's fiduciary duty.

Pursuant to Section 83 of the LBCL, the Company has adopted provisions in its Articles of Incorporation which require the Company to indemnify its directors and officers to the fullest extent permitted by Louisiana law.

The Company has also entered into indemnification agreements with its directors and certain of its officers.

Louisiana Fair Price and Control Share Acquisition Statutes

As a Louisiana corporation, the Company is subject to the provisions of the LBCL which contain "fair price" and "control share acquisition" provisions. Each of these provisions imposes significant restrictions on the ability of an acquirer of a large block of voting stock of a Louisiana corporation to exercise control over the corporation.

The "fair price" provisions are set forth in Sections 132-134 of the LBCL and are designed to restrict the ability of a Louisiana corporation to enter into mergers or other extraordinary corporate transactions with certain stockholders. These provisions require that certain business combinations between a Louisiana corporation and "interested stockholders" must be approved by (i) the corporation's Board of Directors, (ii) the affirmative vote of at least 80% of the voting stock of the corporation, and (iii) the affirmative vote of two-thirds of the voting stock of the corporation (excluding stock held by the interested stockholders), unless the business combination satisfies certain "fair price" tests regarding the payments to be made to stockholders and meets certain other procedural requirements. An "interested stockholder" is defined as any person (other than the corporation, any subsidiary of the corporation or any employee benefit plan of the corporation or any subsidiary) that is the beneficial owner of 10% or more of the voting stock of the corporation. In general, the "fair price" tests measure the value stockholders receive for their stock from an interested stockholder in transactions within a two year period.

The "control share acquisition" provisions of the LBCL are set forth in Sections 135-140.2. In general, these provisions provide that persons who, after May 4, 1987, acquire stock that would normally entitle them to exercise 20% or more of the voting power of the corporation will not be able to vote the shares acquired by them in excess of 20% of such voting power unless their ability to vote is reinstated by the stockholders of the corporation at a meeting held after the acquiring person requests such a vote. A corporation is required to call such a meeting only if the person proposing to make a control share acquisition (an "acquiring stockholder") has demonstrated a financial ability to make a successful acquisition and such proposed acquisition is lawful. At such a meeting, the voting rights of the acquiring stockholder will be reinstated for shares held by the acquiring stockholder in excess of 20% of the Company's voting power if approved by the affirmative vote of (i) a majority of all shares of the Company then entitled to vote and (ii) a majority of all shares of the Company then entitled to vote (excluding shares beneficially owned by the acquiring stockholder, its officers and its directors who are also its employees). If the voting rights of the acquiring stockholder are reinstated, such stockholder can acquire additional voting shares within certain threshold levels, without obtaining additional stockholder approval. However, if the acquiring stockholder acquires additional shares in an

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acquisition that places such stockholder above the threshold ownership levels of one-third and one-half of all voting shares, the additional shares acquired in such an acquisition in excess of such ownership levels will not have voting rights unless reinstated by the stockholders pursuant to the voting procedures described above. A corporation must call a stockholders' meeting within 50 days of the date that both the corporation and the proposed acquiring stockholder file definitive proxy materials with the Commission.

Louisiana Insurance Code

UCLIC is a Louisiana chartered life insurance company. Section 731 of the Louisiana Insurance Code (La.R.S. 22:731) provides that a Louisiana insurer may merge or consolidate with or acquire control of another insurer, or a person may acquire control of a Louisiana insurance company only if the plan of merger or consolidation or acquisition of control is submitted to or receives advance approval from the Louisiana Commissioner of Insurance after a public hearing thereon. Section 731 provides that the Louisiana Commissioner of Insurance may disapprove any such merger, consolidation or other acquisition of control for any of the following reasons: (i) the effect thereof would be substantially to lessen competition in insurance in Louisiana or tend to create a monopoly therein; (ii) the financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer, or prejudice the interests of its policyholders or the interests of any remaining security holders who are unaffiliated with such acquiring party; (iii) the terms of the offer, request, invitation, agreement or acquisition are unfair and unreasonable to the security holders of the insurer; (iv) the plans or proposals which the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management are unfair and unreasonable to policyholders of the

insurer and not in the public interest; or (v) the competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger, consolidation or other acquisition of control.

Louisiana's Insurance Holding Company System Regulatory Law, constituting Part XXI-A of the Louisiana Insurance Code (La.R.S. 22:1001-1015), requires the filing of periodic registration statements by the Company with the Louisiana Commissioner of Insurance and regulates transactions among members of an insurance holding company system such as that of the Company. Any change of control (10% or more of voting securities is presumed to constitute control for purposes of this legislation) requires notification to hearing before and approval of the Louisiana Commissioner of Insurance.

RIGHTS PLAN

On July 27, 1994, the Board of Directors of the Company redeemed the rights issued under the rights plan adopted in February 1989, adopted the Rights Plan, declared a dividend of one preferred stock purchase right (a "Right") for each outstanding share of Common Stock on August 6, 1994, and authorized the issuance of one Right with respect to each share of Common Stock issued after August 6, 1994, and before the earliest of the Distribution Date, the Redemption Date and the Final Expiration Date (as such terms are hereinafter defined). The Rights have anti-takeover effects. The Rights will cause substantial dilution to a person or group that attempts to acquire the Company on terms not approved by the Board of Directors, except pursuant to an offer conditioned on a substantial number of Rights being acquired.

Each Right entitles the registered holder upon exercise on and after the Distribution Date to purchase from the Company one one-hundredth of a share of Series A Junior Participating Preferred Stock, par value \$2.00 per share (the "Preferred Shares"), of the Company at a price of \$240.00 per one one-hundredth of a Preferred Share (the "Purchase Price"), subject to adjustment. The description and terms of the Rights, and the Preferred Shares into which such Rights are exercisable, are set forth in the Rights Plan.

The "Distribution Date" occurs on the earliest of the close of business on (i) the tenth day following a public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired beneficial ownership of 20% or more of the outstanding shares of Common Stock, (ii) the tenth day (or such later date as may be determined by action of the Board of Directors of the Company prior to such time as any person becomes an Acquiring Person) following the commencement of, or announcement of an

intention to make, a tender offer or exchange offer, the consummation of which would result in the beneficial ownership by a person or group of 25% or more of the outstanding shares of Common Stock, or (iii) 10 days after the Board of Directors shall declare any person to be an "Adverse Person," upon a determination that such person, alone or together with its affiliates and associates, has become the beneficial owner of 10% or more of the outstanding shares of Common Stock and a determination by at least a majority of the Board of Directors who are not officers of the Company, after reasonable inquiry and investigation, including consultation with such persons as such directors shall deem appropriate, that (a) such beneficial ownership by such person is intended to cause, is reasonably likely to cause or will cause the Company to repurchase the shares of Common Stock beneficially owned by such person or to cause pressure on the Company to take action or enter into a transaction or series of transactions intended to provide such person with short-term financial gain under circumstances where the Board of Directors determines that the best long-term interests of the Company and its stockholders would not be served by taking such action or entering into such transactions or series of transactions at that time or (b) such beneficial ownership is causing or is reasonably likely to cause a material adverse impact (including, but not limited to, impairment of relationships with customers or impairment of the Company's ability to maintain its competitive position) on the business or prospects of the Company. However, the Board of Directors may not declare a person to be an Adverse Person if, prior to the time that the person acquired 10% or more of the shares of Common Stock then outstanding, such person provided to the Board of Directors in writing a statement of the person's purpose and intentions in connection with the proposed acquisition of Common Stock, together with any other information reasonably requested of the person by the Board of Directors, and the Board of Directors, based on such statement and reasonable inquiry and investigation as it deems appropriate, determines to notify and notifies such person in writing that it will not declare the person to be an Adverse Person; provided, however, that the Board of Directors may expressly condition in any manner a determination not to declare a person an Adverse Person on such conditions as the Board of Directors may select, including without limitation, such person not acquiring more than a specified amount of stock and/or such person not taking

actions inconsistent with the purposes and intentions disclosed by such person in the statement provided to the Board of Directors. In the event that the Board of Directors should at any time determine, upon reasonable inquiry and investigation, that such person has not met or complied with any conditions specified by the Board of Directors, the Board of Directors may at any time thereafter declare the person to be an Adverse Person. Until the Distribution Date, the Rights will be transferred with and only with shares of Common Stock. The Rights will expire on July 31, 2004 (the "Final Expiration Date"), unless the Rights are earlier redeemed or exchanged by the Company.

The Purchase Price payable, and the number of Preferred Shares or other securities of property issuable, on exercise of the Rights are subject to adjustment from time to time to prevent dilution in the event of a stock dividend on the Preferred Shares or other events described in the Rights Plan.

Preferred Shares purchasable upon exercise of the Rights will not be redeemable. Each Preferred Share will be entitled to a minimum preferential quarterly dividend payment of \$1.00 per share but will be entitled to an aggregate dividend of 100 times the dividend declared per share of Common Stock. In the event of liquidation, the holders of the Preferred Shares will be entitled to a minimum preferential liquidation payment of \$100.00 per share but will be entitled to an aggregate payment of 100 times the payment made per share of Common Stock. Each Preferred Share will have 100 votes, voting together with the Common Stock. Finally, in the event of merger, consolidation or other transaction in which shares of Common Stock are exchanged, each Preferred Share will be entitled to receive 100 times the amount received per share of Common Stock. The Rights are protected by customary antidilution provisions.

Because of the nature of the Preferred Shares' dividend, liquidation and voting rights, the value of the one one-hundredth interest in a Preferred Share purchasable upon exercise of each Right should approximate the value of one share of Common Stock.

The Rights Plan contains a "flip-over" feature allowing the exercise of the Rights so that the holder thereof (except those Rights held by the Acquiring Person) will receive shares of Common Stock of the Acquiring Person at half price, causing substantial dilution to the Acquiring Person. In general, this "flip-over" feature provides that in the event that the Company is acquired by an Acquiring Person in a merger or other business combination transaction or 50% or more of its consolidated assets or earning power are sold to

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an Acquiring Person, proper provision will be made so that each holder of a Right, other than Rights that are or were beneficially owned by the Acquiring Person after the date upon which the Acquiring Person became such (which will thereafter be void), will thereafter have the right to receive, upon the exercise thereof at the then current Purchase Price, that number of shares of common stock of the Acquiring Person which at the time of such transaction will have a market value of two times the Purchase Price.

The Rights Plan also contains a "flip-in" feature allowing holders of Rights (except those held by an Acquiring Person) to purchase Common Stock of the Company at half price, causing substantial dilution to the Acquiring Person. In general, this "flip-in" feature provides that in the event that (i) any person becomes the beneficial owner of 25% or more of the outstanding Common Stock (unless such person first acquires 25% or more of the outstanding Common Stock by a purchase pursuant to a tender offer for all of the Common Stock which the independent directors determine to be fair to and otherwise in the best interests of the Company and its stockholders, employees, customers and communities in which the Company does business), (ii) any person is declared by the Board of Directors to be an Adverse Person, (iii) an Acquiring Person engages in one or more "self-dealing" transactions as set forth in the Rights Plan, or (iv) during such time as there is an Acquiring Person, there shall be a reclassification of securities or a recapitalization or reorganization of the Company or other transaction or series of transactions involving the Company which has the effect of increasing by more than 1% the proportionate share of the outstanding shares of any class of equity securities of the Company or any of its subsidiaries beneficially owned by the Acquiring Person, proper provision shall be made so that each holder of a Right, other than Rights that are or were beneficially owned by the Acquiring Person after the date upon which the Acquiring Person became such (which will thereafter be void), will thereafter have the right to receive upon exercise that number of shares of Common Stock (or, in the event that there are insufficient authorized shares of Common Stock, substitute consideration such as cash, property, or other securities of the Company) having a market value of two times the Purchase Price.

At any time after the acquisition by an Acquiring Person of beneficial ownership of 20% or more of the outstanding Common Stock and prior to the acquisition by such person of 25% or more of the outstanding Common Stock, the

Board of Directors of the Company may exchange the Rights (other than Rights owned by such person which have become void), in whole or in part, at an exchange ratio of one share of Common Stock, or one one-hundredth of a Preferred Share (or of a share of a class or series of the Company's preferred stock having equivalent rights, preferences and privileges), per Right (subject to adjustment).

At any time prior to the tenth day following a public announcement that an Acquiring Person has acquired beneficial ownership of 20% or more of the outstanding Common Stock, the Board of Directors of the Company may redeem the Rights in whole, but not in part, at a price of \$.001 per Right (the "Redemption Price"). Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate and the only right of the holder of the Rights will be to receive the Redemption Price. The date on which the redemption of the Rights occurs pursuant to the foregoing provisions is referred to herein as the "Redemption Date."

The terms of the Rights may be amended by the Board of Directors of the Company without the consent of the holders of the Rights, including an amendment to lower certain thresholds described above to not less than the greater of (i) any percentage greater than the largest percentage of the outstanding shares of the Common Stock then known to the Company to be beneficially owned by any Acquiring Person and (ii) 10%, except that from and after such time as any person becomes an Acquiring Person no such amendment may adversely affect the interests of the holders of the Rights.

Until a Right is exercised, the holder of a Right will not, by reason of being such a holder, have rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

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PLAN OF DISTRIBUTION

The Company may offer and sell the Offered Securities in one or more of the following ways: (i) through underwriters or dealers; (ii) through agents; or (iii) directly by the Company to one or more purchasers. The Prospectus Supplement with respect to a particular offering of a series of Offered Securities will set forth the terms of the offering of such Offered Securities, including the name or names of any underwriters or agents with whom UCFC has entered into arrangements with respect to the sale of such Offered Securities, the public offering or purchase price of such Offered Securities and the proceeds to the Company from such sales, and any underwriting discounts, agency fees or commissions and other items constituting underwriters' compensation, the initial public offering price, any discounts or concessions to be allowed or reallocated or paid to dealers and any securities exchange, if any, on which such Offered Securities may be listed. Dealer trading may take place in certain of the Offered Securities, including Offered Securities not listed on any securities exchange.

If underwriters are used in the offer and sale of Offered Securities, the Offered Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The Offered Securities may be offered to the public either through underwriting syndicates represented by managing underwriters, or by underwriters without a syndicate, all of which underwriters in either case will be designated in the applicable Prospectus Supplement. Unless otherwise set forth in the applicable Prospectus Supplement, under the terms of the underwriting agreement, the obligations of the underwriters to purchase Offered Securities will be subject to certain conditions precedent and the underwriters will be obligated to purchase all the Offered Securities if any are purchased. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

Offered Securities may be offered and sold directly by the Company or through agents designated by the Company from time to time. Any agent involved in the offer or sale of the Offered Securities with respect to which this Prospectus is delivered will be named in, and any commissions payable by the Company to such agent will be set forth in or calculable from, the applicable Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any such agent will be acting on a best-efforts basis for the period of its appointment.

The Offered Securities will be new issues of securities with no established trading market. Any underwriters to whom Offered Securities are sold by the Company for public offering and sale may make a market in such Offered 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 Securities.

Any underwriter, dealer or agent participating in the distribution of the Offered Securities may be deemed to be an underwriter, as that term is defined in the Securities Act, of the Offered Securities so offered and sold, and any discounts or commissions received by it from UCFC and any profit realized by it on the sale or resale of the Offered Securities may be deemed to be underwriting discounts and commissions under the Securities Act.

Under agreements entered into with the Company, underwriters, dealers and agents may be entitled to indemnification by the Company against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which the underwriters or agents may be required to make in respect thereof.

Underwriters, dealers and agents also may be customers of, engage in transactions with, or perform other services for the Company in the ordinary course of business.

LEGAL OPINIONS

The legality of the Debt Securities will be passed upon for the Company by Stroock & Stroock & Lavan, New York, New York. The legality of the Common Stock and Preferred Stock will be passed upon for the Company by Kantrow, Spaht, Weaver & Blitzer (A Professional Law Corporation), Baton Rouge, Louisiana. Certain legal matters in connection with any offering of Securities involving any underwriters or dealers will be passed upon for such underwriters or dealers by Simpson Thacher & Bartlett (a partnership which includes professional corporations), New York, New York. As to matters governed by the laws of the State of Louisiana, Stroock & Stroock & Lavan and Simpson Thacher & Bartlett will rely upon Kantrow, Spaht, Weaver & Blitzer (A Professional Law Corporation). As of March 31, 1995, individual stockholders of the firm of Kantrow, Spaht, Weaver & Blitzer (A Professional Law Corporation) owned, directly or indirectly, approximately 25,000 shares of the Company's Common Stock.

EXPERTS

The consolidated financial statements and the related financial statement schedules incorporated in this Prospectus by reference from UCFC's Annual Report on Form 10-K for the year ended December 31, 1994, as amended by Amendment No. 1 on Form 10-K/A, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report, which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

With respect to the unaudited interim financial information for the periods ended March 31, 1995 and 1994, which is incorporated herein by reference, Deloitte & Touche LLP have applied limited procedures in accordance with professional standards for a review of such information. However, as stated in their reports included in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995 and incorporated by reference herein, they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Deloitte & Touche LLP are not subject to the liability provisions of Section 11 of the Securities Act for their reports on the unaudited interim financial information because those reports are not "reports" or a "part" of the registration statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Securities Act.

No dealer, salesperson or other individual has been authorized to give any information or to make any representations other than those contained in this Prospectus Supplement or the Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or by the Underwriters. This Prospectus Supplement and the Prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this Prospectus Supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus Supplement or the Prospectus nor any sale made

hereunder or thereunder shall, under any circumstances, create any implication that the information contained herein or therein is correct as of any time subsequent to the date of such information.

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1,700,000 SHARES

UNITED COMPANIES
FINANCIAL CORPORATION

[LOGO]

6 3/4% PRIDESM

CONVERTIBLE PREFERRED STOCK
PAR VALUE \$2.00 PER SHARE

PROSPECTUS SUPPLEMENT

MERRILL LYNCH & CO.

SALOMON BROTHERS INC

PRUDENTIAL SECURITIES INCORPORATED
JUNE 12, 1995
SMSERVICE MARK OF MERRILL LYNCH & CO., INC.

