FORM 8-A12B

Form for the registration/listing of a class of securities on a national securities exchange pursuant to Section 12(b)

Filing Date: **1994-01-19**
SEC Accession No. 0000950152-94-000035

FILER

NATIONAL CITY CORP

CIK:**69970**| IRS No.: **341111088** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **8-A12B** | Act: **34** | File No.: **001-10074** | Film No.: **94501864**
SIC: **6021** National commercial banks

Business Address
1900 E NINTH ST
CLEVELAND OH 44114
2165752000

1

FORM 8-A

SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FOR REGISTRATION OF CERTAIN CLASSES OF SECURITIES

PURSUANT TO SECTION 12(b) OR (g) OF THE

SECURITIES EXCHANGE ACT OF 1934

National City Corporation
(Exact name of registrant as specified in charter)

Delaware	34-1111088
(State of incorporation or organization)	(I.R.S. Employer Identification No.)

1900 East Ninth Street
Cleveland, OH 44114
(216) 575-2000
(Address of principal executive offices)

Securities to be registered pursuant to Section 12(b) of the Act:

National City Corporation $100,000,000 principal amount, 8 3/8% Notes due 1996, New York Stock Exchange

National City Corporation $75,000,000 principal amount Floating Rate Subordinated Notes due 1997, New York Stock Exchange

First Kentucky National Corporation $50,000,000 principal amount Floating Rate Notes due 1997, New York Stock Exchange

Merchants National Corporation $65,000,000 principal amount 9 7/8% Subordinated Notes due 1999, New York Stock Exchange

DESCRIPTIONS OF THE REGISTRANT'S SECURITIES TO BE REGISTERED:

Reference is made to each specimen copy of the note, each Prospectus and each Indenture relating to these securities which, as exhibits, are incorporated herein and made part hereof

2

NATIONAL CITY CORPORATION

CROSS REFERENCE SHEET PURSUANT TO RULE 404(a) OF THE SECURITIES ACT OF 1933 AND ITEM 501(b) OF REGULATION S-K, SHOWING THE LOCATION IN THE PROSPECTUS OF THE INFORMATION REQUIRED BY FORM 8-A

<TABLE>
<CAPTION>

ITEM OF FORM 8-A	LOCATION OR CAPTION IN PROSPECTUS
<S>	<C>
1. Description of Registrant's Securities to be Registered.	Outside front cover page of Prospectus's and Form of Note/Security Section of applicable Indenture.
2. Exhibits	See exhibit on page 2

</TABLE>

<TABLE>

EXHIBIT INDEX

<CAPTION>

EXHIBIT NUMBER	EXHIBIT DESCRIPTION	PAGE NUMBER IN SEQUENTIALLY NUMBERED COPY
<S>	<C>	<C>
99.1	Specimen copy of National City Corporation $100,000,000 8 3/8% Note Due 1996	1
99.2	Specimen copy of National City Corporation $75,000,000 Floating Rate Subordinated Note Due 1997	3
99.3	Specimen copy of First Kentucky National Corporation $50,000,000 Floating Rate Note Due 1997	5
99.4	Specimen copy of Merchants National Corporation $65,000,000 9 7/8% Subordinated Note Due 1999	9
99.5	Copy of the National City Corporation $100,000,000 8 3/8% Note Due 1996 Prospectus dated March 13, 1986 and Indenture dated March 15, 1986	13
99.6	Copy of the National City Corporation $75,000,000 Floating Rate Subordinated Note Due 1997 Prospectus dated January 22, 1985 and Indenture dated January 15, 1985	107
99.7	Copy of the First Kentucky National Corporation $50,000,000 Floating Rate Note Due 1997 Prospectus dated October 9, 1985 and Indenture dated October 15, 1985	215
99.8	Copy of the Merchants National Corporation $65,000,000 9 7/8% Subordinated Note Due 1999 Prospectus dated September 27, 1989, First Supplemental Prospectus dated as of April 29, 1992, Second Supplemental Prospectus dated as of December 31 1992, and Indenture dated October 1, 1989	415

</TABLE>

EXHIBITS:

Specimen copy of National City Corporation $100,000,000 8 3/8% Note Due 1996

Specimen copy of National City Corporation $75,000,000 Floating Rate Subordinated Note Due 1997

Specimen copy of First Kentucky National Corporation $50,000,000 Floating Rate Note Due 1997

Specimen copy of Merchants National Corporation $65,000,000 9 7/8% Subordinated Note Due 1999

Copy of the Prospectus and Indenture associated with the National City Corporation $100,000,000 8 3/8% Note Due 1996

Copy of the Prospectus and Indenture associated with the National City Corporation $75,000,000 Floating Rate Subordinated Note Due 1997

Copy of the Prospectus and Indenture associated with the First Kentucky National Corporation $50,000,000 Floating Rate Note Due 1997

Copy of the Prospectus, Indenture, and supplemental Indentures associated with the Merchants National Corporation $65,000,000 9 7/8% Subordinated Note Due 1999

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereto duly authorized.

(Registrant) National City Corporation

Date: January 11, 1994

By: /s/Robert G. Siefers

Robert G. Siefers
Executive Vice President

EXHIBIT 99.1

7-5438-113-86

REGISTERED

NUMBER
R

8 3/8% NOTE
DUE 1996

NATIONAL CITY CORPORATION

National City Corporation, a Delaware corporation (hereinafter called the "Company," which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to

8 3/8%
DUE 1996

CUSIP 635405 AF 0
SEE REVERSE FOR CERTAIN DEFINITIONS

S P E C I M E N

or registered assigns, the principal sum of DOLLARS

on March 15, 1996, and to pay interest thereon from March 15, 1986, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on March 15 and September 15 in each year, commencing September 15, 1986, at the rate of 8 3/8% per annum, until the principal hereof is paid or made available for payment. The interest so payable and punctually paid or duly provided for, on any Interest Payment Date will as provided in such indenture be paid to the Person in whose name this note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such interest, which shall be the March 1 or September 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest which is payable but is not so punctually paid or duly provided for will forthwith cease to be payable to the Holder or such Regular Record Date and may either be paid to the Person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business as a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Notes of this series not less than 10 day sprior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of and any such interest on this Note will be made at the office or agency of the Company initially maintained for that

purpose in The Borough of Manhattan, The City of New York in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, provided, however, that at the option of the Company payment of interest may be made by check mailed on or prior to an Interest Payment Date to the address of the Person entitled thereto as such address shall appear in the Security Register.

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

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

In Witness Whereof, the Company has caused this instrument to be executed under its corporate seal.

National City Corporation

Attest

Secretary

By

Chairman of the Board

SEAL

NATIONAL CITY CORPORATION
COUNTY OF DELAWARE

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the notes of the series provided for under the within-mentioned Indenture

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Trustee

By

Authorized Officer

NATIONAL CITY CORPORATION
8 3/8% NOTE DUE 1996

This Note is one of a duly authorized issue of debentures, notes or other evidences of indebtedness of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of March 15, 1986 (herein called the "Indenture"), between the Company and Morgan Guaranty Trust Company of New York, as Trustee (herein called the "Trustee", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and

immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. The Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption provisions (if any), may be subject to different sinking, purchase or analogous funds (if any), may be subject to different covenants and Events of Default and may otherwise vary as in the Indenture provided. This Note is one of a series of Notes of the Company designated as set forth on the face hereof (herein called the "8 3/8% Notes Due 1996"), limited in aggregate principal amount to $100,000,000.

This Note is not subject to redemption prior to maturity.

If an Event of Default with respect to Notes of this series shall occur and be continuing, the principal of the Notes of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series under the Indenture at any time by the Company and the Trustee with the consent of the Holders of 66 2/3% in aggregate principal amount of the Securities at the time Outstanding of each series to be affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note. The Indenture contains provisions setting forth certain conditions to the institution of proceedings by Holders of Securities with respect to the Indenture or for any remedy under the Indenture.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registerable in the Security Register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and interest on this Note are payable, duly endorsed, or accompanied by a written instrument of transfer in form satisfactory to the Company or the Security Registrar duly executed, by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of this series, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes of this series are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, this Note is exchangeable for a like aggregate principal amount of Notes of this series of different authorized denominations, as requested by the Holder surrendering the same.

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

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

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

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- as tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT -- Custodian

(Cust) (Minor)
under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

- ---

- ---

Please print or typewrite name and address including
postal zip code of assignee

- ---

the within Note and all rights thereunder, hereby irrevocably constituting and appointing

- --- attorney

to transfer said Note on the books of the Company, with full power of substitution in the premises.

Dated:

NOTICE The siganture to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatever.

EXHIBIT 99.2

7- 1405-113 -85

REGISTERED REGISTERED

NUMBER
R

FLOATING RATE SUBORDINATED NOTE DUE 1997 FLOATING RATE SUBORDINATED NOTE DUE 1997

NATIONAL CITY CORPORATION

National City Corporation, a Delaware corporation (hereinafter called the "Company," which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to

DUE 1997 DUE 1997

CUSIP 635405 AF 0

SEE REVERSE FOR CERTAIN DEFINITIONS

or registered assigns, the principal sum of DOLLARS

on the Interest Payment Date (as hereinafter defined) in January 1997, and to pay interest on said principal sum quarterly on the Interest Payment Dates in January, April, July and October in each year, commencing on the first Interest Payment Date after the date hereof, at the rates per annum determined as provided below, from January ...., 1985 (the "Issue Date"), or from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if the date hereof is an Interest Payment Date to which the interest has been paid or duly provided for, then from the date hereof, until payment of said principal sum has been made or duly provided for. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date, will, as provided in such Indenture, be paid to the person in whose name this Note (or one or more Predecessor Notes, as defined in said Indenture) is registered at the close of business on the date which is the 15th day (whether or not a Business Day or a New York Business Day (as such terms are defined below)) immediately preceding such Interest Payment Date ("Regular Record Date"). Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered holder on such Regular Record Date and may be paid to the person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to holders of Notes not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange or national market on which the Notes may be listed, and upon such notice as may be required by such exchange or market, all as more fully provided in said Indenture. Payment of

the principal of and interest on this Note will be made at the office or agency of the Company maintained for such purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; PROVIDED, HOWEVER, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Note Register.

This Note shall bear interest in respect of each Interest Period (as defined below) at the rate per annum (herein called the "Rate of Interest") calculated for such Interest Period by Citibank, N.A., or its successor as agent bank (herein called the "Agent Bank"), on the basis of rates supplied to it by Citibank, N.A., Morgan Guaranty Trust Company of New York, Barclays Bank International Limited and Deutsche Bank AG (the "Reference Banks", which term shall include any successor Reference Bank appointed by the Company as provided in the Notes), in accordance with the following provisions:

(i) On the second New York Business Day prior to the commencement of each Interest Period, or if such day is not a Business Day, then the Business Day immediately preceding such day (the "Interest Determination Date"), the Agent Bank will request the principal London office of each of the Reference Banks to provide the Agent Bank with its offered quotation for United States dollar deposits for the Interest Period concerned to leading banks in the London interbank market at approximately 11:00 A.M. (London time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall, subject to (iv) below, be .... 0f 1% per annum above the arithmetic mean (rounded upwards, if necessary, to the nearest multiple of 1/16 of 1%) of such offered quotations, as determined by the Agent Bank.

(ii) If on any Interest Determination Date at least two but fewer than all the Reference Banks provide the Agent Bank with such offered quotations, the Rate of Interest for the relevant Interest Period shall, subject to (iv) below, be determined in accordance with (i) above on the basis of the offered quotations of those Reference Banks providing such quotations.

(iii) If on any Interest Determination Date only of or none of the Reference Banks provides the Agent Bank with such offered quotations, the Rate of Interest for the relevant interest Period shall, subject to (iv) below, be whichever is the higher of:

(a) the Rate of Interest in effect for the last preceding Interest Period to which (i) or (ii) above shall have applied; and

(b) the Reserve Interest Rate. The "Reserve Interest Rate" shall be the rate per annum which the Agent Bank determines to be either (i) .... of 1% per annum above the arithmetic mean (rounded upwards as aforesaid) of the offered rates which leading banks in The City of New York selected by the Agent Bank (after consultation with the Company) are quoting on the relevant Interest Determination Date for United States dollar deposits for the next Interest Period to the principal London office of each of the Reference Banks or those of them (being at least two in number) to which such offered quotations are, in the opinion of the Agent Bank,

being so made, or (ii) in the event that the Agent Bank can determine

no such arithmetic mean, ... of 1% per annum above the arithmetic mean (rounded upwards as aforesaid) of the offered rates which leading banks in The City of New York selected by the Agent Bank (after consultation with the Company) are quoting on such Interest Determination Date to leading European banks for United States dollar deposits for the next Interest Period; provided that if the banks selected as aforesaid by the Agent Bank are not quoting as mentioned above, the Rate of Interest shall be the Rate of Interest specified in (a) above.

(iv) In no event shall the Rate of Interest be less than 5-1/4% per annum.

For the purpose of this paragraph, "Business Day" shall mean any day, other than a Saturday or Sunday, on which banking institutions in London and The City of New York are open for business, and "New York Business Day" shall mean any day, other than a Saturday or Sunday, on which banking institutions in The City of New York are open for business. Interest on the Notes in respect of each Interest Period will accrue at the applicable Rate of Interest from and including the first day of such Interest Period to but excluding the Interest Payment Date that is the last day of such Interest Period. The Agent Bank shall calculate the amount of interest payable in respect of each $1,000 principal amount of Notes for such Interest Period (the "Interest Amount") by applying the Rate of Interest to $1,000 and multiplying such amount by the actual number of days for which interest is payable in the applicable Interest Period divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards). The Notes will bear interest from the Issue Date, and such interest will be payable on each date (an "Interest Payment Date") which, except as provided below, is three calendar months after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Issue Date; provided, that the first Interest Payment Date shall be no later than April 30, 1985. If any Interest Payment Date would otherwise be a day which is not a New York Business Day, the Interest Payment Date shall be postponed to the next day which is a New York Business Day unless it would thereby be in the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding New York Business Day and (ii) thereafter, each subsequent Interest Payment Date shall be the last New York Business Day of the third month after the month is which the preceding Interest Payment Date shall have occurred. The period beginning on the Issue Date and ending on and including the first Interest Payment Date and each successive period beginning on an Interest Payment Date and including the next succeeding Interest Payment Date is herein called an "Interest Period". As soon as possible after 11:00 A.M. (London time) on each Interest Determination Date, but in no event later than 11:00 A.M. (London time) on the New York Business Day immediately following each such Interest Determination Date, the Agent Bank shall notify the Company and the Trustee of the Interest Payment Date for the next Interest Period and the Rate of Interest and the Interest Amount determined by it, specifying to the Company the quotations upon which the Rate of Interest is based, and in any event the Agent Bank shall notify the Trustee and the Company before 2:00 P.M. (London time) on each Interest Determination Date that either; (i) it has determined or is in the process of determining the Rate of Interest and the Interest Amount or (ii) it has not determined and is not in the process of determining the Rate of Interest and the Interest Amount, together with its reason therefor. The Company shall use

its best efforts to cause the Agent Bank to use its best efforts to cause such Rate of Interest, Interest Amount and Interest Payment Date to be published in an Authorized Newspaper (as such term is defined in the Indenture) in The City of New York as soon as possible after determination of the Rate of Interest and the Interest Amount but in no event later than the fourth New York Business Day following the applicable Interest Determination Date (except that no such publication need be made after the Notes have been declared due and payable pursuant to Section 502 of the Indenture). The Interest Amount and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of the Rate of Interest by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties. The Company agrees that, until the Notes are paid or payment thereof is duly provided for, there shall at all times be at least three Reference Banks and an Agent Bank in respect of the Notes and that each such Reference Bank and Agent Bank shall be a leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market, shall not control, be controlled by, or be under common control with, the Company and shall have an established place of business in London. In the event that any such Reference Bank or Agent Bank shall be unwilling or unable to act as such Reference Bank or Agent Bank or that such Agent Bank shall fail duly to determine the Rate of Interest and the Interest Amount for any Interest Period, the Company shall promptly appoint a Reference Bank or Agent Bank (qualified as aforesaid), as the case may be, to act as such in its place.

The provisions of this Note are continued on the reverse side hereof and such continued provisions shall for all purposes have the same effect as it set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof, directly or through an authenticating agent, by the manual signature of an authorized signatory, this Note shall not be entitled to any benefit under said Indenture or be valid or obligatory for any purpose.

In Witness Whereof, the Company has caused this instrument to be executed under its corporate seal.

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the within-mentioned Indenture.

CITIBANK, N.A.

By as Trustee

Authorized Officer

SEAL

NATIONAL CITY CORPORATION

COUNTY OF DELAWARE

National City Corporation

Attest By

Secretary Chairman of the Board

2

NATIONAL CITY CORPORATION
FLOATING RATE SUBORDINATED NOTE DUE 1997

This Note is one of a duly authorized issue of Notes of the Company designated as its Floating Rate Subordinated Notes Due 1997 (the "Notes"), limited in aggregate principal amount to $75,000,000, issued and to be issued under an Indenture dated as of January 15, 1985 (the "Indenture"), between the Company and Citibank, N.A., Trustee (the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights thereunder of the Company, the Trustee and the holders of the Notes and the terms upon which the Notes are, and are to be, authenticated and delivered. Unless otherwise herein defined, all terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The Indenture provides for the creation of a segregated fund (the "Note Fund") to be held by the Trustee or an agent thereof. The Note Fund is being created for certain United States bank regulatory purposes and, although it is expected to provide a source of funds for the payment of the Notes, the Note Fund will not constitute security for the Notes. Amounts in the Note Fund will consist solely of (i) the net proceeds of the sale for cash (the "Cash Proceeds") from time to time of shares of Common Stock or Perpetual Preferred Stock or Other Equity Securities of the Company (as such terms are defined in the Indenture) (such "Common Stock", "Perpetual Preferred Stock" and "Other Equity Securities" being hereinafter in this Note collectively referred to as "Capital") and (ii) funds equal to the market value (as determined by the Company) of Capital sold from time to time in exchange for other property (including, without limitation, Capital issued upon conversion of convertible securities now or hereafter outstanding which do not constitute Capital) less the expenses to effect any such exchanges (the "Exchange Proceeds"), in each case which the Company from time to time shall elect to deposit into the Note Fund. The Company has covenanted and agreed that (i) by the Interest Payment Date in January 1989, it will have sold Capital, either for cash or in exchange for other property, in a sufficient amount so that the aggregate of the Cash Proceeds and the Exchange Proceeds will equal at least one-third of the original aggregate principal amount of the Notes (or such lesser amounts as the Federal Reserve Board (as defined in the Indenture) may permit from time to time) and will have deposited into the Note Fund funds equivalent to such amount, (ii) by the Interest Payment Date in January 1993, it will have sold Capital, either for cash or in exchange for other property, in a sufficient amount so that the aggregate of the Cash Proceeds and the Exchange Proceeds will equal at least two-thirds of the original aggregate principal amount of the Notes (or such lesser amount as the Federal Reserve Board may permit from time to time) and will have deposited into the Note Fund funds equivalent to such amount and (iii) by 60 days prior to the Interest Payment Date in January

1997, it will have sold Capital, either for cash or in exchange for other property, in a sufficient amount so that the aggregate of the Cash Proceeds and the Exchange Proceeds will equal not less than the original aggregate principal amount of the Notes (or such lesser amount as the Federal Reserve Board may permit from time to time) and will have deposited into the Note Fund funds equivalent to such amount, provided, however, that such covenant and agreement of the Company shall be cancelled, and amounts theretofore deposited into the Note Fund will, at the request of the Company, be repaid to it, in the event that the Federal Reserve Board shall determine that the indebtedness represented by the Notes in excess of amounts theretofore deposited into the Note Fund will not be treated for United States bank regulatory purposes as "primary capital" of the Company or in the event that the Notes shall cease being treated as "primary capital" of the Company or in the event that the Company shall have redeemed the Notes pursuant to clause (ii) of the third sentence of the second succeeding paragraph of this Note.

Unless the Notes shall have been accelerated upon the occurrence of an Event of Default or the Company shall elect to redeem the Notes pursuant to clause (ii) of the third sentence of the next paragraph of this Note or the Federal Reserve Board shall have made the determination referred to in the proviso to the final sentence of the immediately preceding paragraph, or the Notes cease being treated as "primary capital" of the Company, the principal of the Notes shall be payable prior to their final maturity in January 1997 solely from funds in the Note Fund. Amounts in the Note Fund will not be available for the payment of interest on the Notes. The obligation of the Company to make payment of all amounts of principal of the Notes upon redemption, at their final maturity in January 1997 and in the event of acceleration of the Notes upon the occurrence of an Event of Default and the indebtedness of the Company for such principal amounts, will not be affected by whether or to what extent amounts are in the Note Fund. All interest or discount earned on investments of amounts held in the Note Fund and any profit realized therefrom shall be promptly paid to the Company and will not be deemed to be part of the Note Fund.

The Notes may not be redeemed before the Interest Payment Date in January 1989. On the Interest Payment Date in January 1989 and on any day thereafter, the Notes may be redeemed, as a whole or from time to time in part, at the option of the Company, on not less than 30 nor more than 60 days' prior notice given as provided in the Indenture at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus interest accrued and unpaid to the date of redemption. Any such redemption may be made (i) solely out of funds in the Note Fund, provided that no notice of any such redemption to be made solely out of funds in the Note Fund may be given unless there are sufficient funds available in the Note Fund to pay the principal amount of the Notes to be redeemed; or (ii) from any source, irrespective of the amount of funds available in or theretofore deposited in the Note Fund, if (x) the Federal Reserve Board shall have approved such redemption from a source other than funds in the Note Fund or (y) if the Federal Reserve Board shall determine that the indebtedness represented by the Notes in excess of amounts theretofore deposited in the Note Fund will not be treated for United States bank regulatory purposes as "primary capital" of the Company or (z) if the Notes shall cease being treated as "primary capital" of the Company.

Notes of a denomination larger than $1,000 may be redeemed in part in principal amounts equal to $1,000 or any integral multiple thereof. Upon any

partial redemption of any such Notes the same shall be surrendered in exchange for one or more new Notes for the unredeemed portion of principal. Notes (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture shall cease to bear interest from and after the date fixed for redemption.

The indebtedness of the Company evidenced by the Notes, including the principal thereof and interest thereon, is, to the extent and in the manner set forth in the Indenture subordinate and junior in right of payment to its obligations to holders of Senior Indebtedness of the Company (as defined in the Indenture), and each holder of Notes, by the acceptance thereof, agrees to and shall be bound by such provisions of the Indenture.

If an Event of Default (defined in the Indenture as certain events involving the bankruptcy, insolvency or reorganization of the Company) shall occur and be continuing, the principal of all the Notes may be declared due and payable in the manner and with the effect provided in the Indenture. There is no right of acceleration in the case of a default in the payment of interest on the Notes or the performance of any other covenant of the Company.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the time, place and rates, and in the coin or currency, herein prescribed.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the holders of the Notes under the Indenture at any time by the Company with the consent of the holders of 66 2/3% in aggregate principal amount of the Notes at the time Outstanding, as defined in the Indenture. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Notes at the time Outstanding, as defined in the Indenture, on behalf of the holders of all the Notes, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the holder of this Note shall be conclusive and binding upon such holder and upon all future holders of this Note and of any Note issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Note or any such other Note.

As provided in the Indenture and subject to certain limitations therein set forth, this Note is transferable on the Note Register of the Company, upon surrender of this Note for transfer at the office or agency of the Company in any place where the principal of and interest on this note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Note Registrar duly executed by the registered holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The Notes are issuable only as registered Notes without coupons in denominations of $1,000 and any integral multiple of $1,000. As provided in the Indenture, and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes of different authorized denominations as requested by the holder surrendering the same.

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

Prior to due presentment for transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

_____

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT -- ..... Custodian .....
(Cust) (Minor)
under Uniform Gifts to Minors Act .....
(State)

Additional abbreviations may also be used though not in the above list.

_____

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

_____
Please print or typewrite name and address including postal zip code of assignee

_____
the within Note and all rights thereunder, hereby irrevocably constituting and appointing

_____ attorney to transfer said Note on the books of the Company, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatever.

EXHIBIT 99.3

REGISTERED REGISTERED

R $

FIRST KENTUCKY NATIONAL CORPORATION
FLOATING RATE NOTE DUE 1997

FIRST KENTUCKY NATIONAL CORPORATION, a corporation duly organized and existing under the laws of the Commonwealth of Kentucky (herein called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received hereby promises to pay to

CUSIP 320652 AA 8
SEE REVERSE FOR CERTAIN DEFINITIONS

FLOATING RATE NOTE DUE 1997 FLOATING RATE NOTE DUE 1997

or registered assigns, the principal sum of DOLLARS

on October 31, 1997, and to pay interest on said principal sum quarterly in arrears on the Interest Payment Dates (as defined on the reverse hereof) in January, April, July and October in each year, commencing January 17, 1986, at the rates per annum determined as provided on the reverse hereof, from October 17, 1985, or, if the date of this Note is later, from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if the date hereof is an Interest Payment Date to which interest has been paid or duly provided for, then from the date hereof, or if this Note is dated after a Regular Record Date and before the next succeeding Interest Payment Date, from such next succeeding Interest Payment Date, until the principal hereof is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a Business Day) next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Notes not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of

any securities exchange or national market on which the Notes may be listed, and upon such notice as may be required by such exchange or market, all as more fully provided in said Indenture.

Payment of the principal of and interest on this Note will be made at the office or agency of the Company maintained for that purpose provided for in said Indenture, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Note Register.

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

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

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

Dated_____ FIRST KENTUCKY NATIONAL CORPORATION

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the within-mentioned Indenture.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,
as Trustee

By

Authorized Officer

Attest: By:

Secretary President

FIRST KENTUCKY NATIONAL CORPORATION
FLOATING RATE NOTE DUE 1997

This Note is one of a duly authorized issue of Notes of the Company (herein called the "Notes"), limited in aggregate principal amount to $50,000,000, issued under an Indenture, dated as of October 15, 1985 (herein called the "Indenture"), between the Company and Morgan Guaranty Trust Company of New York, Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and Holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered.

This Note shall bear interest in respect of each Interest Period (as defined below) at the rate per annum (the "Rate of Interest") calculated for such Interest Period by Morgan Guaranty Trust Company of New York or its successor as agent (the "Agent"), on the basis of rates supplied to it by Morgan Guaranty Trust Company of New York, Manufacturers Hanover Trust Company, National Westminster Bank PLC and Algemene Bank Nederland N.V. (the "Reference Banks", which term shall include any successor Reference Bank appointed by the Company as herein provided), in accordance with the following provisions:

(i) On the second Business Day prior to the commencement of each Interest Period (the "Interest Determination Date"), the Agent will request the principal London office of each of the Reference Banks to provide the Agent at its London office with its offered quotation for three-month United States dollar deposits to leading banks in the London interbank market at approximately 11:00 A.M. (London time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall be at a rate 1/8 of 1% per annum above the arithmetic mean of such offered quotations (rounded upward, if necessary, to the nearest multiple of 1/16 of 1%), as determined by the Agent.

(ii) If on any Interest Determination Date at least two but fewer than all the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with paragraph (i) above on the basis of the offered quotations of those Reference Banks providing such quotations.

(iii) If on any Interest Determination Date only one or none of the Reference Banks provides the Agent with such an offered quotation, the Rate of Interest for the relevant Interest Period shall be whichever is the higher of:

(a) the Rate of Interest in effect for the last preceding Interest Period to which the provisions of paragraph (i) or (ii) above shall have applied; or

(b) the Reserve Interest Rate. The "Reserve Interest Rate" shall be the rate per annum (rounded upward as aforesaid) which the Agent determines to be either (x) the rate 1/8 of 1% per annum above the arithmetic mean of the offered rates which leading banks in New York City selected by the Agent (after consultation with the Company) are quoting on the relevant Interest Determination Date for three-month United States dollar deposits to the principal London office of each of the Reference Banks or those of them (being at least two in number) to which such offered quotations are, in the opinion of the Agent, being so made, or (y) in the event that the Agent can determine no such arithmetic mean, the rate 1/8 of 1% per annum above the arithmetic mean of the offered rates which leading banks in New York City selected by the Agent (after consultation with the Company) are quoting on such Interest Determination Date to leading European banks for three-month United States dollar deposits; provided that if the banks selected as aforesaid by the Agent are not quoting as mentioned above, the Rate of Interest shall be the Rate of Interest specified in (a) above.

For the purpose of determining the Rate of Interest, the term "Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday, Wednesday, Thursday or Friday which is not a day on which banking institutions in London or New York City are authorized or obligated by law or executive order to close; for all other purposes of this Note, the term "Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday or Friday which is not a day on which banking institutions in New York City are authorized or obligated by law or executive order to close. Interest on the Notes in respect of each Interest Period will accrue at the Rate of Interest established on the Interest Determination Date immediately preceding the commencement of such Interest Period from and including the first day of such Interest Period to and including the day preceding the next Interest Payment Date. The Agent shall calculate the amount of interest payable in respect of each $1,000 principal amount of Notes for such Interest Period (the "Interest Amount") by applying the Rate of Interest to $1,000 and multiplying such amount by the actual number of days for which interest is payable on the next Interest Payment Date with respect to the applicable Interest Period divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upward). Interest will be payable on each date (the "Interest Payment Date") which, except as provided below, is three calendar months after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, January 17, 1986 and in the case of the final Interest Payment Date, October 31, 1997. If any Interest Payment Date would otherwise be a day which is not a Business Day, the Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby be in the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) thereafter, each subsequent Interest Payment Date shall be the last Business Day of the third month after the month in which the preceding Interest Payment Date shall have occurred. The period beginning on (and including) October 17, 1985 and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "Interest Period". As soon as possible after 11:00 A.M. (London time) on each Interest Determination Date, but in no event later than 11:00 A.M. (London time) on the Business Day immediately following each such Interest Determination Date, the Agent shall notify the Company and the Trustee of the Interest Payment Date for the next Interest Period and the Rate of Interest and the Interest Amount determined by it, specifying to the Company the quotations upon which the Rate of Interest is based, and in any event the Agent shall notify the Trustee and the Company before 2:00 P.M. (London time) on each Interest Determination Date that either; (i) it has determined or is in the process of determining the Rate of Interest and the Interest Amount or (ii) it has not determined and is not in the process of determining the Rate of Interest and the Interest Amount, together with its reasons therefor. The Agent shall use its best efforts to cause such Rate of Interest, Interest Amount and Interest Payment Date to be published in a leading newspaper in the English language circulated on Business Days in New York City as soon as possible after determination of the Rate of Interest and the Interest Amount but in no event later than the fourth Business Day following the applicable Interest Determination Date. The Interest Amount and Interest Payment Date so published may subsequently be amended without notice

in the event of an extension or shortening of the Interest Period. The determination of the Rate of Interest by the Agent shall (in the absence of manifest error) be final and binding upon all parties. The Company agrees that, until the Notes are paid or payment thereof is duly provided for, there shall at all times be at least four Reference Banks (one of which may be the Agent) and an Agent in respect of the Notes and that each such Reference Bank shall be a leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market, and that each Reference Bank and Agent shall not control, be controlled by or be under common control with, the Company and shall have an established place of business in London. Subject to the foregoing sentence, the Company may from time to time terminate the appointment of the Agent or any Reference Bank and appoint a replacement therefor. In the event that any such Reference Bank or Agent shall be unwilling or unable to act as such Reference Bank or Agent or that such Agent shall fail duly to determine the Rate of Interest and the Interest Amount for any Interest Period, the Company shall promptly appoint a Reference Bank or Agent (qualified as aforesaid), as the case may be, to act as such in its place. The Company and the Agent will agree that the Agent will not resign until a successor has been appointed. The Company will further agree that each successor Agent shall be a leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market, shall not control, be controlled by, or be under common control with, the Company and shall have an established place of business in London.

The Notes are subject to redemption at any time on and after the Interest Payment Date in October 1989, upon not less than 30 days' nor more than 60 days' notice by mail, as a whole or in part, at the election of the Company, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the Redemption Date; provided that interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Notes, or one or more Predecessor Notes, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.

In the event of the redemption of this Note in part only, a new Note or Notes for the unredeemed portion hereof will be issued in the name of the Holder hereof upon presentation for redemption and cancellation of this Note.

If an Event of Default shall occur and be continuing, the principal of all the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

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

such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Note Register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Note Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth. Notes are exchangeable for a like aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same.

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

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

No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture or any indenture supplemental thereto, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

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

_____

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- as tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT -- _____ Custodian_____
(Cust) (Minor)

under Uniform Gifts to Minors
Act_____
(State)

Additional abbreviations may also be used though not in the above list.

_____

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

_____

_____
Please print or typewrite name and address including
postal zip code of assignee

_____
the within Note and all rights thereunder, hereby irrevocably constituting and appointing

_____ attorney to transfer said Note on the books of the Company, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatever.

EXHIBIT 99.4

THIS NOTE IS NOT A DEPOSIT AND
IS NOT INSURED BY A FEDERAL AGENCY

REGISTERED REGISTERED

NO. R MERCHANTS NATIONAL CORPORATION $
9 7/8% SUBORDINATED NOTE DUE 1999

CUSIP 589152 AA 5

MERCHANTS NATIONAL CORPORATION, a corporation duly organized and existing under the laws of the State of Indiana (herein called the "Company"), for value received, hereby promises to pay to

, or registered assigns, the princial sum of DOLLARS

on October 1, 1999, at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest, semiannually on April 1 and October 1 of each year commencing April 1, 1990, on said principal sum at such office or agency, in like coin or currency, at the rate per annum specified in the title of this Note. Interest on this Note will accrue from the most recent date to which interest has been paid or duly provided for, unless no interest has been paid or duly provided for on this Note, in which case from October 1, 1989, until payment of the princial has been made or duly provided for. Notwithstanding the foregoing, when there is no existing default in the payment of interest on the Notes, if the date of this Note is after the close of business on the record date (as defined below), and before the following April 1 or October 1, as the case may be, this Note shall bear interest from such April 1 or October 1; provided, however, that if the Company shall default in the payment of interest due on such April 1 or October 1 and a record date for such payment in default after such April 1 or October, as the case may be, is established pursuant to the Indenture, then this Note shall bear interest from the next preceding April 1 or October 1 to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for on the Notes, from October 1, 1989. The interest so payable on any April 1 or October 1 will, subject to certain exceptions provided in the Indenture referred to on the reverse of this Note, be paid to the person in whose name this Note (or one or more Predecessor Notes, as such term is defined in the Indenture) is registered at the close of business on the March 15 or September 15 next preceding such April 1 or October 1 or, if such March 15 or September 15 is not a Business Day, the next preceding day which is a Business Day (a "record date") and may, at the option of the Company, be paid by check

mailed to the registered address of such person. As used in this Note, the term "Business Day" shall mean any day other than a Saturday or Sunday or a day on which banking organizations in the Borough of Manhattan, The City of New York, are authorized or obligated by law, regulation or executive order to close. Interest on this Note shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Reference is made to the further provisions of this Note set forth on the reverse of this Note, including, without limitation, provisions subordinating the payment of principal and interest on this Note to the prior payment in full of all Senior Indebtedness (as defined in the Indenture). Such further provision shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication on this Note shall have been duly signed by the Trustee under the Indenture referred to on the reverse of this Note.

IN WITNESS WHEREOF, Merchants National Corporation has caused this instrument to be duly executed under its corporate seal.

MERCHANTS NATIONAL CORPORATION

Attest:

Secretary

By

President

CORPORATE SEAL
MERCHANTS NATIONAL CORPORATION
INDIANA

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes described in the within-mentioned Indenture.

MANUFACTURERS HANOVER TRUST COMPANY, As Trustee

By

Authorized Officer

MERCHANTS NATIONAL CORPORATION
9 7/8% SUBORDINATED NOTE DUE 1999

This Note is one of a duly authorized issue of Notes of the Company, designated as its 9 7/8% Subordinated Notes Due 1999 (herein called the "Notes"), limited (except as otherwise provided in the Indenture mentioned below) to the aggregate principal amount of $65,000,000, all issued or to be issued under and pursuant to an indenture dated as of October 1, 1989, as it may be amended or supplemented from time to time (herein called the "Indenture"), duly executed and delivered by the Company to Manufacturers

Hanover Trust Company, as Trustees (herein called the "Trustee"), to which Indenture reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities under the Indenture of the Trustee, the Comapny and the holders of Notes.

The payment of principal of and interest on this Note is expressly subordinated and subject in right of payment, as provided in the Indenture, to the prior payment of any and all Senior Indebtedness of the Company, as defined in the Indenture, and this Note is issued subject to such provisions, and each holder of this Note, by accepting the same, (a) agrees, expressly for the benefit of the present and future holders of Senior Indebtedness, whether now or hereafter outstanding, to and will be bound by such provisions and (b) authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination so provided and appoints the Trustee his attorney-in-fact for any such purpose.

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of this Note may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Comapny and the Trustee, with the consent of the holders of not less than 66 2/3 percent in aggregate principal amount of the Notes at the time outstanding, evidenced in the manner provided in the Indenture, to execute supplemental indentures adding any provision to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holders of the Notes, provided, however, that no such supplemental indenture shall (a) without the consent of the holder of each Note affected thereby, change the stated maturity of the principal of, or any instalment of interest on, any Note or reduce the principal amount of any Note or the interest on any Note, or change any place of payment where, or the coin or currency in which, any Note or the interest on any Note is payable, or impair the right to institute suit for the enforcement of any such payment on or after its stated maturity, or modify certain other provisions of the Indenture, or (b) without the consent of the holders of all Notes then outstanding, reduce the percentage in principal amount of the Notes, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any waiver (of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences) provided for in the Indenture. It is also provided in the Indenture that, prior to any declaration that the principal of the Notes outstanding is due and payable, the holders of a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of the holders of all the Notes waive any past default or Event of Default under the Indenture and its consequences except a default under a covenant in the Indenture that cannot be modified without the consent of each holder of a Note affected thereby. Any such consent or waiver by the holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Note and any Notes which may be issued in exchange or substitution for this Note, irrespective of whether or not any notation of such consent or waiver is made upon this Note or such other Notes.

No reference in this Note to the Indenture and no provision of this Note or

of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the place, at the respective times, at the rate and in the coin or currency prescribed in this Note.

The Notes are issuable in registered form without coupons in denominations of $1,000 and any integral multiple of $1,000 At the office or agency of the Company in the Borough of Manhattan, The City of New York, and in the manner and subject to the limitations provided in the Indenture, but without payment of any service charge, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations.

Upon due presentment for registration of transfer of this Note at the office or agency of the Company in the Borough of Manhattan, The City of New York, a new Note or Notes of authorized denominations for an equal aggregate principal amount will be issued to the transferee in exchange for this Note, subject to the limitations provided in the Indenture, without charge except for any tax or other governmental charge imposed in connection with such transfer.

Prior to due presentment for registration of transfer of this Note, the Company, the Trustee, any paying agent and any Note registrar may deem and treat the registered holder of this Note as the absolute owner of this Note (whether or not payment on this Note shall be overdue and notwithstanding any notation of ownership or other writing on this Note made by anyone other than the Company or any Note registrar), for the purpose of receiving payment of this Note, or on account of this Note, and for all other purposes, and neither the Company nor the Trustee nor any paying agent nor any Note registrar shall be affected by any notice to the contrary. All payments made to or upon the order of such registered holder shall, to the extent of the sum or sums paid, satisfy and discharge liability for monies payable on this Note.

No recourse for the payment of the principal of or interest on this Note, or for any claim based on this Note or otherwise in respect of this Note, and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any indenture supplemental to the Indenture or in this Note, or because of the creation of any indebtedness represented by this Note, shall be had against any incorporator, stockholder, officer or director, as such, past present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance of this Note and as part of the consideration for the issue of this Note, expressly waived and released.

This Note shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with and governed by the laws of the State of New York.

_____

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Security, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-as tenants in common
TEN ENT-as tenants by the entireties
JT TEN -as joint tenants with right of survivorship

and not as tenants in common

UNIF GIFT MIN ACT-_____ Custodian_____
(Cust) (Minor)
under Uniform Gifts to Minors Act

_____
(State)

Additional abbreviations may also be used though not in the above list.

_____

ASSIGNMENT FORM

If you the holder want to assign this Note, fill in the form below and have your signature guaranteed:

I or we assign and transfer this Note to

_____

_____
(Insert assignee's social security or tax ID number)

_____

_____

_____
(Print or type assignee's name, address and zip code)

and irrevocably appoint_____
agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

_____

Date:_____ Your Signature:_____
(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee:_____

PROSPECTUS

$100,000,000

NATIONAL CITY CORPORATION

8 3/8% NOTES DUE 1996

The Notes will mature on March 15, 1996. Interest on the Notes is payable semiannually on March 15 and September 15 of each year, commencing September 15, 1986. The Notes may not be redeemed prior to maturity.

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

<TABLE>
<CAPTION>

	PRICE TO PUBLIC (1)	UNDERWRITING DISCOUNT	PROCEEDS TO NATIONAL CITY (1)(2)
<S>	<C>	<C>	<C>
Per Note.....	99.875%	.675%	99.200%
Total	$99,875,000	$675,000	$99,200,000

<FN>
(1) Plus accrued interest from March 15, 1986 to date of delivery.

(2) Before deducting expenses payable by National City estimated to be $224,000.
</TABLE>

The Notes are offered subject to receipt and acceptance by the Underwriters, to prior sale and to the Underwriters' right to reject any order in whole or in part and to withdraw, cancel or modify the offer without notice. It is expected that delivery of the Notes will be made at the office of Salomon Brothers Inc, One New York Plaza, New York, New York, or through the facilities of The Depository Trust Company, on or about March 20, 1986.

SALOMON BROTHERS INC KEEFE, BRUYETTE & WOODS, INC.

The date of this Prospectus is March 13, 1986.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

National City Corporation ("National City") is subject to the informational requirements of the Securities Exchange Act of 1984, as amended (the "Exchange Act") and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information can be inspected and copied at the Public Reference Section of the Commission at 450 Fifth Street N.W., Washington, D.C. 20549, and at the Commission's New York Regional Office, Room 1100, Federal Building, 26 Federal Plaza, New York, New York 10278, and Chicago Regional Office, Room 1228, Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois 60604, and copies of such materials can be obtained from the Public Reference Section of the Commission at 450 Fifth Street N.W., Washington, D.C. 20549, at prescribed rates. National City has filed with the Commission a Registration Statement on Form S-8 (the "Registration Statement") under the Securities Act of 1933, as amended, with respect to the Notes offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. The Registration Statement and the exhibits thereto may be inspected without charge at the office of the Commission at 450 Fifth Street

N.W., Washington, D.C. 20549, and copies thereof may be obtained from the Commission upon payment of the prescribed fees.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents heretofore filed by National City with the Commission are incorporated herein by reference:

(a) Annual Report on Form 10-K for the year ended December 31, 1985, filed pursuant to Section 13 of the Exchange Act; and

(b) Current Report on Form 8-K dated February 4, 1986, filed pursuant to Section 13 of the Exchange Act.

All reports subsequently filed pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering of the Notes offered hereby shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of filing of such documents.

NATIONAL CITY WILL PROVIDE WITHOUT CHARGE TO EACH PERSON TO WHOM THIS PROSPECTUS IS DELIVERED, ON THE REQUEST OF ANY SUCH PERSON, A COPY OF ANY OR ALL OF THE DOCUMENTS INCORPORATED HEREIN BY REFERENCE (OTHER THAN EXHIBITS). WRITTEN REQUESTS SHOULD BE DIRECTED TO: NATIONAL CITY CORPORATION, 1900 EAST NINTH STREET, CLEVELAND, OHIO 44114, ATTENTION: THOMAS A. RICHLOVSKY, VICE PRESIDENT AND TREASURER. TELEPHONE REQUESTS MAY BE DIRECTED TO (216) 575-2000.

NATIONAL CITY CORPORATION

National City Corporation ("National City") is the largest bank holding company in the State of Ohio and ranks among the 35 largest in the United States on the basis of total assets. National City operates 11 commercial banks (10 national banks and 1 state bank) throughout Ohio, with 324 banking offices in 53 of Ohio's 88 counties. National City became Ohio's largest bank holding company on November 9, 1984, when it acquired, pursuant to a merger, Bancohio Corporation, then Ohio's third largest bank holding company. National City's two principal commercial banking subsidiaries are National City Bank, Cleveland and Bancohio National Bank, Columbus. National City also owns trust companies in Ohio and Florida and non-banking subsidiaries that engage in venture capital, small business investment, insurance, mortgage banking and other financial activities. At December 31, 1985, National City had consolidated total assets of $12.5 billion, deposits of $9.4 billion and stockholders' equity of $737 million.

National City is a legal entity separate and distinct from its subsidiary banks. The principal source of National City's income is dividends from its subsidiary banks. Under Federal law, the total of all dividends declared by a national bank in any calendar year may not, without the approval of the Comptroller of the Currency, exceed the aggregate of such bank's net profits (as defined) for that year and retained net profits (as defined) for the preceding two years. National City's state-chartered banking subsidiary is likewise under limitations imposed by the State of Ohio and the Board of Governors of the Federal Reserve System. Under these limitations, National City's subsidiary banks are permitted to declare aggregate dividends of approximately $77 million, in addition to their 1986 net income, without the prior approval of their respective regulatory authorities. The Comptroller of the Currency also has authority under the Financial Institutions Supervisory Act to prohibit a national bank from engaging in what, in his opinion, constitutes an unsafe or unsound practice in conducting its business. The payment of dividends could, depending upon the financial condition of the subsidiary banks, be deemed to constitute such an unsafe or unsound practice. In addition, the subsidiary banks are subject to the Federal Reserve Act on extensions of credit to, investments in, and certain other transactions with, National City and its other subsidiaries.

National City is incorporated in the State of Delaware. The executive offices of National City are located at 1900 East Ninth Street, Cleveland, Ohio 44114, and its telephone number is (218) 575-2000.

APPLICATION OF PROCEEDS

National City intends to utilize the net proceeds from the sale of the Notes for general corporate purposes, which will include repayment of outstanding borrowings under its $100 million revolving credit facility and may include additional investments in and advances to subsidiaries. National City may also use a portion of the net proceeds for possible future acquisitions of

bank and non-bank subsidiaries, both in and outside of Ohio, but there are no present plans or understandings with respect to any such acquisitions. As of March 10, 1986, borrowings under the revolving credit facility amounted to $25 million and bore a floating rate of interest (which at that date was 8.35%). Pending ultimate application, the net proceeds from the sale of the Notes will be used to make short-term investments or reduce other short-term borrowings.

It is the present policy of National City to provide additional capital funds for its subsidiaries, if required, through the sale of securities by National City, rather than through direct financings by the subsidiaries. Based upon the anticipated growth of its subsidiaries and the financial needs of National City, National City may, from time to time, engage in additional financings of a character and in amounts to be determined.

<TABLE>

SELECTED FINANCIAL DATA

The following table sets forth, in summary form, certain consolidated financial data for National City and its subsidiaries for each of the five years in the period ended December 31, 1985 and is qualified in its entirety by the detailed information and financial statements included in the documents incorporated herein by reference. See "Incorporation of Certain Documents by Reference".

<CAPTION>

	Year ended December 31,				
	1985	1984	1983	1982	1981
	(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)				
<S>	<C>	<C>	<C>	<C>	<C>
Operating Results:					
Net Interest Income	$ 435.9	$ 242.5	$ 180.3	$ 156.2	$ 120.5
Tax Equivalent Adjustment	56.2	39.2	39.3	40.6	44.1
Net Interest Income -- Fully Taxable Equivalent	492.1	281.7	219.6	196.8	164.6
Provisions for Loan and Other Credit Losses	(40.8)	(20.2)	(28.7)	(15.8)	(11.5)
Fees and Other Income	171.1	88.6	68.1	55.7	46.6
Security Gains (Losses)	6.1	.4	(17.2)	(5.5)	(6.8)
Trading Account Profits	.9	--	.6	1.8	1.7
Gain on Sale of Buildings	--	--	18.2	--	--
Non-Interest Expense	(430.9)	(232.0)	(179.7)	(152.7)	(122.7)
Income before Tax Equivalent Adjustment and Income Taxes	198.5	118.5	80.9	80.3	71.9
Tax Equivalent Adjustment	(56.2)	(39.2)	(39.3)	(40.6)	(44.1)
Income before Income Taxes	142.3	79.3	41.6	39.7	27.8
Income Taxes (Benefit)	33.9	13.4	(6.5)	(3.9)	(12.2)
Net Income	$ 108.4	$ 65.9	$ 48.1	$ 43.6	$ 40.0
Per Share Data (a):					
Net Income -- Primary	$ 4.55	$ 3.63	$ 2.84	$ 2.50	$ 2.27
Assuming Full Dilution	3.96	3.45	2.74	2.47	2.27
Dividends Declared	1.37 1/2	1.26 2/3	1.23 1/3	1.22	1.22
Book Value (at end of period)	28.77	25.93	24.73	23.08	21.52
Average Shares Outstanding (in thousands) (a)	21,063	17,633	16,919	17,450	17,617
Average Balances:					
Assets	$11,787	$ 7,309	$ 6,247	$ 5,739	$ 5,109
Loans	7,238	4,000	3,107	2,527	2,216
Investment Securities	1,734	1,216	1,252	1,106	1,154
Earning Assets	10,193	6,311	5,355	4,850	4,302
Deposits	8,963	5,279	4,315	3,874	3,316
Corporate Long-Term Debt	186	115	143	85	54
Stockholders' Equity	699	475	406	385	369
Financial Ratios:					
Net Interest Margin (b)	4.83%	4.46%	4.10%	4.06%	3.83%
Return on Average Equity	15.52	13.87	11.84	11.31	10.84

Return on Average Assets	.92	.90	.77	.76	.78
Total Dividend Payout	38.5	37.4	43.5	48.7	53.8
Ratios at End of Period:					
Reserve for Loan Losses to Loans	1.41%	1.54%	1.24%	1.26%	1.27%
Underperforming Assets to Loans (c)	1.5	2.4	1.6	2.9	1.4
Underperforming Assets to Total Assets (c)	.9	1.4	.8	1.3	.6
Primary Capital Ratio	7.24	6.79(d)	6.99	6.31	7.54
Total Capital Ratio	7.96	7.48(d)	7.54	6.85	7.54
Ratio of Earnings to Fixed Charges (e):					
Excluding Interest on Deposits	1.94x	1.61x	1.35x	1.30x	1.16x
Including Interest on Deposits	1.20	1.16	1.10	1.09	1.06

<FN>
- -------------
(a) Share data adjusted for three-for-two stock splits declared in December 1983, and December 1985.
(b) Fully taxable equivalent net interest income divided by average earning assets.
(c) Loans or other assets are generally considered to be underperforming when payments become past due or are expected to become past due or when their yield after renegotiation is less than finding costs. Underperforming assets include non-accrual and renegotiated loans and securities, and real estate received in settlement of loans.
(d) After giving effect to $75.0 million capital notes issued in January 1985.
(e) The ratio of earnings to fixed charges has been computed by dividing income before income taxes and fixed charges by fixed charges. Fixed charges excluding interest on deposits consist of interest on indebtedness and one-third of net rental expense (which is deemed representative of the interest factor). Fixed charges including interest on deposits consist of the foregoing items plus interest on deposits.
</TABLE>

MANAGEMENT'S DISCUSSION OF 1985 RESULTS

EARNINGS SUMMARY

Net income for the year 1985 was $108.4 million, an increase of 64.6% from $65.9 million earned in 1984. Fully diluted earnings per share for the year were $3.96, an increase of 14.8% over the $3.45 earned in 1984. The return on average assets and return on average equity for 1985 were .92% and 15.52%, respectively, compared with .90% and 13.87% for 1984.

The level of earnings in 1985 and the growth over 1984 were significantly influenced by the purchase of BancOhio Corporation and its principal unit, BancOhio National Bank, in November 1984, as well as the strong earnings performance at National City Bank, Cleveland. The contribution to consolidated net income from the BancOhio unit, which was owned by National City for the full year 1985, was $31.3 million, as compared to its $7.5 million contribution during the two months it was owned during 1984. During 1985, earnings at National City Bank, Cleveland, increased 48.9% to $59.7 million compared to $40.1 million during the prior year.

NET INTEREST INCOME

Net interest income on a fully taxable equivalent basis was $492.1 million in 1985, compared to $281.7 million in 1984. This 74.7% increase represents the effect of both an increase in volume of average earning assets from $6.3 billion in 1984 to $10.2 billion in 1985, principally due to the BancOhio Corporation acquisition and to increases in the domestic commercial and consumer loan portfolios, as well as an improvement in net interest margin to 4.83% in 1985 from 4.46% in 1984. The improvement in margin was due to the combination of an increase in loans as a percent of earning assets and a decline in the cost of core deposits, the primary funding source for earning assets.

FEES AND OTHER INCOME/NON-INTEREST EXPENSE

Increases in fees and other income from $88.6 million in 1984 to $171.1 million in 1985 reflect primarily the additional volumes of fee-based businesses acquired with BancOhio Corporation, including mortgage banking and credit card processing.

Increases in non-interest expense from $232.0 million during 1984 to $431.0 million during 1985 were principally the result of the acquisition of BancOhio National Bank's large branch system and operational support facilities. Non-interest expense, net of fees and other income, equalled 52.8% of fully taxable net interest income for the year 1985, compared to 50.9% in 1984. National City's ongoing objective is to achieve a net overhead ratio of less than 50% through continued consolidation programs and staff controls.

ASSET QUALITY

The provision for loan and other credit losses for 1985 was $40.8 million, compared with $20.2 million in 1984. Net charge-offs for the year amounted to $42.0 million compared to $26.6 million in 1984. The reserve for loan losses was $108.6 million at December 31, 1985, compared to $109.4 million at December 31, 1984. Reserves as a percentage of period end loans were 1.41% at December 31, 1985, compared to 1.54% at December 31, 1984. Based on its assessment of general economic conditions, the composition and credit quality of the loan portfolio and historical loss experience, management believes that the reserve is adequate. Total underperforming assets decreased to $117.0 million at December 31, 1985, from $171.7 million at December 31, 1984, reflecting aggressive credit administration policies. The decline in underperforming assets was reflected in the higher level of net charge-offs in 1985. Underperforming assets as a percentage of loans decreased to 1.5% at December 31, 1985, from 2.4% at December 31, 1984.

National City's Mexican exposure totaled $145.1 million at December 31, 1985, 91% from the public sector and 9% from the private sector. Approximately 80% of the public sector exposure consisted of credits originally extended to private financial institutions. Of the total exposure, $68.4 million has been restructured, and it is anticipated that further restructuring will take place in 1986. The restructurings lowered the average interest margin on the subject debt from 1.3125 percentage points over base rate to 1.25 percentage points over LIBOR. During 1985, additional advances (under previously disclosed commitments) of $1.4 million were made to Mexican borrowers, principal in the amount of $7 million was repaid on short-term money market advances, interest in the amount of $14.2 million was received, and $14.8 million was recorded as interest income on all Mexican outstandings. At December 31, 1985, $3.5 million of Mexican outstandings (all private sector) were classified as underperforming.

CAPITALIZATION

The following table sets forth the capitalization of National City at December 31, 1985, and as adjusted to give effect to the sale of the Notes offered hereby and the repayment of borrowings under the revolving credit facility. The table should be read in conjunction with the financial information incorporated herein by reference or appearing elsewhere herein.

	OUTSTANDING	AS ADJUSTED
	(IN THOUSANDS)	
LONG-TERM DEBT		
Senior Debt		
Notes offered hereby	$ ---	$ 100,000
Borrowings under revolving credit facility	20,000(a)	---
14.25% Notes due 1992	20,151	20,151
Other	4,868	4,868
	45,019	125,019
Consolidated subsidiaries (b)		
Banks	23,798	23,798
Non-banks	4,099	4,099
Total Senior Debt	72,916	152,916
Subordinated Debt		
Floating Rate Subordinated Notes due 1997	74,792	74,792
9.50% Convertible Subordinated Debentures due 2010	50,000	50,000
11.25% Convertible Subordinated Notes due 1997	13,764	13,764
Total Subordinated Debt	138,556	138,556
Total Long-Term Debt	211,472	291,472
STOCKHOLDERS' EQUITY		
Preferred Stock, without par value, authorized 5,000,000 shares		
Outstanding:		
12,000 shares Adjustable Rate Cumulative Preferred	30,000	30,000
2,667,190 shares Series A Convertible Preferred (c)	93,352	93,352
Common Stock, $4 par value, authorized 50,000,000 shares		
Outstanding (c):		
21,326,140 shares	85,305	85,305
Capital Surplus	134,860	134,860
Retained Earnings	393,310	393,310

Total Stockholders' Equity	736,827	736,827
Total Long-Term Debt and Stockholders' Equity	$948,299	$1,028,299

<FN>
- ---------------
(a) As of March 10, 1986, borrowings under the revolving credit facility amounted to $25.0 million.

(b) These are direct obligations of subsidiaries and, as such, constitute claims against such subsidiaries prior to National City's equity interest therein.

(c) Effective March 3, 1986, all shares of the Series A Convertible Preferred Stock were redeemed for shares of Common Stock at the rate of 1.47 shares of Common Stock per share of Series A Convertible Preferred Stock.

At December 31, 1985, National City also had commercial paper outstanding of $125.4 million. During 1985, the amount of commercial paper outstanding averaged $110.0 million. At December 31, 1985, National City's commercial paper had an average maturity of 34 days and an average interest rate of 7.99%.

</TABLE>

DESCRIPTION OF NOTES

The Notes will be issued under an Indenture (the "Indenture") dated as of March 15, 1986, between National City and Morgan Guaranty Trust Company of New York, as trustee (the "Trustee"), a copy of which is filed as an exhibit to the Registration Statement of which this Prospectus is a part. The Indenture provides for the issuance of debt securities in series (collectively, the "Securities"), without limit as to the aggregate principal amount issuable thereunder. As of the date hereof, no Securities are outstanding under the Indenture. The following summaries of certain provisions of the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Indenture, including the definitions therein of certain terms. Whenever particular sections or defined terms of the Indenture are referred to, it is intended that such sections or defined terms shall be incorporated herein by reference.

Because National City is a holding company, its rights and the rights of its creditors, including the holders of the Notes offered hereby, to participate in the assets of any subsidiary upon the latter's liquidation or recapitalization will generally be subject to the prior claims of the subsidiary's creditors (including, in the case of banking subsidiaries, their respective depositors), except to the extent that National City may itself be a creditor with recognized claims against the subsidiary. For a discussion of the status of National City in respect of its subsidiaries and certain limitations on transactions between them which affect holders of the Notes, see "National City Corporation".

GENERAL

The Notes will be unsecured general obligations of National City and will not be subordinated in right of payment to any other unsecured indebtedness of National City. The Notes will be limited to $100,000,000 aggregate principal amount, will be issued in fully registered form only, in denominations of $1,000 and integral multiples thereof, and will mature March 15, 1996. (Sections 301 and 302 and Notes).

Interest on the Notes will be payable at the rate per annum shown on the cover page of this Prospectus from March 15, 1986, or from the most recent Interest Payment Date to which interest has been paid or provided for, semiannually on March 15 and September 15 of each year, commencing on September 15, 1986, to the persons in whose names the Notes are registered at the close of business on the March 1 and September 1, as the case may be, next preceding such Interest Payment Date. Unless other arrangements are made, interest will be paid by checks mailed to such persons at their registered addresses. (Sections 301 and 307 and Notes). The Notes will not be subject to redemption prior to maturity through the operation of a sinking fund or otherwise.

Principal of the Notes will be payable, and, subject to the limitations provided in the Indenture, Notes will be transferable and exchangeable, at the corporate trust office of the Trustee, 30 West Broadway, New York, New York 10015, Attention: Corporate Trust Department. (Sections 301, 305 and 1002).

No service charge will be made for any transfer or exchange of the Notes, but National City may require payment of a sum sufficient to cover any tax or

other governmental charge payable in connection therewith. (Section 305).

COVENANTS

Limitation on Disposition or Issuance of Capital Stock of Certain Subsidiaries. The Indenture contains a covenant that, except as otherwise provided below, National City will not sell, assign, pledge, transfer or otherwise dispose of, or permit the issuance of, or permit a Subsidiary to sell, assign, pledge, transfer, or otherwise dispose of, any shares of Capital Stock of any Subsidiary or any securities convertible into Capital Stock of any Subsidiary which is: (a) a Principal Constituent Bank; or (b) a Subsidiary which owns shares of Capital Stock or any securities convertible into Capital Stock of a Principal Constituent Bank; provided, however, that such covenant does not prohibit (i) any dispositions made by National City or any Subsidiary (A) acting in a fiduciary capacity for any Person other than National City or any Subsidiary or (B) to National City or any of its wholly-owned (except for directors' qualifying shares) Subsidiaries or (ii) the merger or

consolidation of a Principal Constituent Bank with and into a Constituent Bank or the merger or consolidation of any Principal Constituent Bank with and into any other Principal Constituent Bank. Such covenant also does not prohibit sales, assignments, pledges, transfers, issuances or other dispositions of shares of Capital Stock of a corporation referred to in (a) or (b) above where: (i) the sales, assignments, transfers, other dispositions or issuances are made, in the minimum amount required by law, to any Person for the purpose of the qualification of such Person to serve as a director; or (ii) the sales, assignments, pledges, transfers, issuances or other dispositions are made in compliance with an order of a court or a regulatory authority of competent jurisdiction or as a condition imposed by any such court or authority to the acquisition by National City, directly or indirectly, of any other corporation or entity; or (iii) in the case of a disposition or issuance of shares of Capital Stock or any securities convertible into Capital Stock of a Principal Constituent Bank, or sales of Capital Stock or any securities convertible into Capital Stock of any Subsidiary included in (b) above, the sales, assignments, transfers, other dispositions or issuances are for fair market value (as determined by the Board of Directors of National City and the Subsidiary disposing of such shares or securities) and, after giving effect to such disposition and to any potential dilution (if the shares or securities are convertible into Capital Stock), National City and its directly or indirectly wholly-owned (except for directors' qualifying shares) Subsidiaries, will own directly not less than 80% of the Capital Stock of such Principal Constituent Bank or Subsidiary; or (iv) a Principal Constituent Bank sells or issues additional shares of Capital Stock to its shareholders at any price, so long as immediately after such sale National City owns, directly or indirectly, at least as great a percentage of the Capital Stock of such Principal Constituent Bank as it owned prior to such sale or issuance of additional shares. A Constituent Bank is a Subsidiary which is a Bank. A Principal Constituent Bank is a Constituent Bank the consolidated assets of which constitute 15% or more of National City's consolidated assets. At the date of this Prospectus, National City Bank, Cleveland and BancOhio National Bank are the only Principal Constituent Banks. (Section 1005).

Liens. The Indenture contains a covenant prohibiting National City from creating or permitting any liens upon any shares of Capital Stock of any Constituent Bank to secure any indebtedness without securing the Securities (including the Notes) equally and ratably with all indebtedness secured thereby. (Section 1007).

Acquisitions. The Indenture contains a covenant prohibiting National City from acquiring Capital Stock of any corporation or acquiring substantially all the assets and liabilities of any corporation, unless, immediately after such acquisition, National City would be in full compliance with the Indenture. (Section 1008).

EVENTS OF DEFAULT

The following are Events of Default under the Indenture with respect to Securities of any series (including the Notes): (a) failure to pay principal of or any premium on any Security of that series when due; (b) failure to pay any interest on any Security of that series when due, continued for 30 days; (c) failure to deposit any sinking fund payment, when and as due, in respect of any Security of that series; (d) failure to perform, or breach, of any other covenant or warranty of National City in the Indenture (other than a covenant included in the Indenture solely for the benefit of series of Securities other than that series), continued for 90 days after written notice as provided in the Indenture; (e) certain events of bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Securities of that series. (Section 501). If an Event of Default with respect to Securities of any series occurs and is continuing, either the Trustee or the Holders of at least

25% in aggregate principal amount of the Outstanding Securities of that series may declare the principal amount of all the Securities of that series to be due and payable immediately. At any time after a declaration of acceleration with respect to Securities of any series has been made, but before a judgment or decree based on acceleration has been obtained, the Holders of a majority in aggregate principal amount of Outstanding Securities of that series may, under certain circumstances, rescind and annul such acceleration. (Section 502).

The Indenture provides that, subject to the duty of the Trustee during default to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee reasonable indemnity. (Section 603). The Indenture provides that the Holders of a majority in aggregate principal amount of the Outstanding Securities of any series will have the right to direct the time, method and place of conducting any proceedings for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of that series; provided that the Trustee may decline to act if such direction is contrary to law or the Indenture, would unduly prejudice the rights of other Holders or would involve the Trustee in personal liability. (Section 512).

No Holder of any Security of any series (including the Notes) will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to the Securities of that series and unless also the Holders of at least 25% in aggregate principal amount of the Outstanding Securities of that series shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as Trustee, and the Trustee shall not have received from the Holders of a majority in principal amount of the Outstanding Securities of that series a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. (Section 507). However, the Holder of any Security will have an absolute right to receive payment of the principal of (and premium, if any) and interest on such Security on the due dates expressed in such Security and to institute suit for the enforcement of any such payment. (Section 508).

National City is required to furnish to the Trustee annually a statement as to the performance by National City of certain of its obligations under the Indenture and as to any default in such performance. (Section 1009).

MODIFICATION AND WAIVER

Modifications to and amendments of the Indenture may be made by National City and the Trustee with the consent of the Holders of 66 2/3% in aggregate principal amount of the Outstanding Securities of each series affected by such modification or amendment; provided, however, that no such modification or amendment may without the consent of the Holder of each Outstanding Security affected thereby (a) change the Stated Maturity of the principal of, or any installment of principal or interest on, any Security, (b) reduce the principal amount of, or any premium or interest on, any Security, (c) change the place or currency of payment of principal of, or any premium or interest on, any Security, (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Security or (e) reduce the percentage in principal amount of Outstanding Securities of any series, the consent of whose Holders is required for modification or amendment of the Indenture or for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults. (Section 902).

The Holders of 50% in aggregate principal amount of the Outstanding Securities of each series may, on behalf of all Holders of Securities of that series, waive, insofar as that series is concerned, compliance by National City with certain restrictive provisions of the Indenture, including those provisions described above under "Covenants". (Section 1010). The Holders of 50% in aggregate principal amount of the Outstanding Securities of any series may, on behalf of all Holders of Securities of that series, waive any past default under the Indenture with respect to Securities of that series, except a default in the payment of principal of, or any premium or interest on, any Security or a default in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the Holder of each Outstanding Security of the series affected. (Section 513).

CONSOLIDATION, MERGER AND SALE OF ASSETS

National City may consolidate with or merge into, or convey, transfer or

lease its assets substantially as an entirety to, any corporation organized under the laws of any domestic jurisdiction, provided that the successor corporation assumes National City's obligations on the Securities (including the Notes) and under the Indenture, that after giving effect to the transaction no Event of Default, and no event which, after notice or lapse of time, would become an Event of Default, shall have occurred and be continuing, and that certain other conditions are met. (Section 801).

REGARDING THE TRUSTEE

Morgan Guaranty Trust Company of New York, the Trustee, has its principal corporate trust office at 30 West Broadway, New York, New York 10015. National City and its subsidiary banks have normal banking relationships with the Trustee.

UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement, National City has agreed to sell to each of the Underwriters named below, and each of the Underwriters, for whom Salomon Brothers Inc and Keefe, Bruyette & Woods, Inc. are acting as Representatives, has severally agreed to purchase from National City, the principal amount of Notes set opposite its name below:

<TABLE>
<CAPTION>

UNDERWRITER	PRINCIPAL AMOUNT OF NOTES
<S>	<C>
Salomon Brothers Inc	$ 20,900,000
Keefe, Bruyette & Woods, Inc.	20,900,000
The First Boston Corporation	3,000,000
Goldman, Sachs & Co.	3,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	3,000,000
Morgan Stanley & Co. Incorporated	3,000,000
Shearson Lehman Brothers Inc.	3,000,000
Bear, Stearns & Co. Inc.	2,400,000
Alex. Brown & Sons, Inc.	2,400,000
Dillon, Read & Co. Inc.	2,400,000
Donaldson, Lufkin & Jenrette Securities Corporation	2,400,000
Drexel Burnham Lambert Incorporated	2,400,000
E. F. Hutton & Company Inc.	2,400,000
Kidder, Peabody & Co. Incorporated	2,400,000
Lazard Freres & Co.	2,400,000
McDonald & Company Securities, Inc.	2,400,000
The Ohio Company	2,400,000
PaineWebber Incorporated	2,400,000
Prescott, Ball & Turben, Inc.	2,400,000
Prudential-Bache Securities Inc.	2,400,000
L. F. Rothschild, Unterberg, Towbin, Inc.	2,400,000
M. A. Schapiro & Co., Inc.	2,400,000
Smith Barney, Harris Upham & Co. Incorporated	2,400,000
Wertheim & Co., Inc.	2,400,000
Dean Witter Reynolds Inc.	2,400,000
Total	$100,000,000

</TABLE>

In the Underwriting Agreement, the several Underwriters have agreed, subject to the terms and conditions set forth therein, to purchase all the Notes offered hereby if any Notes are purchased. In the event of default by an Underwriter, the Underwriting Agreement provides that, in certain circumstances, purchase commitments of the nondefaulting Underwriters may be increased or the Underwriting Agreement may be terminated. National City has been advised by the Representatives that the several Underwriters propose initially to offer the Notes to the public at the public offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession not in excess of.40% of the principal amount of the Notes. Underwriters may allow and such dealers may reallow a concession not in excess of.25% of the principal amount of the Notes. After the initial public offering, the public offering price and such concessions may be changed.

The Underwriting Agreement provides that National City will indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or contribute to payments the Underwriters may be required to make in respect thereof

LEGAL OPINIONS

The legality of the Notes offered hereby will be passed upon for National City by Jones, Day, Reavis & Pogue, 1700 Huntington Building, Cleveland, Ohio 44115 and for the Underwriters by Cravath, Swaine & Moore, One Chase Manhattan Plaza, New York, New York 10005. Mr. Allen C. Holmes, a member of the firm of Jones, Day, Reavis & Pogue, is a director of National City and National City Bank. Mr. Holmes owns 1,515 shares of Common Stock of National City.

EXPERTS

The consolidated financial statements of National City Corporation incorporated by reference in this Prospectus and the Registration Statement have been examined by Ernst & Whinney, independent accountants, for the periods indicated in their report thereon which is included in the Annual Report on Form 10-K for the year ended December 31, 1985. The consolidated financial statements examined by Ernst & Whinney have been incorporated herein by reference in reliance on their report given on their authority as experts in accounting and auditing.

NO DEALER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY NATIONAL CITY OR BY ANY OF THE UNDERWRITERS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF NATIONAL CITY SINCE THE DATE HEREOF. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY STATE IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANYONE TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

<TABLE>

TABLE OF CONTENTS

<CAPTION>

</TABLE>

$100,000,000

NATIONAL CITY CORPORATION

8 3/8% NOTES DUE 1996

NATIONAL CITY
CORPORATION

SALOMON BROTHERS INC

KEEFE, BRUYETTE & WOODS, INC.

PROSPECTUS

DATED MARCH 13, 1986

13

[CONFORMED]

==========

NATIONAL CITY CORPORATION

TO

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK,
as Trustee

Indenture

Dated as of March 15, 1986

==========

14

<TABLE>

NATIONAL CITY CORPORATION

RECONCILIATION AND TIE BETWEEN TRUST INDENTURE ACT OF 1939 AND INDENTURE, DATED AS OF MARCH 15, 1986

<CAPTION>

TRUST INDENTURE ACT SECTION		INDENTURE SECTION
<S>		<C>
Section 310	(a)(1)	609
	(a)(2)	609
	(a)(3)	Not Applicable
	(a)(4)	Not Applicable
	(b)	608 610
Section 311	(a)	613(a)
	(b)	613(b)
	(b)(2)	703(a)(2) 703(b)
Section 312	(a)	701 702(a)
	(b)	702(b)
	(c)	702(c)
Section 313	(a)	703(a)
	(b)	703(b)
	(c)	703(a), 703(b)
	(d)	703(c)
Section 314	(a)	704
	(b)	Not Applicable
	(c)(1)	102
	(c)(2)	102
	(c)(3)	Not Applicable
	(d)	Not Applicable
	(e)	102
Section 315	(a)	601(a)
	(b)	602 703(a)(6)

	(c)	601(b)
	(d)	601(c)
	(d)(1)	601(a)
	(d)(2)	601(c)(2)
	(d)(3)	601(c)(3)
	(e)	514
Section 316	(a)	101
	(a)(1)(A)	502 512
	(a)(1)(B)	513
	(a)(2)	Not Applicable
	(b)	508
Section 317	(a)(1)	503
	(a)(2)	504
	(b)	1003
Section 318	(a)	107

<FN>
- ---------
Note: This reconciliation and tie shall not, for any purpose, be deemed a part of the Indenture.
</TABLE>

<TABLE>

TABLE OF CONTENTS

<CAPTION>

<FN>
- ----------------
Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

</TABLE>

<S> <C>

</TABLE>

INDENTURE, dated as of March 15, 1986, between NATIONAL CITY CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company"), having its principal office at 1900 East Ninth Sheet, Cleveland, Ohio 44114 and Morgan Guaranty Trust Company of New York, a corporation duly organized and existing under the laws of the State of New York, as Trustee (herein called the "Trustee").

Recitals of the Company

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

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

Now, Therefore, This Indenture Witnesseth:

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

ARTICLE ONE
Definitions and Other Provisions
of General Application

Section 101. Definitions.

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

(1) the terms defined in this Article have the meanings assigned to

them in this Article, and include the plural as well as the singular;

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

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

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms, used principally in Article Six, are defined in that Article.

"Act", when used with respect to any Holder, has the meaning specified in Section 104.

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

"Authenticating Agent" means any person authorized by the Trustee pursuant to Section 614.

"Bank" means (i) any institution organized under the laws of the United States, any State of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa or the Virgin Islands which (a) accepts deposits that the depositor has a legal right to withdraw on demand, and (b) engages in the business of making commercial loans and (ii) any trust company organized under any of the foregoing laws.

"Board of Directors" means either the board of directors of the Company, any duly authorized committee of that board or any officer of the Company duly authorized by the board of directors of the Company to take a specified action or make a specified determination (the authorization of such officer being evidenced by a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the board of directors of the Company and to be in full force and effect on the date of such certification and delivered to the Trustee).

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

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

"Capital Stock" means, as to shares of a particular corporation, outstanding shares of stock of any class whether now or hereafter authorized, irrespective of whether such class shall be limited to a fixed sum or percentage in respect of the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary liquidation, dissolution or winding up of such corporation.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties on such date.

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

"Company" shall mean such successor corporation.

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

"Constituent Bank" means any Subsidiary which is a Bank.

"Corporate Trust Office" means the office of the Trustee, at which at any particular time its corporate trust business shall be administered, which office at the date of execution of this Indenture is located at 30 West Broadway, New York, New York 10015.

"corporation" includes corporations, associations, companies and business trusts.

"Defaulted Interest" has the meaning specified in Section 307.

"Event of Default" has the meaning specified in Section 501.

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

"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and also includes the terms of particular series of Securities established as contemplated by Section 301.

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

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

"Maturity", when used with respect to any Security, means the date on which the principal of such Security or an instalment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President, a Vice Chairman or a Vice President, and by the Treasurer, an Assistant Treasurer, the Controller, an Assistant Controller, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee.

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

"Original Issue Discount Security" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

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

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

(ii) Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made; and

(iii) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by or held for the account of the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee knows to be so owned or so held shall be so disregarded. Securities so owned or so held which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor. Upon request of the Trustee, the Company shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Securities, if any, known by the Company to be owned by or held fur the account of the Company or any other obligor upon the Securities, or any Affiliate of the Company or of such obligor and the Trustee shall be entitled to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Securities not listed therein and not otherwise excluded from the provisions hereof are Outstanding for the purposes of any such determination.

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

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

"Place of Payment", when used with respect to the Securities of any series, means the place or places where the principal of (and premium, if any) and interest on the Securities of that series are payable as specified as contemplated by Section 301.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Principal Constituent Bank" means any Constituent Bank the total assets of which as set forth in the most recent statement of condition of such Bank equal more than 15% of the total assets of all Constituent Banks as determined from the most recent statements of condition of the Constituent Banks.

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

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

"Regular Record Date" for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 301.

"Responsible Officer", when used with respect to the Trustee, means the chairman or vice chairman of the board of directors, the chairman or vice chairman of the trust committee of the board of directors, the president, any vice president, the secretary, the treasurer or any trust officer or assistant trust officer of the Trustee.

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

"Security Register" and "Security Registrar" have the respective meanings specified in Section 305.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307.

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

such instalment of principal or interest is due and payable.

"Subsidiary" means a corporation more than 50% of the outstanding Voting Stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries.

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

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed, except as provided in Section 905.

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

"Voting Stock" means stock of the class or classes having general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such corporation (irrespective of whether or not at the time stock of any other class or classes shall or might have voting power by reason of the happening of any contingency).

Section 102. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

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

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

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

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

Section 103. Form of Documents Delivered to Trustee.

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

as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

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

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

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

Section 104. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee or the Security Registrar, as applicable, and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution of any such instrument or writing, or the authority of any Person executing the same, may be proved in any reasonable manner which the Trustee or the Security Registrar, as the case may be, deems sufficient.

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

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of

transfer thereof or in exchange therefor or in lieu thereof or the Holder of any Predecessor Security in respect of anything done, omitted or suffered to be done by the Trustee, the Security Registrar or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

Section 105. Notices, Etc., to Trustee and Company.

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

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

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Secretary of the Company at the address of its principal office specified in the first paragraph of this instrument, or at any other address previously furnished in writing to the Trustee by the Company.

Section 106. Notice to Holders; Waiver.

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

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

Section 107. Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

Section 108. Effect of Headings and Table of Contents.

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

Section 109. Successors and Assigns.

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

Section 110. Separability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 111. Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 112. Governing Law.

This Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

Section 113. Legal Holidays.

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

ARTICLE TWO
Security Forms

Section 201. Forms Generally.

The Securities of each series shall be in substantially the form set forth in this Article or in such other form as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with

such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities. If the form of Securities of any series is established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

The Trustee's certificates of authentication shall be in substantially the form set forth in this Article.

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

Section 202. Form of Face of Security.

[If the Security is an Original Issue Discount Security, insert--- For purposes of Section 1273 of the United States Internal Revenue Code of 1954, as amended, the issue price of this Security is % of its principal amount and the issue date is , 19]

National City Corporation

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

National City Corporation, a Delaware corporation (hereinafter called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to ...., or registered assigns, the principal sum of ..... Dollars on ..... [If the Security is to bear interest prior to Maturity, insert---, and to pay interest thereon from ....., or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on ....., and ..... in each year, commencing ....., at the rate of .....% per annum, until the principal hereof is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered

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

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

Payment of the principal of (and premium, if any) and [if applicable, insert---any such] interest on this Security will be made at the office or agency of the Company initially maintained for that purpose in [insert applicable Place of Payment,] in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts [if applicable, insert---; provided, however, that at the option of the Company payment of interest may be made by check drawn upon any Paying Agent and mailed on or prior to an Interest Payment Date to the address of the Person entitled thereto as such address shall appear in the Security Register].

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

Unless the certificate of authentication hereon has been executed by the

Trustee referred to on the reverse hereof, directly or through an authenticating agent, by the manual signature of an authorized officer, this Security shall not be

entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

In Witness Whereof, the Company has caused this instrument to be duly executed under its corporate seal.

Dated:

National City Corporation

By

[Seal]

Attest:

- ---

Section 203. Form of Reverse of Security.

This Security is one of a duly authorized issue of debentures, notes or other evidences of indebtedness of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of March 15, 1986 (herein called the "Indenture"), between the Company and Morgan Guaranty Trust Company of New York, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. The Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption provisions (if any), may be subject to different sinking, purchase or analogous funds (if any), may be subject to different covenants and Events of Default and may otherwise vary as in the Indenture provided. This Security is one of a series of Securities of the Company designated as set forth on the face hereof (herein called the "....."), limited in aggregate principal amount to $.....

[If applicable, insert---The Securities of this series are subject to redemption upon not less than 30 days' notice by mall, [if applicable, insert---(1) on ..... in any year commencing with the year ..... and ending with the year ..... through operation of the sinking fund for this series at a Redemption Price equal to 100% of the principal amount, and (2)] at any time [on or after ...., 19....], as a whole or in part, at the election of the

Company, (at the following Redemption Prices (expressed as percentages of the principal amount): If redeemed [on or before ...., ...%, and if redeemed] during the 12-month period beginning.....
of the years indicated,

<TABLE>
<CAPTION>

YEAR	REDEMPTION PRICE	YEAR	REDEMPTION PRICE
<S>	<C>	<C>	<C>
	%		%

</TABLE>

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

all as provided in the Indenture.]

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

<TABLE>
<CAPTION>

YEAR	REDEMPTION PRICE FOR REDEMPTION THROUGH OPERATION OF THE SINKING FUND	REDEMPTION PRICE FOR REDEMPTION OTHERWISE THAN THROUGH OPERATION OF THE SINKING FUND
<S>	<C>	<C>
	%	%

</TABLE>

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

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

[The sinking fund for this series provides for the redemption on ..... in each year beginning with the year ..... and ending with the year ..... of [not less than] $..... [("mandatory sinking fund") and not more than $..... aggregate principal amount of Securities of this series. [Securities of this series acquired or redeemed by the Company otherwise than through [mandatory] sinking fund payments may be credited against subsequent [mandatory] sinking fund payments otherwise required to be made.]]

In the event of redemption of this Security in part only, a new Security or Securities of this series for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

[If the Security is not an Original Issue Discount Security,---If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.]

[If the Security is an Original Issue Discount Security,---If an Event of Default with respect to Securities of this series shall occur and be continuing, an amount of principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. Such amount shall be equal to---insert formula for determining the amount. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal and overdue interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Company's obligations in respect of the payment of the principal of and interest, if any, on the Securities of this series shall terminate.]

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the

Company and the rights of the Holders of the Securities of each series under the Indenture at any time by the Company and the Trustee with the consent of the Holders of 66 2/3% in aggregate principal amount of the Securities at the time Outstanding of each series to be affected by such amendment or

modification. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security. The Indenture contains provisions setting forth certain conditions to the institution of proceedings by Holders of Securities with respect to the Indenture or for any remedy under the Indenture.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of (and premium, if any) and interest on this Security are payable, duly endorsed, or accompanied by a written instrument of transfer in form satisfactory to the Company or the Security Registrar duly executed, by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

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

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

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

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

Section 204. Form of Trustee's Certificate of Authentication.

This is one of the Securities of the series provided for under the within-mentioned Indenture.

Morgan Guaranty Trust Company
of New York, as Trustee

By.....
Authorized Officer

ARTICLE THREE

The Securities

Section 301. Amount Unlimited; Issuable in Series.

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

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

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

(2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, 305, 306, 906 or 1107);

(3) the date or dates on which the principal of the Securities of the series is payable;

(4) the rate or rates at which the Securities of the series shall bear interest, if any, the date or dates from which such interest shall accrue, the

Interest Payment Dates on which such interest shall be payable, the Regular Record Date for the interest payable on any Interest Payment Date and the method of computation of such interest if other than on the basis of a 360-day year of twelve 30-day months;

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

(6) the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company;

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

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

(9) if other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502; and

(10) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to such Board Resolution and set forth in such Officers' Certificate or in any such indenture supplemental hereto.

At the option of the Company, interest on the Securities of any series that bears interest may be paid by mailing a check, on or before the applicable Interest Payment Date, to the address of the person entitled thereto as such address shall appear in the Securities Register.

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

Section 302. Denominations.

The Securities of each series shall be issuable in registered form without coupons in such denominations as shall be specified as contemplated by Section 301. In the absence of any such provisions with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of $1,000 and any integral multiple thereof.

Section 303. Execution, Authentication, Delivery and Dating.

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

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

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Company Order and subject to the provisions hereof shall authenticate and deliver such Securities. If the form or terms of the Securities of the series have been established in or pursuant to one or more Board Resolutions as permitted by Sections 201 and 301, in authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating:

(a) if the form of such Securities has been established by or pursuant to Board Resolution as permitted by Section 201, that such form has been established in conformity with the provisions of this Indenture;

(b) if the terms of such Securities have been established by or pursuant to Board Resolution as permitted by Section 301, that such terms have been established in conformity with the provisions of this Indenture;

(c) that all conditions precedent to the authentication and delivery of such Securities have been complied with and that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel,

will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles; and

(d) that such other conditions as the Trustee may reasonably request have been complied with.

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

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature of one of its authorized officers, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

Section 304. Temporary Securities.

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

If temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of

definitive Securities of the same series of authorized denominations. Until so exchanged the temporary

Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series.

Section 305. Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept at the office of the Security Registrar designated pursuant to this Section 305 or Section 1002 a register (herein sometimes referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby initially appointed Security Registrar for the purpose of registering Securities and transfers of Securities as herein provided.

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

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

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

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Security Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company or the Security Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 906 or 1107 not involving any transfer.

Neither the Company nor the Security Registrar shall be required (i) to issue, register the transfer of or exchange Securities of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Securities of that series selected for redemption under

Section 1103 and ending at the close of business on the day of such mailing, or (ii) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

Section 306. Mutilated, Destroyed, Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee and there is delivered to the Company and the Trustee such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then the Company shall execute and the Trustee may authenticate and deliver in exchange therefor a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

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

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

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

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

The provisions of this Section are exclusive and shall preclude (to the extent permitted by law) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 307. Payment of Interest; Interest Rights Preserved.

Interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose

name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

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

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

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pur-

suant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

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

Section 308. Persons Deemed Owners.

The Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of (and premium, if any) and (subject to Section 307) interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

Section 309. Cancellation.

All Securities surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee for cancellation. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be destroyed and the Trustee shall provide to the Company, if requested by the Company, a certificate of destruction.

Section 310. Computation of Interest.

Except as otherwise specified as contemplated by Section 301 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a year of twelve 30-day months.

ARTICLE FOUR

Satisfaction and Discharge

Section 401. Satisfaction and Discharge of Indenture.

This Indenture shall upon Company Request cease to be of further effect (except as to (i) remaining rights of registration of transfer, substitution and

exchange of Securities, (ii) rights hereunder of Holders to receive payments of principal of (and premium, if any) and interest on the Securities, and other rights, duties and obligations of the Holders as beneficiaries hereof with respect to the amounts, if any, so deposited with the Trustee, and (iii) the rights, obligations and immunities of the Trustee hereunder), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

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

(i) have become due and payable, or

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

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

and the Company, in the case of (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds

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

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

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

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

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 607, the obligations of the Trustee to any Authenticating Agent under Section 614 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of Clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

Section 402. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

ARTICLE FIVE
Remedies

Section 501. Events of Default.

"Event of Default", wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

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

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

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

(4) default in the performance, or breach, of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifi- cally dealt with or which has expressly been included in this Indenture solely for the benefit of series of Securities other than that series), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(5) the entry by a court or other applicable governmental authority having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company or a Principal Constituent Bank in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company or a Principal Constituent Bank a bankrupt or insolvent or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or a Principal Constituent Bank or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(6) the commencement by the Company or a Principal Constituent Bank of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by either of the foregoing to the entry of a decree or order for relief in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding, or the filing by either of the foregoing of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by either of the foregoing to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or a Principal Constituent Bank or of any substantial part of the property of either, or the making by either of the foregoing of an assignment for the benefit of creditors, or the admission by either of the foregoing in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company or a Principal Constituent Bank in furtherance of any such action; or

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

Section 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default with respect to Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount (or, if the Securities of that series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) of all of the Securities of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable.

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

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

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

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

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

(D) all sums paid or advanced by the Trustee hereunder, the Security Registrar and any Paying Agent and the reasonable compensation, expenses, disbursements and advances of any one of them and their agents and counsel;

and

(2) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

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

Section 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

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

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

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

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon such Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

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

Section 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall

then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee or any predecessor trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee or any predecessor trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee or any predecessor trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee and any predecessor trustee, its agents and counsel, and any other amounts due the Trustee and any predecessor trustee under Section 607.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 505. Trustee May Enforce Claims Without Possession of Securities.

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

Section 506. Application of Money Collected.

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

First: To the payment of all amounts due the Trustee under Section 607; and

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

Section 507. Limitation on Suits.

No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

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

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

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

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

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

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

Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

Section 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to Section 307) interest on such Security on the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 509. Restoration of Rights and Remedies.

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

Section 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 511. Delay or Omission Not Waiver.

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

Section 512. Control by Holders.

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

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

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

(3) such direction is not unduly prejudicial to the rights of other Holders, and

(4) such direction would not involve the Trustee in personal liability.

Section 513. Waiver of Past Defaults.

The Holders of not less than 50% in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default

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

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

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

Section 514. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard for the merits and good faith of the claims

or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities of any series, or to any suit instituted by any Holder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Security on or after the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date).

Section 515. Waiver of Stay or Extension Laws.

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

ARTICLE SIX
The Trustee

Section 601. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this Subsection shall not be construed to limit the effect of Sub-section (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Securities of any series, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Securities of such series; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 602. Notice of Defaults.

Within 90 days after the occurrence of any default hereunder known to the Trustee with respect to the Securities of any series, the Trustee shall transmit by mail to all Holders of Securities of such series, as their names and addresses appear in the Security Register, notice of such default hereunder, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Security of such series or in the payment of any sinking fund instalment with respect to Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interest of the Holders of Securities of such series; and provided further, that in the case of any default of the character specified in Section 501(4) with respect to Securities of such series,

no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

Section 603. Certain Rights of Trustee.

Subject to the provisions of Section 601:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

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

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

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

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

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or

document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

56

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

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

Section 604. Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and neither the Trustee nor any Authenticating Agent assumes responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof.

Section 605. May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 608 and 613, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

Section 606. Money Held in Trust.

Money held by the Trustee in trust or by any Paying Agent hereunder need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any money received by it hereunder.

Section 607. Compensation and Reimbursement.

The Company agrees

(1) to pay to the Trustee, the Security Registrar, any Authenticating Agent and any Paying Agent, as the case may be, from time to time reasonable compensation for all services rendered by them hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

57

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

(3) to indemnify the Trustee, any predecessor trustee, the Security Registrar, any Authenticating Agent and any Paying Agent, as the case may be, for, and to hold each of them harmless against, any loss, liability or expense incurred without negligence or bad faith arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending themselves against any claim or liability in connection with the exercise or performance of any of their powers or duties hereunder.

As security for the performance of the obligations of the Company under this Section, the Trustee shall have a claim prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the Holders of particular Securities.

Section 608. Disqualification; Conflicting Interests.

(a) If the Trustee has or shall acquire any conflicting interest, as defined in this Section, with respect to the Securities of any series, it shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign with respect to the Securities of that series in the manner and with the effect hereinafter specified in this Article.

(b) In the event that the Trustee shall fail to comply with the provisions of Subsection (a) of this Section with respect to the Securities of any series, the Trustee shall, within 10 days after the expiration of such 90-day period, transmit by mail to all Holders of Securities of that series, as their names and addresses appear in the Security Register, notice of such failure.

(c) For the purposes of this Section, the Trustee shall be deemed to have a conflicting interest with respect to the Securities of any series, if

(1) the Trustee is trustee under this Indenture with respect to the Outstanding Securities of any series other than that series or is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the Company are outstanding, unless such other indenture is a collateral trust indenture under the

only collateral consists of Securities issued under this Indenture, provided that there shall be excluded from the operation of this paragraph (A) this Indenture with respect to the Securities of any series other than that series, and (B) any indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Company are outstanding, if

(i) this Indenture and such other indenture or indentures are wholly unsecured and such other indenture or indentures are hereafter qualified under the Trust Indenture Act, unless the Commission shall have found and declared by order pursuant to Section 305(b) or Section 307(c) of the Trust Indenture Act that differences exist between the provisions of this Indenture with respect to Securities of that series and one or more other series or the provisions of such other indenture or indentures which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to the Securities of that series and such other series or under such other indenture or indentures, or

(ii) the Company shall have sustained the burden of proving, on application to the Commission and after opportunity for hearing thereon, that trusteeship under this Indenture with respect to the Securities of that series and such other series or such other indenture or indentures is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to the Securities of that series and such other series or under such other indenture or indentures;

(2) the Trustee or any of its directors or executive officers is an obligor upon the Securities or an underwriter for the Company;

(3) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with the Company or an underwriter for the Company;

(4) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee or representative of the Company, or of an underwriter (other than the Trustee itself) for the Company who is currently engaged in the business of underwriting, except that (i) one individual may be a director or an executive officer, or both, of the Trustee and a director or an executive officer, or both, of the Company but may not be at the same time an executive officer of both the Trustee and the Company; (ii) if and so long as the number of directors of the Trustee in office is more

than nine, one additional individual may be a director or an executive officer, or both, of the Trustee and a director of the Company; and (iii) the Trustee may be designated by the Company or by any underwriter for the Company to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent or depositary, or in any other similar capacity, or, subject to the provisions of paragraph (1) of this Subsection, to act as

trustee, whether under an indenture or otherwise;

(5) 10% or more of the voting securities of the Trustee is beneficially owned either by the Company or by any director, partner or executive officer thereof, or 20% or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10% or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Company or by any director, partner or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(6) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), (i) 5% more of the voting securities, or 10% or more of any other class of security, of the Company not including the Securities issued under this Indenture and securities issued under any other indenture under which the Trustee is also trustee, or (ii) 10% or more of any class of security of an underwriter for the Company;

(7) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), 5% more of the voting securities of any person who, to the knowledge of the Trustee, owns 10% or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Company;

(8) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), 10% or more of any class of security of any person who, to the knowledge of the Trustee, owns 50% or more of the voting securities of the Company; or

(9) the Trustee owns, on May 15 in any calendar year, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25% or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7) or (8) of this Subsection. As to any such securities of which the Trustee acquired owner-

ship through becoming executor, administrator or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply, for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such voting securities or 25% of any such class of security. Promptly after May 15 in each calendar year, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15. If the Company fails to make payment in full of the principal of (or premium, if any) or interest on any of the Securities when and as the same becomes due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period, and after such date, notwithstanding the foregoing provisions of this paragraph, all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of paragraphs (6), (7) and (8) of this Subsection.

The specification of percentages in paragraphs (5) to (9), inclusive, of this Subsection shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this Subsection.

For the purposes of paragraphs (6), (7), (8) and (9) of this Subsection only, (i) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (ii) an obligation shall be deemed to be "in default" when a default in payment of principal shall have continued for 30 days or more and shall not have been cured; and (iii) the Trustee shall not be deemed to be the owner or holder of (A) any security which it holds as collateral security, as trustee or otherwise, for an obligation which is not in default as defined in Clause (ii) above, or (B) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (C) any security which it holds as agent for collection, or as custodian, escrow agent or depositary, or in any similar representative

capacity.

(d) For the purposes of this Section:

(1) The term "underwriter", when used with reference to the Company, means every person who, within three years prior to the time as of which the

61

determination is made, has purchased from the Company with a view to, or has offered or sold for the Company in connection with, the distribution of any security of the Company outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

(2) The term "director" means any director of a corporation or any individual performing similar functions with respect to any organization, whether incorporated or unincorporated.

(3) The term "person" means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization or a government or political subdivision thereof. As used in this paragraph, the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(4) The term "voting security" means any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person.

(5) The term Company means any obligor upon the Securities.

(6) The term "executive officer" means the president, every vice president, every trust officer, the cashier, the secretary and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

(e) The percentages of voting securities and other securities specified in this Section shall be calculated in accordance with the following provisions:

(1) A specified percentage of the voting securities of the Trustee, the Company or any other person referred to in this Section (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

62

(2) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(3) The term "amount", when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares and the number of units if relating to any other kind of security.

(4) The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

(i) securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(ii) securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(iii) securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise; and

(iv) securities held in escrow if placed in escrow by the issuer thereof;

provided, however, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(5) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges; provided, however, that, in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes; and provided further, that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

Section 609. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America, any

State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $25,000,000, and subject to supervision or examination by Federal or State authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 610. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

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

(d) If at any time:

(1) the Trustee shall fail to comply with Section 608(a) after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or by any such Holder, or

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

then, in any such case, (i) the Company by a Board resolution may remove the Trustee with respect to all securities, or (ii) subject to Section 514, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 611, any holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series by mailing written notice of such event by first-class mail, postage prepaid, to all Holders of Securities of such series as their names and addresses appear in the Security Register. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

Section 611. Acceptance of Appointment by Successor.

(a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the

retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers, and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to the prior claim provided for in Section 6.07.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust, that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder

administered by any other such Trustee and that no Trustee shall be responsible for any notice given to, or received by, or any act or failure to act on the part of any other Trustee hereunder, and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein, such retiring Trustee shall with respect to the Securities of that or those series to which the appointment of such successor Trustee relates have no further responsibility for the exercise of rights and powers or for the performance of the duties and obligations vested in the Trustee under this Indenture, and each such successor Trustee without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee, to the extent contemplated by such supplemental indenture, the

property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, subject nevertheless to the prior claim provided for in Section 6.07.

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

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article. Any trustee ceasing to act shall, nevertheless, retain a claim upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 607.

Section 612. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

Section 613. Preferential Collection of Claims Against Company.

(a) Subject to Subsection (b) of this Section, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company within four months prior to a default, as defined in Subsection (c) of this Section, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the Holders of the Securities and the holders of other indenture securities, as defined in Subsection (c) of this Section:

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such four months' period and valid as against the Company and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of

this Subsection, or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against the Company upon the date of such default; and

(2) all property received by the Trustee in respect of any claims as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such four months' period, or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of the Company and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee:

(A) to retain for its own account (i) payments made on account of any such claim by any Person (other than the Company) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third Person, and (iii) distributions made in cash, securities or other property in respect of claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such four months' period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such four months' period and such property was received as security therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default, as defined in Subsection (c) of this Section, would occur within four months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in paragraph (B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C) and (D), property substituted after the beginning of such four months' period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned among the Trustee, the Holders and the holders of other indenture securities in such manner that the Trustee, the Holders and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the Company of the funds and property in such special account and before crediting to the respective claims of the Trustee and the Holders and the holders of other indenture securities dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, whether such distribution is made in cash, securities or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership or proceedings for reorganization is pending shall have jurisdiction (i) to apportion among the Trustee, the Holders and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the Trustee and the Holders and the holders of other indenture securities with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee which has resigned or been removed after the beginning of such four months' period shall be subject to the provisions of this Subsection as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning of such four months' period, it shall be subject to the provisions of this Subsection if and only if the

following conditions exist:

(i) the receipt of property or reduction of claim, which would have given rise to the obligation to account, if such Trustee had continued as Trustee, occurred after the beginning of such four months' period; and

69

(ii) such receipt of property or reduction of claim occurred within four months after such resignation or removal.

(b) There shall be excluded from the operation of Subsection (a) of this Section a creditor relationship arising from:

(1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction or by this Indenture, for the purpose of preserving any property which shall at any time be subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrances thereon, if notice of such advances and of the circumstances surrounding the making thereof is given to the Holders at the time and in the manner provided in this Indenture;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity,

(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction, as defined in Subsection (c) of this Section;

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Company; and

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper, as defined in Subsection (c) of this Section.

(c) For the purposes of this Section only:

(1) the term "default" means any failure to make payment in full of the principal of or interest on any of the Securities or upon the other indenture securities when and as such principal or interest becomes due and payable;

(2) the term "other indenture securities" means securities upon which the Company is an obligor outstanding under any other indenture (i) under which the Trustee is also trustee, (ii) which contains provisions substantially similar to the provisions of this Section, and (iii) under which a default exists at the time of the apportionment of the funds and property held in such special account;

70

(3) the term "cash transaction" means any transaction in which full payment for goods or securities sold is made within seven days after delivery of goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand;

(4) the term "self-liquidating paper" means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Company for the purpose of financing the purchase, processing, manufacturing, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with
the creation of the creditor relationship with the Company arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation;

(5) the term "Company" means any obligor upon the Securities; and

(6) the term "Federal Bankruptcy Act" means the Bankruptcy Act or Title 11 of the United States Code.

Section 614. Appointment of Authenticating Agent.

At any time when any of the Securities remain Outstanding the Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon exchange, registration of transfer or partial redemption thereof and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus as most recently reported or determined by it sufficient under the laws of any jurisdiction under which it is organized or in which it is doing business to conduct a trust business, and which is otherwise authorized under such laws to conduct such business and is subject to supervision or examination by Federal or State authority. If at any time an Authenticating Agent shall cease to be eligible

in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

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

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time (and upon request by the Company shall) terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services, and to reimburse it for its expenses, disbursements and advances (except for any such expense, disbursement or advance attributable to its negligence or bad faith) made or incurred, under this Section, and the Trustee shall be entitled to be reimbursed for such payments by the Company, subject to the provisions of Section 607.

The provisions of Sections 308, 604 and 605 shall be applicable to each Authenticating Agent.

Pursuant to each appointment made under this Section, the Securities of each series covered by such appointment may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

This is one of the Securities of the series provided for under the within-mentioned Indenture.

[Name of Authenticating Agent], as
Authenticating Agent for the Trustee

By.....
Authorized Officer

ARTICLE SEVEN
Holders' Lists and Reports by Trustee and Company

Section 701. Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee:

(a) semi-annually, not more than 15 days after each Regular Record Date for series of Securities bearing interest payable semi-annually and after each January 1 and July 1 for all other series of Securities, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of such series as of such date; and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of the date not more than 15 days prior to the time such list is furnished;

provided, however, that if and so long as the Trustee is the Security Registrar with respect to Securities of a particular series no such list shall be required with respect to the Securities of such series.

Section 702. Preservation of Information; Communications to Holders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 701 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar. The Trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

(b) If three or more Holders (herein referred to as "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a Security for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders with respect to their rights under this Indenture or under the Securities and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five business days after the receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Trustee in accordance with Section 702(a), or

(ii) inform such applicants as to the approximate number of Holders whose names and addresses appear in the information preserved at the time by the Trustee in accordance with Section 702(a), and as to the approximate

cost of mailing to such Holders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Holder whose name and address appear in the information preserved at the time by the Trustee in accordance with Section 702(a) a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender the Trustee shall mail to such applicants and file with the Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interest of the Holders or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Holders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor

any agent of either of them shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with Section 702(b), regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 702(b).

Section 703. Reports by Trustee.

(a) Within 60 days after May 15 of each year commencing with the year 1986, the Trustee shall transmit by mail to all Holders, as their names and addresses appear in the Security Register, a brief report dated as of such May 15 with respect to:

(1) its eligibility under Section 609 and its qualifications under Section 608, or in lieu thereof, if to the best of its knowledge it has continued to be eligible and qualified under said Sections, a written statement to such effect:

(2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee as such which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to report such advances if such advances so remaining unpaid aggregate not more than 1/2 of 1% of the principal amount of the Securities Outstanding on the date of such report;

(3) the amount, interest rate and maturity date of all other indebtedness owing by the Company (or by any other obligor on the Securities) to the Trustee in its individual capacity, on the date of such report, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner described in Section 613(b)(2), (3), (4), or (6);

(4) the property and funds, if any, physically in the possession of the Trustee as such on the date of such report;

(5) any additional issue of Securities which the Trustee has not previously reported; and

(6) any action taken by the Trustee in the performance of its duties hereunder which it has not previously reported and which in its opinion materially affects the Securities, except action in respect of a default, notice of which has been or is to be withheld by the Trustee in accordance with Section 602.

(b) The Trustee shall transmit by mail to all Holders, as their names and addresses appear in the Security Register, a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee as such since the date of the last report transmitted pursuant to Subsection (a) of this Section (or if no such report has yet been so transmitted, since the date of execution of this instrument) for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities, on property or funds held or collected by it as Trustee and which it has not previously reported pursuant to this Subsection, except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate 10% or less of the principal amount of the Securities Outstanding at such time, such report to be transmitted within 90 days after such time.

(c) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any

Securities are listed, with the Commission and with the Company. The Company will notify the Trustee when any Securities are listed on any stock exchange.

Section 704. Reports by Company.

The Company shall:

(1) file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time

to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then it shall file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) transmit by mail to all Holders, as their names and addresses appear in the Security Register, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to paragraphs (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

ARTICLE EIGHT

Consolidation, Merger, Conveyance, Transfer or Lease

Section 801. Company May Consolidate, Etc., Only on Certain Terms.

The Company shall not consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless:

(1) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest on all the Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

Section 802. Successor Corporation Substituted.

Upon any consolidation by the Company with or merger by the Company into any other corporation or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 801, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein, and thereafter, except in the case of a lease, the predecessor corporation shall be relieved of all obligations and covenants under this Indenture and the Securities.

Such successor corporation may cause to be signed, and may issue either in its own name or in the name of the Company prior to such succession, any or all of the Securities issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor corporation instead of upon the order of the Company, and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Securities which previously shall have been signed and delivered by the officers of the Company to the

Trustee for authentication pursuant to such provisions and any Securities which such successor corporation thereafter shall cause to be signed and delivered to the Trustee on

its behalf for that purpose pursuant to such provisions. All the Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof.

ARTICLE NINE

Supplemental Indentures

Section 901. Supplemental Indentures without Consent of Holders.

Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities; or

(2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender with respect to all or any series of Securities any right or power herein conferred upon the Company (and if such right or power is to be surrendered with respect to less than all series of Securities, stating that such right or power is being surrendered solely with respect to such series); or

(3) to add any additional Events of Default; or

(4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons; or

(5) to change or eliminate any of the provisions of this Indenture, provided that any such change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision; or

(6) to secure the Securities; or

(7) to establish the form or terms of Securities of any series as permitted by Sections 201 and 301; or

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 611(b); or

(9) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, provided such action shall not adversely affect the interests of the Holders of Securities of any series in any material respect.

Section 902. Supplemental Indentures with Consent of Holders.

With the consent of the Holders of not less than 66 2/3% in principal amount of the Outstanding Securities of each series affected by such supplemental indenture, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; provided, however, that no such supplemental indenture shall, without the

consent of the Holder of each Outstanding Security affected thereby,

(1) change the Stated Maturity of the principal of, or any instalment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, or change any Place of Payment where, or the coin or currency in which, any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or

(3) modify any of the provisions of this Section, Section 513 or Section 1010, except to increase any such percentage or to provide that certain other

provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; provided, however, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this Section and Section 1010 or the deletion of this proviso, in accordance with the requirements of Sections 611 (b) and 901 (8).

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the right under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 903. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon (a) an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and (b) an Officers' Certificate stating that no default in payment and no Event of Default has occurred or is continuing and that all conditions precedent to the Company's execution and delivery of a valid supplemental indenture have been satisfied. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

Section 906. Reference in Securities to Supplemental Indentures.

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to

any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE TEN

Covenants

Section 1001. Payment of Principal, Premium and Interest.

The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of (and premium, if any) and interest (if any) on the Securities of that series in accordance with the terms of the Securities and this Indenture.

Section 1002. Maintenance of Office or Agency.

The Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Unless otherwise provided in the Board Resolution or supplemental indenture with respect to a series of Securities, the Company hereby initially designates as the place of payment for each series of Securities the Borough of Manhattan, The City of New York. The Company initially appoints the Trustee as Paying Agent in such city.

Section 1003. Money for Securities Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of (and premium, if any) or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal (and premium, if any) or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, prior to each due date of the principal of (and premium, if any) or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of (and premium, if any) or interest on Securities of that series in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment of principal (and premium, if any) or interest on the Securities of that series; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the

same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (and premium, if any) or interest on any Security of any series and remaining unclaimed for three years after such principal (and premium, if any) or interest has become due and payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the Borough of Manhattan, The City of New York, or mailed to each such Holder, or both, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication or mailing, any unclaimed balance of such money then remaining will be repaid to the Company.

Section 1004. Corporate Existence.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises and the corporate existence, rights (charter and statutory) and franchises of each Principal Constituent Bank; provided, however, that the Company shall not be required to preserve any such corporate existence, right or franchise if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries considered as a whole and that the loss thereof is not disadvantageous in any material respect to the Holders.

Section 1005. Limitation Upon Sale or Issuance of Capital Stock of Certain Subsidiaries.

Except as set forth below, the Company will not sell, assign, pledge, transfer or otherwise dispose of, or permit the issuance of, or permit a Subsidiary to sell, assign, pledge, transfer or dispose of, any shares of Capital Stock of any Subsidiary or any securities convertible into Capital Stock of any Subsidiary which is:

(a) a Principal Constituent Bank; or

(b) a Subsidiary which owns shares of Capital Stock or any securities convertible into Capital Stock of a Principal Constituent Bank;

provided, however, nothing in this Section shall prohibit (i) any dispositions made by the Company or any Subsidiary (A) acting in a fiduciary capacity for any person other than the Company or any Subsidiary or (B) to the Company or any of its wholly-owned (except for directors' qualifying shares and except for approximately 0.5% of the Voting Stock of The First National Bank of Ashland owned by persons other than the Company) Subsidiaries or (ii) the merger or consolidation of a Principal Constituent Bank with and into a Constituent Bank or the merger or consolidation of any Principal Constituent Bank with and into any other Principal Constituent Bank.

Notwithstanding the foregoing, sales, assignments, pledges, transfers, issuances or other dispositions of shares of Capital Stock of a corporation referred to in Clause (a) or (b) above may be made where:

(i) the sales, assignments, pledges, transfers, issuances or other dispositions are made, in the minimum amount required by law, to any Person for the purpose of the qualification of such Person to serve as a director; or

(ii) the sales, assignments, pledges, transfers, issuances or other dispositions are made in compliance with an order of a court or regulatory authority of competent jurisdiction or as a condition imposed by any such court or authority to the acquisition by the Company, directly or indirectly, of any other corporation or entity; or

(iii) in the case of a disposition or issuance of shares of Capital Stock or any securities convertible into Capital Stock of a Principal Constituent Bank, or sales of Capital Stock or any securities convertible into Capital Stock of any Subsidiary included in Clause (b) above, the sales, assignments, pledges, transfers, issuances or other dispositions are for fair market value (as determined by the Board of Directors of the Company and the Subsidiary disposing of such shares or securities, such determination being evidenced by a Board Resolution) and, after giving effect to such disposition and to any potential dilution (if the shares or securities are convertible into Capital Stock), the Company and its wholly-owned (except for directors' qualifying shares) Subsidiaries, will own directly not less than 80% of the Voting Stock of such Principal Constituent Bank or Subsidiary; or

(iv) a Principal Constituent Bank sells additional shares of Capital Stock to its stockholders at any price, so long as immediately after such sale the Company owns, directly or indirectly, at least as great a percentage of the Voting Stock of such Principal Constituent Bank as it owned prior to such sale of additional shares.

Section 1006. Payment of Taxes and Other Claims.

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (1) all taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or upon the income, profits or property of the Company or any Subsidiary, and (2) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of the Company or any Subsidiary; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

Section 1007. Liens.

The Company will not pledge, mortgage or hypothecate, or permit to exist any pledge, mortgage or hypothecation or other lien upon, any shares of Capital Stock of a Constituent Bank to secure any indebtedness for borrowed money without making effective provisions whereby the Securities shall be equally and ratably secured with any and all such indebtedness.

In case the Company shall propose to pledge, mortgage or hypothecate any such shares of Capital Stock at any time owned by it to secure any indebtedness, the Company will prior thereto give written notice thereof to the Trustee and will prior to or simultaneously with such pledge, mortgage or hypothecation, by supplemental indenture delivered to the Trustee, in form satisfactory to it, effectively secure all the Securities equally and ratably with such indebtedness, by pledge, mortgage or hypothecation of such shares of Capital Stock. Such supplemental indenture shall contain the provisions concerning the possession, control, release and substitution of mortgaged and pledged property and securities and other appropriate matters which are required or are permitted by the Trust Indenture Act (as in effect at the date of execution of such supplemental indenture) to be included in a secured indenture qualified under said Act, and may also contain such additional and amendatory provisions permitted by said Act as the Company and the Trustee shall deem advisable or appropriate or as the Trustee shall deem necessary in connection with such pledge, mortgage or hypothecation.

Section 1008. Limitation on Certain Acquisitions.

The Company will not (a) acquire Capital Stock of any corporation or (b) acquire substantially all the assets and liabilities of any corporation, if, immediately upon giving effect to such acquisition, the Company would not

then be in full compliance with all the terms, conditions and covenants contained in this Indenture.

Section 1009. Statement as to Compliance.

The Company will deliver to the Trustee, within 120 days after the end of each fiscal year (which on the date hereof ends on December 31), a written statement, which need not comply with Section 102, signed by the Chairman of the Board, the President, a Vice Chairman or a Vice President and by the Treasurer, an Assistant Treasurer, or the Controller or an Assistant Controller of the Company, stating, as to each signer thereof, that

(1) a review of the activities of the Company during such year and of performance under this Indenture has been made under his supervision, and

(2) to the best of his knowledge, based on such review, (a) the Company has fulfilled all its obligations under this Indenture throughout such year, or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to him and the nature and status thereof, and (b) no event has occurred and is continuing which is, or after notice or lapse of time or both would become, an Event of Default, or, if such an occurred and is continuing, specifying each such event known to him and the nature and status thereof.

Section 1010. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any term, provision or condition set forth in Sections 1004, 1005, 1006, 1007 and 1008 with respect to the Securities of any series if before the time for such compliance the Holders of at least 50% in principal amount of the Outstanding Securities of such series shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

ARTICLE ELEVEN

Redemption of Securities

Section 1101. Applicability or Article.

Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

Section 1102. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company of less than all the Securities of any series, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of Securities of such series to be redeemed and deliver an Officers' Certificate stating that no default in payment and no Event of Default has occurred or is continuing. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

Section 1103. Selection by Trustee of Securities to Be Redeemed.

If less than all the Securities of any series are to be redeemed, the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denominations for Securities of that series or any integral multiple thereof) of the principal amount of Securities of such series or a denomination larger than the minimum

authorized denomination for Securities of that series.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

Securities shall be excluded from eligibility for selection for redemption if they are identified by registration and certificate number in a written statement signed by an authorized officer of the Company and delivered to the Trustee on or prior to the date of notice to the Trustee of redemption as being owned beneficially by and not pledged or hypothecated by either (a) the Company or (b) an Affiliate of the Company specifically identified in such written statement.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

Section 1104. Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to

each Holder of Securities to be redeemed, at his address appearing in the Security Register.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price and the amount of any accrued interest to the Redemption Date,

(3) if less than all the Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular Securities to be redeemed,

(4) that on the Redemption Date, the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,

(5) the place or places where such Securities are to be surrendered for payment of the Redemption Price and any accrued interest to the Redemption Date, and

(6) that the redemption is for a sinking fund, if such is the case.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

The Trustee shall not mail any notice of redemption through the sinking fund or of any optional redemption in part as to any series during the continuance of any default in the payment of interest or any Event of Default with respect to the Securities of that series.

Section 1105. Deposit of Redemption Price.

On or prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date.

Section 1106. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such

Securities shall cease to bear interest. Upon surrender of any such Security

for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that instalments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Regular Record Dates according to their terms and the provisions of Section 307.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

Section 1107. Securities Redeemed in Part.

Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same Series, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE TWELVE

Sinking Funds

Section 1201. Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 301 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment". If provided for by the terms of Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

Section 1202. Satisfaction of Sinking Fund Payments with Securities.

The Company (1) may deliver Outstanding Securities of a series (other than any previously called for redemption) and (2) may apply as a credit Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to the Securities of such series required to be made pursuant to the terms of such Securities as provided for by the terms of such Series; provided that such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

Section 1203. Redemption of Securities for Sinking Fund.

Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 1202 and will also deliver to the Trustee any Securities to be so credited which have not theretofore been delivered. Not less than 30 days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 1106 and 1107.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

90

In Witness Whereof, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

National City Corporation

By /s/ Julien L. McCall
Chairman of the Board

[Seal]

Attest:

/s/ Thomas F. Harvey
Assistant Secretary

Morgan Guaranty Trust Company
of New York, as Trustee

By /s/ D. G. Hope
Vice President

[Seal]

Attest:

/s/ F. J. Gillhaus
Assistant Secretary

91

State of Ohio SS.:
County of Cuyahoga

On the 18th day of March 1986, before me personally came Julien L. McCall, to me known, who, being by me duly sworn, did depose and say that he is Chairman of the Board of National City Corporation, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Executive Committee of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

[Notarial Seal] /s/ Thomas Alan Plant
Notary Public

THOMAS ALAN PLANT, Attorney at Law
Notary Public-State of Ohio
My commission has no expiration date.
Section 147.03 R.C.

State of New York SS.:
County of New York

On the 19th day of March 1986, before me personally came D. G. Hope, to me known, who, being by me duly sworn, did depose that he is a Vice President of Morgan Guaranty Trust Company of New York, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal: that it was so affixed by authority of the Board of Directors of said

corporation: and that he signed his name thereto by like authority.

[Notarial Seal]

/s/ David J. May
Notary Public

DAVID J. MAY
Notary Public, State of New York
No. 31-4795798
Qualified in New York County
Commission Expires March 30, 1987

PROSPECTUS

$75,000,000

NATIONAL CITY CORPORATION

FLOATING RATE SUBORDINATED NOTES DUE 1997

Interest on the Notes is payable quarterly on Interest Payment Dates in January, April, July and October of each year, commencing April 30, 1985, at a rate of 1/8 of 1% per annum above the arithmetic mean of London interbank offered quotations for three-month Eurodollar deposits prevailing two New York Business Days before the beginning of each Interest Period (subject to a minimum rate of 5 1/4% per annum). See "Description of Notes --Interest".

The Notes may not be redeemed prior to the Interest Payment Date in January 1989 and will be redeemable on such date and thereafter at the option of National City, in whole or in part, at their principal amount plus accrued interest, and will mature on the Interest Payment Date in January 1997.

Payment of principal of the Notes may be accelerated only in case of the bankruptcy, insolvency or reorganization of National City. There is no right of acceleration in the case of a default in the payment of interest or the performance of any other covenant of National City. The Notes are subordinated to all present and future senior indebtedness of National City. See "'Description of Notes".

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

<TABLE>
<CAPTION>

	Price to Public (1)	Underwriting Discount	Proceeds to National City (1)(2)
<S>	<C>	<C>	<C>
Per Note.....	99.70%	.50%	99.20%
Total	$74,775,000	$375,000	$74,400,000

<FN>
(1) Plus accrued interest, if any, from January 31, 1985 to date of delivery.

(2) Before deduction of expenses payable by National City estimated to be $194,000.

</TABLE>

The Notes are offered subject to receipt and acceptance by the Underwriters, to prior sale and to the Underwriters' right to reject any order in whole or in part and to withdraw, cancel or modify the offer without notice. It is expected that the delivery of the Notes will be made at the office of Salomon Brothers Inc, One New York Plaza, New York, New York, or through the facilities of The Depository Trust Company, on or about January 31, 1985.

Salomon Brothers Inc Keefe, Bruyette & Woods, Inc.

The date of this Prospectus is January 22, 1985.

EXHIBIT 99.6

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

National City Corporation ("National City") is subject to the

informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information can be inspected and copied at the Public Reference Section of the Commission at 450 Fifth Street N.W., Washington, D.C. 20549, and at the Commission's New York Regional Office, Room 1100, Federal Building, 26 Federal Plaza, New York, New York 10278, Los Angeles Regional Office, Suite 500 East, 5757 Wilshire Boulevard, Los Angeles, California 90036, and Chicago Regional Office, Room 1228, Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois 60604, and copies of such materials can be obtained from the Public Reference Section of the Commission at 450 Fifth Street N.W., Washington, D.C. 20549, at prescribed rates. National City has filed with the Commission a Registration Statement on Form S-3 (the "Registration Statement") under the Securities Act of 1933, as amended, with respect to the Notes offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. The Registration Statement and the exhibits thereto may be inspected without charge at the office of the Commission at 450 Fifth Street N.W., Washington, D.C. 20549, and copies thereof may be obtained from the Commission upon payment of the prescribed fees.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents heretofore filed by National City with the Commission are incorporated herein by reference:

(a) Annual Report on Form 10-K for the year ended December 31, 1983 (as amended), filed pursuant to Section 13 of the Exchange Act;

(b) Quarterly Reports on Form 10-Q for the quarters ended March 31, 1984, June 30, 1984, and September 30, 1984 (as amended), filed pursuant to Section 13 of the Exchange Act; and

(c) Current Reports on Form 8-K dated February 14, 1984, April 10, 1984, June 25, 1984, August 13, 1984, August 20, 1984, November 21, 1984, and December 12, 1984, filed pursuant to Section 13 of the Exchange Act.

All reports subsequently filed pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering of the Notes offered hereby shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of filing of such documents.

National City will provide without charge to each person to whom this Prospectus is delivered, on the request of any such person, a copy of any or all of the documents incorporated herein by reference (other than exhibits). Written requests should be directed to: National City Corporation, 1900 East Ninth Street, Cleveland, Ohio 44114, Attention: Thomas W. Owen, Senior Vice President, Treasurer and Comptroller. Telephone requests may be directed to (216) 575-2000.

NATIONAL CITY CORPORATION

National City is the largest bank holding company in the State of Ohio and ranks among the 30 largest in the United States on the basis of total assets. National City operates 13 commercial banks (11 national and 2 state banks) throughout Ohio, with over 350 banking offices in 53 of Ohio's 88 counties. National City's two principal commercial banking subsidiaries are National City Bank in Cleveland and Bancohio National Bank in Columbus. National City also owns trust companies in Ohio and Florida and non-banking subsidiaries that engage in venture capital, small business investment, insurance, mortgage banking and other financial activities.

National City became Ohio's largest bank holding company on November 9, 1984, when it acquired, pursuant to a merger, Bancohio Corporation ("Bancohio"), then Ohio's third largest bank holding company. Under the terms of the merger agreement, holders of Bancohio Common Stock received approximately $120 million in cash and a combination of National City Common Stock and Series A Convertible Preferred Stock valued in conjunction with the merger at approximately $170 million. In addition, shares of Bancohio Adjustable Rate Cumulative Preferred Stock were exchanged for similar shares of National City Adjustable Rate Cumulative Preferred Stock.

Prior to the merger, at September 30, 1984, National City had total assets of $6.5 billion, total deposits of $4.6 billion and shareholders' equity of $450 million and Bancohio had total assets of $5.8 billion, total deposits of $4.6 billion and shareholders' equity of $380 million. On a pro forma basis at September 30, 1984, National City and Bancohio had total assets of $11.8 billion, total deposits of $8.9 billion and shareholders' equity of $649 million. See "Pro Forma Condensed Combined Financial Information" for certain pro forma information concerning the merger, and "National City Corporation Fourth Quarter And Year End Results" for certain capsule financial information

at December 31, 1984.

Since the consummation of the merger, National City has commenced the reorganization and consolidation of Bancohio's facilities and operations to eliminate overlapping presences in the same markets. Bancohio National Bank's offices in and around Akron and Cleveland have already been merged into National City banking subsidiaries; similar action will take place in Dayton and Toledo. Bancohio National Bank will continue to be responsible for the management of its branches in Columbus and throughout Ohio, except in those cities referred to previously. Further consolidation, including the centralization of support staff resources, is anticipated, based on cost and other profitability considerations.

National City is a legal entity separate and distinct from its subsidiary banks. The principal source of National City's income is dividends from its subsidiary banks. Under Federal law, the total of all dividends declared by a national bank in any calendar year may not, without the approval of the Comptroller of the Currency, exceed the aggregate of such bank's net profits (as defined) for that year and retained net profits (as defined) for the preceding two years. National City's state-chartered banking subsidiaries are likewise under limitations imposed by the state and/or the Board of Governors of the Federal Reserve System ("Federal Reserve Board"). Under these limitations, National City's subsidiary banks (including the subsidiary banks acquired from Bancohio) will be able to declare aggregate dividends of approximately $52 million, in addition to their 1985 net income, without the prior approval of their respective regulatory authorities. The Comptroller of the Currency also has authority under the Financial Institutions Supervisory Act to prohibit a national bank from engaging in what, in his opinion, constitutes an unsafe or unsound practice in conducting its business. The payment of dividends could, depending upon the financial condition of the sub-sidiary banks, be deemed to constitute such an unsafe or unsound practice. In addition, the subsidiary banks are subject to the Federal Reserve Act on extensions of credit to, investments in, and certain other transactions with, National City and its other subsidiaries.

National City is incorporated in the State of Delaware. The executive offices of National City are located at 1900 East Ninth Street, Cleveland, Ohio 44114, and its telephone number is (216) 575-2000.

APPLICATION OF PROCEEDS

National City intends to apply the net proceeds from the sale of the Notes to reduce by approximately $60 million the $85 million of outstanding borrowings under its $200 million revolving credit facility, which bears a floating rate of interest which is currently 10.37%, and to repay approximately $15 million of short-term borrowings made or expected to be made in January 1985, at weighted average interest rates expected to be approximately 9.8%. These borrowings were used partially in connection with the acquisition of Bancohio, and partially to meet general corporate purposes. Pending ultimate application, proceeds may be temporarily invested in marketable securities. Under the terms of the facility, any outstanding balances on October 1, 1988 will be converted into a term loan with a final maturity date of October 1, 1992.

In December 1984, National City sold $50 million of its 9.50% Convertible Subordinated Debentures Due 2010, and used the proceeds to repay borrowings under the revolving credit facility which were also incurred in connection with the acquisition of Bancohio.

It is the present policy of National City to provide additional capital funds for its subsidiaries, if required, through the sale of securities by National City, rather than through direct financings by the subsidiaries. Based upon the anticipated growth of its subsidiaries and the financial needs of National City, National City may, from time to time, engage in additional financings of a character and in amounts to be determined.

NATIONAL CITY CORPORATION
FOURTH QUARTER AND YEAR END RESULTS

National City's net income for the fourth quarter of 1984 was $21,422,000, up 50.1% from $14,271,000 in the fourth quarter of 1983. Primary net income was $1.54 and fully diluted earnings per common share was $1.41, up 22.2% and 16.5%, from the corresponding $1.26 and $1.21 of a year earlier. These results represented a return on average assets of.84% for the fourth quarter of 1984, compared to .91% for the fourth quarter of 1983. Return on average equity was 14.44% for the period, up from 13.66% a year earlier.

For the full year 1984, net income of $65,895,000 was 37.1% higher than the 1983 amount of $48,061,000. Primary net income per common share was $5.45 for 1984 and $4.26 for 1983, up 27.9%. Assuming full dilution, the 1984 net income of $5.17 per common share was up 25.8% from $4.11 in 1983. Return on average

assets was .90% for 1984, up from .77% for 1983. Return on average equity was 13.87% for 1984, compared to 11.84% in 1983.

The earnings increase for the quarter and year ended December 31, 1984, reflected the continued success of National City's programs to control costs and increase market share. Continued strong growth in commercial and consumer loans, together with stable interest costs on National City's large consumer deposit base, resulted in improvements in net interest income and margin.

Fourth quarter 1984 earnings also benefited from the inclusion of Bancohio National Bank's earnings for November and December, following the acquisition by merger of Bancohio on November 9 under the purchase method of accounting.

Total assets at December 31, 1984, were $12,400 million compared to $6,600 million a year earlier. Shareholders' equity was $663 million, or $38.90 per share, compared to $421 million or $37.09 per share at December 31, 1983.

5

<TABLE>

NATIONAL CITY CORPORATION
SELECTED FINANCIAL DATA

The following table sets forth, in summary form, certain consolidated financial data for National City and its subsidiaries for each of the five years in the period ended December 31, 1983 and for the nine-month periods ended September 30, 1984 and 1983 and is qualified in its entirety by the detailed information and financial statements included in the documents incorporated herein by reference. See "Incorporation of Certain Documents by Reference".

<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30(A)		YEAR ENDED DECEMBER 31				
	1984	1983	1983	1982	1981	1980	1979
	(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Operating Results							
Net Interest Income	$153.1	$133.8	$180.3	$156.2	$120.5	$129.5	$127.6
Tax Equivalent Adjustment	27.5	29.8	39.3	40.6	44.1	43.7	35.3
Net Interest Income -- Fully Taxable Equivalent	180.6	163.6	219.6	196.8	164.6	173.2	162.9
Provisions for Loan and Other Credit Losses	13.4	14.5	28.7	15.8	11.5	7.9	3.8
Fees and Other Income	57.2	50.4	68.1	55.7	46.6	36.9	29.9
Security Gains (Losses)	.3	(3.1)	(17.2)	(5.5)	(6.8)	(9.5)	(9.4)
Trading Account Profits (Losses)	.1	.4	.6	1.8	1.7	3.9	(.7)
Gain on Sale of Buildings	--	--	18.2	--	--	--	--
Non-Interest Expense	143.7	133.7	179.7	152.7	122.7	111.0	90.2
Income before Tax Equivalent Adjustment and Federal Income Taxes	81.1	63.1	80.9	80.3	71.9	85.6	88.7
Tax Equivalent Adjustment	27.5	29.8	39.3	40.6	44.1	43.7	35.3
Income before Federal Income Taxes	53.6	33.3	41.6	39.7	27.8	41.9	53.4
Federal Income Taxes (Benefit)	9.1	(.5)	(6.5)	(3.9)	(12.2)	(4.9)	4.9
Net Income	$44.5	$33.8	$48.1	$43.6	$40.0	$46.8	$48.5
Per Share Data:(b)							
Net Income -- Primary	$3.91	$3.00	$4.26	$3.75	$3.41	$3.98	$4.10
Assuming Full Dilution	3.76	2.90	4.11	3.70	3.41	3.98	4.10
Dividends Declared	1.42 1/2	1.37 1/2	1.85	1.83 1/3	1.83 1/3	1.83 1/3	1.70 5/6
Book Value (at end of period)	39.49	36.35	37.09	34.62	32.28	30.71	28.51
Average Shares Outstanding(b) (in thousands)	11,372	11,261	11,279	11,633	11,745	11,765	11,842
Average Balances:							
Assets	$6,369	$6,247	$6,247	$5,739	$5,109	$5,008	$4,175
Loans	3,359	3,061	3,107	2,527	2,216	2,145	1,907
Investment Securities	1,118	1,289	1,252	1,106	1,154	1,099	921
Earning Assets	5,516	5,345	5,331	4,835	4,270	4,160	3,484
Deposits	4,507	4,300	4,315	3,874	3,316	3,135	2,780
Corporate Long-Term Obligations	115	153	143	85	54	35	6
Shareholders' Equity	436	402	406	385	369	349	324
Financial Ratios:(c)							
Return on Average Equity	13.55%	11.20%	11.84%	11.31%	10.84%	13.41%	14.97%
Return on Average Assets	.93	.72	.77	.76	.78	.93	1.16

Average Assets to Average Equity .	14.61x	15.54x	15.40x	14.89x	13.85x	14.35x	12.89x
Dividend Payout.....	36.5%	45.9%	43.5%	48.7%	53.8%	46.0%	41.7%
Ratios at End of Period:							
Reserve for Loan Losses to Loans .	1.22%	1.20%	1.24%	1.26%	1.27%	1.32%	1.30%
Underperforming Assets to Loans....	1.4	2.6	1.6	2.9	1.4	.9	.7
Underperforming Assets to Total Assets	.8	1.4	.8	1.3	.6	.3	.3
Primary Capital to Total Assets....	7.55	7.11	6.99	6.31	7.54	7.06	7.33
Ratio of Earnings to Fixed Charges:(d)							
Excluding Interest on Deposits.....	1.57x	1.38x	1.36x	1.30x	1.16x	1.25x	1.53x
Including Interest on Deposits.....	1.16	1.11	1.10	1.09	1.06	1.12	1.22

- ------------------

<FN>
(a) The financial information for the nine-month periods ended September 30, 1984 and 1983 is derived from interim financial statements which include all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the interim periods. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.
(b) Share data adjusted for three-for-two stock split effected in January 1984.
(c) Nine-month ratios are annualized.
(d) The ratio of earnings to fixed charges has been computed by dividing income before Federal income taxes and fixed charges by fixed charges. Fixed charges excluding interest on deposits consist of interest on indebtedness and one-third of net rental expense (which is deemed representative of the interest factor). Fixed charges including interest on deposits consist of the foregoing items plus interest on deposits.
</TABLE>

NATIONAL CITY CORPORATION

MANAGEMENT'S DISCUSSION OF INTERIM RESULTS

EARNINGS SUMMARY

Net income for the nine months ended September 30, 1984 was $44,473,000, an increase of 31.6% from $33,790,000 in the corresponding period of 1983. Primary earnings per share increased 30.3%, from $3.00 in 1983 to $3.91 in 1984,

Nine-month 1984 results included gains of $1,840,000 ($1,325,000 after tax) on sales of equity securities held by National City's venture capital and small business investment subsidiaries. Net losses of $1,495,000 ($807,000 after tax) for the nine months were realized on sales of debt securities, principally U.S. Treasury and Federal agency issues. By comparison, during the nine-month period in 1983, National City had net security losses of 83,153,000 ($1,575,000 after tax). In 1984, realized pre-tax losses on municipal securities of $10,997,000 were charged to the reserve for disposition of tax-exempt securities established at the end of 1983. Exclusive of all security transactions, operating earnings rose 24.3% for the nine months.

The increase in operating earnings was due mainly to wider interest margins and loan growth, which produced gains in net interest income that more than offset increased net non-interest expenses.

NET INTEREST INCOME

Fully taxable net interest income increased 10.4% in the first nine months of 1984. Total earning assets averaged $5,516 million compared to $5,345 million for the corresponding period of 1983. The growth in earning assets occurred in loans, in particular domestic commercial and consumer installment loans. Average loans increased 9.7% for the nine months, offsetting decreases in the investment portfolio. At September 30, 1984, total loans were up 11.1% from the prior year, reflecting some increased activity in money market loans near the end of September. These loans are short-term fixed rate business loans funded to maturity at an incremental spread to other investments.

Net interest margin (annualized fully taxable net interest income divided by average earning assets) was 4.37% for the nine months compared to 4.10% in the 1983 period. Margins in 1984 benefited from relatively stable interest costs on National City's large consumer deposit base and from increased loan volume.

FEES AND OTHER INCOME/NON-INTEREST EXPENSE

Fees and other income increased 13.5% for the first nine months of 1984, due mainly to improvements in trust and service charge revenue. Non-interest expenses were up 7.5%. The 1984 nine-month expenses included a credit of $4,200,000 for state tax refunds while 1983 expenses included a credit of $1,772,000 from the reversal of previously accrued but unpaid state taxes. Exclusive of these credits, nine-month expenses were up 9.2% compared to 1983.

7

BANCOHIO CORPORATION

AVAILABLE INFORMATION AND SELECTED FINANCIAL DATA

Bancohio was merged into National City on November 9, 1984, with the merger accounted for as a purchase. Historical financial statements and business and financial information with respect to BancOhio are included in National City's Current Reports on Form 8-K dated November 21, 1984 and December 12, 1984 incorporated herein by reference. See "Incorporation of Certain Documents by Reference". The following table sets forth, in summary form, certain consolidated financial data for Bancohio and its subsidiaries for each of the five years during the period ended December 31, 1983 and the nine-month periods ended September 30, 1984 and 1983 and is qualified in its entirety by the historical financial statements and other data referred to above.

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30(A)		YEAR ENDED DECEMBER 31				
	1984	1983	1983	1982	1981	1980	1979
			(DOLLARS IN MILLIONS)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Operating Results:							
Net Interest Income	$166.7	$147.5	$200.1	$193.3	$182.1	$161.9	$157.2
Tax Equivalent Adjustment	12.3	14.8	13.4	15.2	19.7	5.3	27.1
Net Interest Income -- Fully Taxable Equivalent	179.0	162.3	213.5	208.5	201.8	167.2	184.3
Provision for Loan and Lease Losses	30.0	22.2	38.7	22.4	22.4	23.4	12.3
Other Income	54.2	46.7	64.4	49.4	44.5	28.5	31.0
Operating Expense	167.4	157.2	207.3	199.1	177.9	162.9	147.4
Income Before Tax Equivalent Adjustment and Federal Income Taxes	35.8	29.6	31.9	36.4	46.0	9.4	55.6
Tax Equivalent Adjustment	12.3	14.8	13.4	15.2	19.7	5.3	27.1
Federal Income Taxes (Credit)	3.1	--	--	(1.0)	(1.1)	(3.8)	(1.2)
Income Before Extraordinary Item	20.4	14.8	18.5	22.2	27.4	7.9	29.7
Extraordinary Item(b)	3.0	--	--	--	--	--	--
Net Income	$23.4	$14.8	$18.5	$22.2	$27.4	$7.9	$29.7
Average Balances:							
Assets	$5,883	$5,753	$5,808	$5,675	$5,052	$4,881	$4,621
Loans and Leases	3,443	3,197	3,241	2,974	2,755	2,714	2,558
Earning Assets	5,097	4,843	4,913	4,750	4,273	4,156	3,991
Deposits	4,652	4,391	4,449	4,258	3,918	3,758	3,625
Long-term Debt	17	17	17	13	13	12	34
Shareholders' Equity	372	355	358	323	306	289	286
Financial Ratios:(c)							
Return on Average Equity	8.38%	5.56%	5.18%	6.87%	8.96%	2.75%	10.40%
Return on Average Assets	.53	.34	.32	.39	.54	.16	.64
Ratios at End of Period:							
Reserve for Losses to Loans	1.11	1.00	1.02	1.00	1.00	.93	.89
Problem Loans and Leases to Loans and Leases	4.65	4.83	4.39	4.80	4.78	3.68	3.22
Problem Loans and Leases to Assets	2.83	2.74	2.43	2.58	2.49	2.03	1.74

- ----------

<FN>

(a) The financial information for the nine-month periods ended September 30, 1984 and 1983 is derived from interim financial statements which include all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the interim periods. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

(b) Realization of tax benefits from prior years tax losses.

(c) Nine-month ratios are annualized.

</TABLE>

MANAGEMENT'S DISCUSSION OF INTERIM RESULTS

BancOhio's net income for the nine months ended September 30, 1984, was $23,382,000, up 57.5% from $14,845,000 earned in the corresponding period of 1983. Net income for the period ended September 30, 1984 included an extraordinary credit of $3,024,000, representing the realization of tax benefits from prior years' tax losses.

BancOhio's increase in earnings over the corresponding period of 1983, exclusive of the extraordinary credit, occurred despite a substantial increase in the provision for loan and lease losses and was due primarily to higher net interest income, improvements in fee income and control of non-interest expenses.

Net interest income for BancOhio on a fully taxable equivalent basis was up 10.3% for the nine months. The increase reflects growth in earning assets, particularly consumer loans, and wider net interest margin. Average earning assets were up 5.2% over the corresponding period of 1983. Net interest margin was 4.68% for the first nine months of 1984, compared to 4.47% for the corresponding 1983 period. Annualized net interest margin benefited from relative stability of rates paid on consumer deposits during the period.

BancOhio's non-interest income increased 16.1% in the 1984 period. Significant areas of increase included trust fees, credit card fees and broker fees generated by BancOhio's mortgage broker subsidiary. Non-interest expense was up 6.5% for the nine months. The 1984 amount includes a substantially higher provision for Ohio taxes due to changes in state law. The relatively low growth in non-interest expense was due to the effects of cost control programs initiated in previous periods,

BancOhio's provision for loan and lease losses was increased over 1983 levels and over actual 1984 losses because of continued concern over the level of problem loans. Non-accrual, renegotiated and past due loans aggregated $164 million at September 30, 1984, compared to $147 million at year end. At September 30, 1984, the reserve for loan losses was equal to 1.11% of loans, compared to 1.02% of loans at the end of 1983.

SUBSEQUENT EVENTS

Subsequent to September 30, 1984, but prior to the merger of BancOhio into National City on November 9, 1984, certain transactions were undertaken by BancOhio's principal subsidiary, BancOhio National Bank, in connection with the merger. Twenty-five branch banking offices and related deposits and assets in the Salem, Fulton County, Sandusky and Akron banking markets were divested in accordance with the order of the Federal Reserve Board approving the merger. See "Pro Forma Condensed Combined Financial Information". Additionally, in conjunction with the planned reorganization of BancOhio and National City branch facilities, principally in the Cleveland and Akron banking markets, certain underperforming loans held by BancOhio National Bank were written down by $14 million through a charge to the reserve for loan losses. These loans were then sold to certain National City subsidiary banks at their reduced values, which approximated fair market values. In respect of these transactions, thereafter, but prior to November 9, 1984, BancOhio National Bank charged its earnings $19 million to replenish its reserve for loan losses, thereby adding a net $5 million to such reserve. These events occurred solely in the context of the merger and do not reflect upon the historical financial statements of BancOhio as an on-going, independent entity.

<TABLE>

CAPITALIZATION

The following table sets forth the capitalization of National City at December 31, 1984, and as adjusted to give effect to the sale of the Notes offered hereby. The table should be read in conjunction with the financial information incorporated herein by reference or appearing elsewhere herein.

<CAPTION>

	OUTSTANDING	AS ADJUSTED
	(IN THOUSANDS)	
<S>	<C>	<C>
LONG-TERM DEBT		
Senior Debt		

Borrowings under revolving credit facility	$85,000	$25,000(a)
14.25% Notes due 1992	20,130	20,130
Other	5,470	5,470
	110,600	50,600
Consolidated subsidiaries (b)		
Banks	24,573	24,573
Non-banks	4,144	4,144
Total Senior Debt	139,317	79,317
Subordinated Debt		
Notes offered hereby	---	75,000(a)
9.50% Convertible Subordinated Debentures due 2010	50,000	50,000
11.25% Convertible Subordinated Notes due 1997	16,612	16,612
Total Subordinated Debt	66,612	141,612
Total Long-Term Debt	205,929	220,929
SHAREHOLDERS' EQUITY		
Preferred Stock, without par value, authorized 5,000,000 shares Outstanding:		
12,000 shares Adjustable Rate Cumulative Preferred	30,000	30,000
2,667,085 shares Series A Convertible Preferred	93,348	93,348
Common Stock, $4 par value, authorized 50,000,000 shares Outstanding:		
13,863,153 shares	55,453	55,453
Capital Surplus	157,158	157,158
Retained Earnings	326,655	326,655
Total Shareholders' Equity	662,614	662,614
Total Long-Term Debt and Shareholders' Equity	$868,543	$883,543(a)

- ---------------
<FN>

(a) Issuance of $75,000,000 principal amount of Notes offered hereby and application of proceeds to reduce approximately $60,000,000 of borrowings under revolving credit facility, and to repay short-term borrowings of approximately $15,000,000 made or expected to be made in January 1985.

(b) These are direct obligations of subsidiaries and, as such, constitute claims against such subsidiaries prior to National City's equity interest therein.

</TABLE>

PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

(UNAUDITED)

The financial information on the following pages presents the Pro Forma Condensed Combined Balance Sheet of National City and subsidiaries and BancOhio and subsidiaries at September 30, 1984, giving effect to the acquisition as if it had occurred on that date. Also presented are the Pro Forma Condensed Combined Statements of Income for the year ended December 31, 1983, and the nine months ended September 30, 1984, giving effect to the acquisition as if it had occurred on January 1, 1983. The pro forma information is based on the historical financial statements of National City and BancOhio, giving effect to the transaction under the purchase method of accounting and the assumptions and adjustments in the accompanying notes.

Purchase accounting adjustments to estimated fair values have been made with respect to the assets and liabilities of BancOhio and its related income and expense accounts based upon estimates and evaluations by National City management as of September 30, 1984. These estimates and evaluations are subject to change as new information is obtained and developed. The purchase accounting adjustments include, where appropriate, related estimated Federal income tax effects, based upon an analysis of the current and likely future Federal income tax position of National City and subsidiaries both before and after the acquisition of BancOhio.

The pro forma financial information has been prepared by National City based upon its judgment and the financial statements of BancOhio. These pro forma statements may not be indicative of the combined results that actually would have occurred had the transaction been consummated on the dates indicated, or which may be obtained in the future. National City believes that these amounts fairly portray the pro forma combined results based on the assumptions made. The pro forma adjustments, all made by National City, reflect

the appropriate purchase accounting values of BancOhio assets and liabilities. The pro forma amounts are not intended to supplant the separate financial statements of BancOhio or National City.

The pro forma financial information should be read in conjunction with the notes thereto and the consolidated financial statements and notes of National City and BancOhio incorporated herein by reference.

<TABLE>

PRO FORMA CONDENSED COMBINED BALANCE SHEET (UNAUDITED)

SEPTEMBER 30, 1984

<CAPTION>

	AS REPORTED			
	NATIONAL CITY	BANCOHIO	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
	(DOLLARS IN THOUSANDS)			
<S>	<C>	<C>	<C>	<C>
ASSETS				
Loans	$3,694,104	$3,519,466	$(67,525)(a)	$7,088,763
			(30,291)(b)	
			(26,991)(c)	
Less Reserve for Loan Losses	45,012	39,110	15,606 (d)	99,728
Loans Less Reserve	3,649,092	3,480,356	(140,413)	6,989,035
Investment Securities	1,063,060	930,726	(81,345)(e)	1,894,933
			(17,508)(b)	
Trading Account Assets	28,582	5,492		34,074
Money Market Investments	788,241	527,509	(184,541)(a)	1,089,232
			(14,977)(b)	
			(27,000)(n)	
Cash and Due from Banks	499,373	405,255	(12,556)(a)	885,662
			(2,510)(b)	
			(3,900)(x)	
			119,663 (n)	
			(119,663)(k)	
Properties and Equipment	79,161	114,051	(4,587)(a)	231,877
			(576)(b)	
			43,828 (f)	
Customer Acceptance Liability	215,490	189,616		405,106
Accrued Income and Other Assets	123,892	111,514	(67)(a)	233,735
			(1,604)(b)	
Core Deposit Intangible	3,732	--	5,485 (g)	9,217
Goodwill	69,143	12,578	(12,578)(l)	71,274
			(5,312)(b)	
			7,443 (m)	
Total Assets	$6,519,766	$5,777,097	$(452,718)	$11,844,145
LIABILITIES AND SHAREHOLDERS' EQUITY				
Total Deposits	$4,602,601	$4,604,414	$(285,357)(a)	$8,851,230
			(70,428)(b)	
Borrowed Funds	1,132,815	520,418	92,663 (n)	1,743,006
			(2,350)(b)	
			(540)(h)	
Acceptances Outstanding	215,490	189,616		405,106
Accrued Expenses and Other Liabilities	118,462	82,491	(1,919)(a)	195,826
			6,412 (i)	
			(9,620)(j)	
Total Liabilities	6,069,368	5,396,939	(271,139)	11,195,168
Adjustable Rate Preferred Stock		300	29,700 (k)	30,000
Convertible Preferred Stock			93,385 (k)	93,385
Common Stock	45,626	53,959	(44,257)(k)	55,328
Capital Surplus	91,088	127,581	(62,089)(k)	156,580
Retained Earnings	313,684	198,657	(198,657)(k)	313,684
Common Treasury Shares		(339)	339 (k)	
Total Shareholders' Equity	450,398	380,158	(181,579)	648,977
Total Liabilities and Shareholders' Equity	$6,519,766	$5,777,097	$(452,718)	$11,844,145

</TABLE>

<TABLE>

PRO FORMA CONDENSED COMBINED STATEMENTS OF INCOME (Unaudited)

<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30, 1984				YEAR ENDED DECEMBER 31, 1983			
	AS REPORTED				AS REPORTED			
	NATIONAL CITY	BANCOHIO	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED	NATIONAL CITY	BANCOHIO	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
	(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Interest Income	$478,925	$447,712	$6,411 (o) 1,686 (p)	$934,734	$579,878	$543,315	$8,553 (o) 2,249 (p)	$1,133,995
Interest Expense	325,875	281,027	39 (q) 9,872 (r)	616,813	399,605	343,235	54 (q) 13,163 (r)	756,057
Net Interest Income	153,050	166,685	(1,814)	317,921	180,273	200,080	(2,415)	377,938
Provision for Loan Losses	13,400	30,000		43,400	23,900	38,656		62,556
Provision for Other Credit Losses					4,776			4,776
Net Interest Income after Provision for Credit Losses	139,650	136,685	(1,814)	274,521	151,597	161,424	(2,415)	310,606
Non-Interest Income	57,632	54,191		111,823	69,708	64,429		134,137
Non-Interest Expense	143,709	167,421	1,011 (s) 588 (t) 222 (u)	312,951	179,744	207,283	1,347 (s) 784 (t) 298 (u)	389,456
Income before Federal Income Taxes and Extraordinary Item	53,573	23,455	(3,635)	73,393	41,561	18,570	(4,844)	55,287
Federal Income Tax Expense (Benefit)	9,100	3,097	(4,541)(r)	7,656	(6,500)	45	(6,055)(r)	(12,510)
Income before Extraordinary Item	44,473	20,358	906	65,737	48,061	18,525	1,211	67,797
Extraordinary Item -- Realization of tax loss carryforwards		3,024	(3,024)(v)					
Net Income	$44,473	$23,382	$(2,118)	$65,737	$48,061	$18,525	$1,211	$67,797
Preferred Dividends				$9,770				$12,920
Average Common Shares Outstanding	11,371,881				11,279,349			
Pro Forma Average Common Shares Outstanding				13,797,475				13,704,943
Net Income Per Share of Common Stock:								
Primary	$3.91				$4.26			
Assuming Full Dilution	3.76				4.11			
Pro Forma Net Income Per Share of Common Stock (w):								
Primary				$4.06				$4.00
Assuming Full Dilution				3.76				3.88
Pro Forma Ratio of Earnings to Fixed Charges (y):								
Excluding Interest on Deposits				1.49x				1.29x
Including Interest on Deposits				1.12				1.07

</TABLE>

NOTES TO PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

(a) Adjustment for the divestiture of certain BancOhio branches, together with related assets and deposit liabilities, in conjunction with the merger. The effect of the operations of the divested branches on the statements of income is not material.

(b) Adjustment for the divestiture of the net assets of The Fairfield National

Bank of Lancaster, a subsidiary of National City, in conjunction with the merger and write-off of related goodwill previously recorded by National City. The effect of the operations of Fairfield on the statements of income is not material. Any gain or loss on the divestiture is not expected to be material.

(c) Adjustment of mortgage loans to estimated market values, based upon interest rates as of September 30, 1984, net of Federal income tax effect.

(d) Additional reserve for loan losses less Federal income tax effect of $13,294,000, based upon National City's review and evaluation of BancOhio's loan portfolio as of September 30, 1984. National City's evaluation of the portfolio considered only the economic impairment of BancOhio's underperforming assets resulting from their reduced, delayed and uncertain cash flows. National City's analysis quantified the estimated timing and extent of future cash flows of principal and interest associated with underperforming assets acquired and reduced these cash flows to a net present value at a market rate of interest. The difference between the present value as calculated and the face amount of the loans, net of existing reserves, has been added to the reserve for loan losses. To the extent that actual collection experience is better than estimated, goodwill will be reduced. Conversely, any deficiency in collection experience will be charged to future earnings. This evaluation by National City is premised upon the factors identified above in this note and was made solely in the context of the merger. National City does not dispute the adequacy of the reserve for loan and lease losses previously established by BancOhio under the assumption that it was to remain an on-going, independent entity.

(e) Adjustment of investment securities portfolio to market value, net of Federal income tax effect, based upon market prices as of September 30, 1984.

(f) Adjustment of properties and equipment to estimated market value, net of Federal income tax effect, based upon a preliminary analysis as of September 30, 1984. The final amount of the adjustment will be determined by reference to independent appraisals.

(g) Adjustment to recognize estimated amount of core deposit intangible, net of Federal income tax effect, representing the fair value of estimated benefits attributable to existing depositor relationships, based upon preliminary analyses as of September 30, 1984. The final amount of the adjustment will be determined through a detailed study and evaluation of the value of the future income stream associated with the acquired core deposits.

(h) Adjustment of long-term debt to estimated market values, based upon interest rates as of September 30, 1984, for similar debt issues, net of Federal income tax effect.

(i) Adjustment to accrue estimated personnel costs, net of Federal income tax effect, principally associated with the planned termination of certain identified redundant facilities, operations and functions as a result of the merger, based upon preliminary analysis as of September 30, 1984. The final amount of the adjustment is subject to refinements of plans and further studies.

(j) Elimination of deferred tax liabilities recorded by Bancohio.

(k) Elimination of BancOhio equity accounts and issuance of 12,000 shares of National City Adjustable Rate Cumulative Preferred Stock, 2,668,153 shares of National City Series A Convertible Preferred Stock at $35.00 per share, 2,425,594 shares of National City Common Stock at $31.00 per share and cash in exchange for all of the BancOhio Common Shares and BancOhio Adjustable Rate Cumulative Preferred Shares.

(l) Elimination of goodwill recorded by BancOhio.

NOTES TO PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION---CONTINUED

(m) Goodwill resulting from excess of purchase price over the fair value of net tangible and intangible assets acquired.

(n) Assumed proceeds from issuance of debt and liquidation of money market assets held by BancOhio (parent company) to fund cash portion of purchase price.

(o) Accretion of purchase discounts on investment portfolio.

(p) Accretion of purchase discounts on loan portfolio.

(q) Amortization of purchase discounts on long-term debt.

(r) Estimated interest expense, computed at 11%, associated with cash portion of purchase price, and related Federal income tax effect.

(s) Amortization of write-up of bank premises.

(t) Amortization of core deposit intangible asset.

(u) Amortization of goodwill.

(v) Elimination of extraordinary item --- realization of tax loss carryforwards recorded by BancOhio. Under generally accepted accounting principles, any such realization subsequent to acquisition will be applied against goodwill.

(w) Pro forma net income per share of Common Stock was calculated using net income less preferred dividends divided by pro forma average common shares outstanding. Pro forma net income per share of Common Stock assuming full dilution assumes the conversion of 11.25% Convertible Subordinated Notes and Series A Convertible Preferred Stock as of the beginning of the period.

(x) Estimated professional fees, printing and related merger costs.

(y) The pro forma ratio of earnings to fixed charges was computed by dividing income before Federal income taxes and fixed charges by fixed charges. Fixed charges excluding interest on deposits consist of interest on indebtedness and one-third of net rental expense (which is deemed representative of the interest factor). Fixed charges including interest on deposits consist of the foregoing items plus interest on deposits.

PRO FORMA ANALYSIS OF PROJECTED AGGREGATE PURCHASE ACCOUNTING ADJUSTMENTS
(UNAUDITED)

The following analysis is provided to show the expected effects on future income and equity of the projected aggregate purchase accounting adjustments reflected in the accompanying unaudited pro forma condensed combined financial information on the basis that the merger was consummated at the beginning of the fourth quarter of 1984.

	FAIR VALUE ADJUSTMENT PREMIUM (DISCOUNT)	1984	1985	1986	1987	1988	1989	THEREAFTER
				(DOLLARS IN THOUSANDS)				
Accretion (Amortization) of:								
Investment securities portfolio discounts to be accreted into income to increase yield to market over remaining lives:								
U.S. Treasury Securities (1.8 yrs)	$(3,841)	$ 533	$2,134	$1,174				
U.S. Gov't. Agency Sec. (18.2 yrs)	(28,044)	385	1,541	1,541	$1,541	$1,541	$1,541	$19,954
Municipal Securities (10.1 yrs)	(47,598)	1,178	4,713	4,713	4,713	4,713	4,713	22,855
Other Securities (11.2 yrs)	(1,861)	41	165	165	165	165	165	995
Loans:								
Net discount on mortgage loans accreted into income to increase yield to market rate over the estimated remaining lives of the loans (12 years)	(26,991)	562	2,249	2,249	2,249	2,249	2,249	15,184
Write-up of bank premises to be amortized over 25 years	33,664	(337)	(1,347)	(1,347)	(1,347)	(1,347)	(1,347)	(26,592)
Core deposit intangible to be amortized over 7 years	5,485	(196)	(784)	(784)	(784)	(784)	(784)	(1,369)
Discount on long-term debt to be amortized over 10 years	540	(13)	(54)	(54)	(54)	(54)	(54)	(257)
All other purchase accounting adjustments	1,087							
Net fair value adjustments	(67,559)	2,153	8,617	7,657	6,483	6,483	6,483	30,770
BancOhio net assets (as reported)	380,158							
Adjusted net assets	312,599							
Purchase price	320,042							
Goodwill (excess of purchase price over adjusted net assets) to be amortized over 25 years	$7,443	(74)	(298)	(298)	(298)	(298)	(298)	(5,879)

Net impact of purchase accounting adjustments on future net income	$2,079	$8,319	$7,359	$6,185	$6,185	$6,185	$24,891

</TABLE>

16

<TABLE>

PRO FORMA COMBINED INTERNATIONAL OUTSTANDINGS

A summary of international outstandings for National City and BancOhio on a pro forma combined basis as of September 30, 1984 appears in the following table:

<CAPTION>

	FINANCIAL INSTITUTIONS			GOVT.	COMMERCIAL				
	EURODOLLAR PLACEMENTS	ACCEPT-ANCES	LOANS	LOANS	ACCEPT-ANCES	LOANS	TOTAL	PERCENT TO FINANCIAL INSTITUTIONS	LETTERS OF CREDIT AND COMMITMENTS
				(DOLLARS IN MILLIONS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Japan	$ 62	$ 74	$ 11	$ -	$ -	$ -	$ 147	100%	$ 56
United Kingdom	142	3	-	-	-	9	154	94	16
Mexico	37	18	63	16	-	20	154	77	7
France	66	-	50	-	-	-	116	100	15
Sweden	-	91	-	-	-	-	91	100	9
Brazil	5	35	29	1	-	17	87	79	1
Canada	72	-	-	3	-	-	75	96	13
Finland	3	46	-	3	-	-	52	94	-
All Others:									
Developed	77	52	2	10	-	-	141	93	4
Newly Industrialized	5	10	3	9	-	4	36	64	1
Oil Exporting	1	-	26	3	-	1	31	87	-
Eastern Europe	-	-	3	1	-	1	5	60	1
Less Developed	-	-	15	8	-	6	29	52	1
Direct Foreign Outstandings	470	329	207	54	-	58	1,118	90	124
United States	299	-	-	4	75	1	379	79	142
Total	$769	$329	$207	$58	$75	$59	$1,497	87%	$266

</TABLE>

United States outstandings consist principally of Eurodollar time deposits at selected foreign money center branches of U.S. banks and foreign acceptances of domestic corporations.

As of September 30, 1984, the banking subsidiaries of National City and BancOhio had $161.8 million of total outstandings in Mexico (including letters of credit and commitments) on a pro forma combined basis. At said date, such subsidiaries had agreed to reschedule $47.1 million in loans to public and private sector borrowers in that country. The maturities of these loans have been extended for terms of up to 8 years. The banking subsidiaries of National City had also previously agreed to make additional loans in the amount of $16.5 million for terms up to 10 years, $13.6 million of which was drawn as of September 30, 1984. Principal repayments in the amount of $.4 million were received with respect to Mexican loans during the nine months ended September 30, 1984. Interest income of $12.5 million was accrued on Mexican outstandings for the nine months ended September 30, 1984, and $12.6 million of interest income had been remitted to such subsidiaries at such date. At September 30, 1984, no Mexican debt was included in non-accrual loans. Mexican debt included in past due loans totaled $1.0 million.

Negotiations have taken place between Mexico and representatives of international lenders with a view toward reducing interest rates on, and further adjusting repayment schedules with respect to, a portion of cross-border outstandings in Mexico. Under the terms of the proposed restructuring, the banking subsidiaries of National City and BancOhio on a pro forma combined basis would reschedule $68.4 million in loans to public sector (as defined in the restructuring proposal) borrowers in Mexico, which includes $10.8 million to government and official institutions, $50.4 million to banks and other financial institutions and $7.2 million to commercial and industrial borrowers. The maturities of loans subject to the proposed restructuring would be extended for terms of up to 14 years with principal amortizations to begin in 1986. The weighted average interest rate on such loans approximates the base rate plus 1.3125% at the present time and, after restructuring, would approximate London interbank offered rate plus 1.25%. Management anticipates that the interest rate margin on these loans would be an estimated 1.1875% less as a result of such restructuring. The loans that would be restructured include $35.4 million of the $47.1 million previously rescheduled loans (see above) and

$33.0 million of loans that were not previously rescheduled.

On a pro forma combined basis, the banking subsidiaries of National City had $5.0 million of loans outstanding in Argentina, all of which were placed in underperforming status in the first quarter of 1984. There have been no other developments of significance in international exposure since December 31, 1983.

PRO FORMA COMBINED UNDERPERFORMING ASSETS

A summary of underperforming assets, including non-accrual and reduced-rate loans, securities and other assets received in settlement of loans for National City and BancOhio on a pro forma combined basis appears in the following table:

	September 30, 1984
	(Dollars in millions)
Domestic commercial	$174.1
International	6.4
Real estate	16.7
Total loans	197.2
Other real estate	19.1
Securities	.5
	$216.8
Percent of pro forma combined loans	3.1%
Percent of pro forma combined assets	1.8%

Other loans past due 90 days or more as to principal and interest amounted to $24.0 million at September 30, 1984 on a pro forma combined basis.

DESCRIPTION OF NOTES

The Notes are to be issued under an Indenture, dated as of January 15, 1985 (the "Indenture"), between National City and Citibank, N.A., as Trustee (the "Trustee"). A copy of the Indenture is filed as an exhibit to the Registration Statement of which this Prospectus is a part. The following statements relating to the Notes and the Indenture are summaries, do not purport to be complete and are subject to and are qualified in their entirety by reference to all of the provisions of the Indenture, including the definitions therein of certain terms. The section numbers appearing parenthetically below refer to sections of the Indenture.

Because National City is a bank holding company, its rights and the rights of its creditors, including the holders of the Notes offered hereby, to participate in the assets of any subsidiary upon the latter's liquidation or recapitalization will generally be subject to the prior claims of the subsidiary's creditors (including, in the case of banking subsidiaries, their respective depositors), except to the extent that National City may itself be a creditor with recognized claims against the subsidiary.

GENERAL

The Notes will be limited to $75,000,000 aggregate principal amount at any time outstanding, will be direct, unsecured, subordinated obligations of National City and will mature on the Interest Payment Date (as defined under "Interest") in January 1997. (Section 301)

The Notes will bear interest at the rates per annum determined as described under "Interest" from the Issue Date referred to under "Interest", payable quarterly in arrears on the Interest Payment Dates in January, April, July and October of each year. The first Interest Payment Date will be April 30, 1985. The interest to be paid on each Note on each Interest Payment Date will be paid to the person in whose name such Note (or any Predecessor Note) is registered at the close of business on the Record Date which is 15 days preceding such Interest Payment Date. Principal of and interest on the Notes will be

payable and the Notes may be presented for exchange or transfer at the office of the Trustee maintained for such purpose in the Borough of Manhattan, The City of New York; provided, that payment of interest may at the option of National City be made by check mailed to the registered address of the person entitled thereto. (Sections 305, 307 and 1002)

The Notes will be issued in fully registered form only in denominations of $1,000 and any integral multiple of $1,000, and may be transferred or exchanged, without payment of any charge other than taxes or other governmental charges. (Sections 302 and 305)

INTEREST

Interest Payment Dates. The Notes will bear interest from the Issue Date (expected to be January 31, 1985) and such interest will be payable on each date (an "Interest Payment Date") which, except as provided below, is three calendar months after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Issue Date; provided, that the first Interest Payment Date shall be no later than April 30, 1985. If any Interest Payment Date would otherwise be a day which is not a New York Business Day (as defined below), the Interest Payment Date shall be postponed to the next day which is a New York Business Day unless it would thereby be in the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding New York Business Day and (ii) thereafter, each subsequent Interest Payment Date shall be the last New York Business Day of the third month after the month in which the preceding Interest Payment Date shall have occurred. The period beginning on the Issue Date and ending on and including the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on and including the next succeeding Interest Payment Date is herein called an "Interest Period". (Section 202)

Rate of Interest. For the purpose of calculating the rate of interest payable on the Notes, National City will appoint as agent Citibank, N.A. (the "Agent Bank"). The rate of interest from time to time payable in respect of the Notes (the "Rate of Interest") shall be determined by the Agent Bank in accordance with the following provisions:

(i) On the second New York Business Day prior to the commencement of each Interest Period, or if such day is not a Business Day (as defined below) then the Business Day immediately preceding such day (the "Interest Determination Date"), the Agent Bank will request the principal London office of each of Citibank, N.A., Morgan Guaranty Trust Company of New York, Barclays Bank International Limited and Deutsche Bank AG (the "Reference Banks") to provide the Agent Bank with its offered quotation for United States dollar deposits for the Interest Period concerned to leading banks in the London interbank market at approximately 11:00 A.M. (London time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall, subject to (iv) below, be 1/8 of 1% per annum above the arithmetic mean (rounded upwards, if necessary, to the nearest multiple of 1/16 of 1%) of such offered quotations, as determined by the Agent Bank.

(ii) If on any Interest Determination Date at least two but fewer than all the Reference Banks provide the Agent Bank with such offered quotations, the Rate of Interest for the relevant Interest Period shall, subject to (iv) below, be determined in accordance with (i) above on the basis of the offered quotations of those Reference Banks providing such quotations.

(iii) If on any Interest Determination Date only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the Rate of Interest for the relevant Interest Period shall, subject to (iv) below, be whichever is the higher of:

(a) the Rate of Interest in effect for the last preceding Interest Period to which (i) or (ii) above shall have applied; and

(b) the Reserve Interest Rate. The "Reserve Interest Rate" shall be the rate per annum which the Agent Bank determines to be either (i) 1/8 of 1% per annum above the arithmetic mean (rounded upwards as aforesaid) of the offered rates which leading banks in The City of New York selected by the Agent Bank (after consultation with National City) are quoting on the relevant Interest Determination Date for United States dollar deposits for the next Interest Period to the principal London office of each of the Reference Banks or those of them (being at least two in number) to which such offered quotations

are, in the opinion of the Agent Bank, being so made, or (ii) in the event that the Agent Bank can determine no such arithmetic mean, 1/8 of 1% per annum above the arithmetic mean (rounded upwards as aforesaid) of the offered rates which leading banks in The City of New York selected by the Agent Bank (after consultation with National City) are quoting on such Interest Determination Date to leading European banks for United States dollar deposits for the next Interest Period; provided, that if the banks selected as aforesaid by the Agent Bank are not quoting as mentioned above, the Rate of Interest shall be the Rate of Interest specified in (a) above.

(iv) In no event shall the Rate of Interest be less than 5 1/4% per annum.

"Business Day" shall mean any day, other than a Saturday or Sunday, on which banks in London and The City of New York are open for business and "New York Business Day" shall mean any day, other than a Saturday or Sunday, on which banks in The City of New York are open for business. (Sections 101 and 202)

Publication of Rate of Interest. The Agent Bank shall cause the Rate of Interest for each Interest Period, together with the amount of interest payable in respect of each $1,000 principal amount of Notes for such Interest Period (the "Interest Amount") (rounded to the nearest cent; half a cent being rounded upwards) and the related Interest Payment Date, to be published in an Authorized Newspaper (as defined below) in The City of New York as soon as possible after their determination but in no event later than the fourth New York Business Day following the applicable Interest Determination Date. The Interest Amount and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Interest will be calculated on the basis of the number of days for which interest is payable in the applicable Interest Period divided by 360. An "Authorized Newspaper" will be defined in the Indenture to mean a newspaper in the English language published daily in The City of New York. (Sections 101 and 202)

Reference Banks and Agent Bank. National City will agree that, until all the Notes are paid or payment thereof is provided for, there shall at all times be at least three Reference Banks and an Agent Bank for the purpose of determining the Rate of Interest on the Notes. In the event that any such Reference Bank or Agent Bank shall be unwilling or unable to act as such a Reference Bank or Agent Bank or that such Agent Bank shall fail duly to determine the Rate of Interest and the Interest Amount for any Interest Period, National City will promptly appoint another leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid. (Section 202)

SUBORDINATION OF NOTES

Upon any distribution of assets of National City upon any dissolution, winding up, liquidation or reorganization, the payment of the principal of and interest on the Notes is to be subordinated to the extent provided in the Indenture in right of payment to the prior payment in full of all Senior Indebtedness. In addition, no payment of principal or interest may be made on the Notes at any time when there is a default in the payment of principal of, premium, if any, or interest on any Senior Indebtedness. Except as described above, the obligation of National City to make payment of principal or interest on the Notes will not be affected. The rights of the holders of the Notes will be subrogated to the rights of the holders of the Senior Indebtedness to the extent of payments made on Senior Indebtedness upon any distribution of assets in any such proceedings out of the distributive share of the Notes. By reason of such subordination, in the event of a distribution of assets upon any dissolution, winding up, liquidation or reorganization, certain general creditors of National City may recover more, ratably, than holders of the Notes. (Sections 1202, 1203 and 1204)

Senior Indebtedness is defined in the Indenture as the principal of, premium, if any, and unpaid interest on (a) indebtedness of National City (including indebtedness of others guaranteed by

National City), other than the Notes, and National City's 11.25% Convertible Subordinated Notes Due 1997 and National City's 9.50% Convertible Subordinated Debentures Due 2010, whether outstanding on the date of execution of the Indenture or thereafter created, incurred, assumed or guaranteed (i) for money borrowed or (ii) in connection with the acquisition by National City or a subsidiary, other than in the ordinary course of business, of assets of any kind, 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 superior in right of payment to the Notes, and (b) renewals, extensions,

modifications and refundings of any such indebtedness. (Section 101)

NOTE FUND; COVENANT TO SELL CAPITAL

The Indenture will provide for the creation of a segregated fund (the "Note Fund") to be held by the Trustee or an agent thereof (which may be any subsidiary of National City which is a bank). The Note Fund is being created for certain United States bank regulatory purposes and, although it is expected to provide a source of funds for the payment of the Notes, the Note Fund will not constitute security for the Notes.

Amounts in the Note Fund will consist solely of (i) the net proceeds of the sale for cash (the "Cash Proceeds") from time to time of shares of Common Stock or Perpetual Preferred Stock or Other Equity Securities of National City (collectively, "Capital") and (ii) funds equal to the market value (as determined by National City) of Capital sold from time to time in exchange for other property (including, without limitation, Capital issued upon conversion of convertible securities now or hereafter outstanding which do not constitute Capital), less the expenses to effect any such exchange (the "Exchange Proceeds"), in each case which National City from time to time shall elect to deposit into the Note Fund. (Section 1302)

National City will covenant and agree in the Indenture that (i) by the Interest Payment Date in January 1989, it will have sold Capital, either for cash or in exchange for other property, in a sufficient amount so that the aggregate of the Cash Proceeds and the Exchange Proceeds will equal at least one-third of the original aggregate principal amount of the Notes (or such lesser amount as the Federal Reserve Board may permit from time to time) and will have deposited into the Note Fund funds equivalent to such amount, (ii) by the Interest Payment Date in January 1993, it will have sold Capital, either for cash or in exchange for other property, in a sufficient amount so that the aggregate of the Cash Proceeds and the Exchange Proceeds will equal at least two-thirds of the original aggregate principal amount of the Notes (or such lesser amount as the Federal Reserve Board may permit from time to time) and will have deposited into the Note Fund funds equivalent to such amount, and (iii) by 60 days prior to the Interest Payment Date in January 1997, it will have sold Capital, either for cash or in exchange for other property, in a sufficient amount so that the aggregate of the Cash Proceeds and the Exchange Proceeds will equal not less than the original aggregate principal amount of the Notes (or such lesser amount as the Federal Reserve Board may permit from time to time) and will have deposited into the Note Fund funds equivalent to such amount. The Indenture will provide, however, that such covenant and agreement of National City will be cancelled, and amounts theretofore deposited into the Note Fund will, at the request of National City, be repaid to it, in the event that the Federal Reserve Board shall determine that the indebtedness represented by the Notes in excess of amounts theretofore deposited into the Note Fund will not be treated for United States bank regulatory purposes as "primary capital" of National City or in the event that the Notes shall cease being treated as "primary capital" of National City or in the event that National City shall have redeemed the Notes pursuant to the provisions described in clause (ii) of the third sentence of the first paragraph under "Redemption of Notes". (Section 1303)

Unless the Notes have been accelerated upon the occurrence of an Event of Default or National City shall elect to redeem the Notes pursuant to the provisions described in clause (ii) of the third sentence of the first paragraph under "Redemption of Notes" or the Federal Reserve Board has made the determination referred to in the final sentence of the immediately preceding paragraph or the Notes shall cease being treated as "primary capital" of National City, the principal of the Notes shall

be payable prior to their final maturity in January 1997 solely from funds in the Note Fund. Amounts in the Note Fund will not be available for the payment of interest on the Notes. The obligation of National City to make payment of all amounts of principal of the Notes upon redemption, at their final maturity in January 1997 and in the event of acceleration of the Notes upon the occurrence of an Event of Default and the indebtedness of National City for such principal amounts will not be affected by whether or to what extent amounts are in the Note Fund. (Section 202)

Amounts in the Note Fund will be invested as directed by National City in (i) debt securities of or guaranteed by the United States of America or any agency thereof, (ii) other debt securities (including debt securities of National City, the Trustee, any subsidiary of National City or any affiliate of the Trustee) which at the time are rated in any of the three highest categories (including any subdivision thereof) by any securities rating agency nationally recognized in the United States or (iii) time deposits with, including certificates of deposit issued by, any bank or trust company (including the Trustee or any subsidiary of National City) any debt security of which (or any debt security of the parent of which) is so rated; provided that no such securities or deposits shall have a maturity extending beyond the final maturity date of the Notes. Income on investments of amounts in the Note Fund

will be paid to National City and will not be part of the Note Fund. (Sections 101 and 1304)

In the event that National City shall have redeemed any of the Notes pursuant to the provisions described in clause (ii) of the third sentence of the first paragraph under "Redemption of Notes", there will be repaid by the Trustee to National City from the Note Fund an amount of funds not in excess of the principal amount of Notes so redeemed. Any amounts remaining in the Note Fund after redemption of all the Notes or after payment in full of the principal of and interest on all the Notes (or provision for the payment thereof is made as provided in the Indenture) will be repaid to National City. (Section 1305)

REDEMPTION OF NOTES

The Notes may not be redeemed before the Interest Payment Date in January 1989. On the Interest Payment Date in January 1989 and on any day thereafter, the Notes may be redeemed, as a whole or from time to time in part, at the option of National City, on not less than 30 nor more than 60 days' prior notice given as provided in the Indenture, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus interest accrued and unpaid to the date of redemption. Any such redemption may be made (i) solely out of funds in the Note Fund, provided that no notice of any such redemption to be made solely out of funds in the Note Fund may be given unless there are sufficient funds available in the Note Fund to pay the principal amount of the Notes to be redeemed; or (ii) from any source, irrespective of the amount of funds available in or theretofore deposited in the Note Fund (x) if the Federal Reserve Board shall approve the redemption of Notes from a source other than funds in the Note Fund or (y) if the Federal Reserve Board shall determine that the indebtedness represented by the Notes in excess of amounts theretofore deposited into the Note Fund will not be treated for United States bank regulatory purposes as "primary capital" of National City or (z) if the Notes shall cease being treated as "primary capital" of National City. The Notes will not be entitled to the benefit of any sinking fund. (Section 202)

If less than all the Notes are to be redeemed, the Notes to be redeemed shall be selected by the Trustee by such method as it shall deem fair and appropriate. Notes may be selected for partial redemption, but the portions of the principal of Notes selected for partial redemption in any case shall be equal to $1,000 or any integral multiple thereof. (Section 1104)

LIMITED RIGHTS OF ACCELERATION

Payment of principal of the Notes may be accelerated only in case of the bankruptcy, insolvency or reorganization of National City. There is no right of acceleration in the case of a default in the payment of interest or the performance of any other covenant of National City in the Indenture. (Sections 501 and 502)

MERGER AND CONSOLIDATION

The Indenture will provide that National City may, without the consent of the holders of Notes outstanding under the Indenture, consolidate with or merge into or transfer its assets substantially as an entirety to any corporation organized under the laws of any domestic jurisdiction, provided that the successor corporation shall assume by a supplemental indenture National City's obligations on the Notes and under the Indenture, and provided that after giving effect thereto, no Default (as defined in the Indenture) shall have occurred and be continuing, and that certain other conditions are met. Upon compliance with these provisions by a successor corporation, National City would be relieved of its obligations under the Indenture and the Notes. (Sections 801 and 802)

LIMITATION UPON DISPOSITION OF VOTING STOCK OF A PRINCIPAL CONSTITUENT BANK

The Indenture will contain a covenant by National City that National City will not, and will not permit any Subsidiary to, sell, assign, pledge, transfer or otherwise dispose of, or permit the issuance of, any shares of Capital Stock of, or any securities convertible into Capital Stock of, a Subsidiary which is a Principal Constituent Bank or any Subsidiary which owns shares of, or securities convertible into, Capital Stock of a Principal Constituent Bank. Notwithstanding the limitation described above, the Indenture will provide that National City may, and may permit its Subsidiaries to, sell, assign, pledge, transfer or otherwise dispose of, or issue, such shares or securities (i) if required by law for the qualification of directors, (ii) for purposes of compliance with an order of a court or regulatory authority, (iii) if such sale, assignment, pledge, transfer, disposition or issuance is for fair market value (as determined by the Board of Directors of National City) and if after giving effect to such disposition or issuance (and to potential dilution, if any), National City and its wholly-owned Subsidiaries will own directly not less than 80% of the Voting Stock of such Principal Constituent Bank or

Subsidiary. In addition, a Constituent Bank may sell additional shares of Capital Stock to its stockholders at any price if, after such sale, National City owns directly or indirectly at least the same percentage of Voting Stock of such Constituent Bank as it owned prior to such sale. At the date hereof, the only bank subsidiaries which are Principal Constituent Banks are National City Bank and BancOhio National Bank. (Section 1006)

DEFAULTS, WAIVERS, ETC.

An Event of Default will be defined in the Indenture as certain events involving the bankruptcy, insolvency or reorganization of National City. If an Event of Default occurs and is continuing, either the Trustee or the holders of not less than 25% in aggregate principal amount of the Notes outstanding under the Indenture may accelerate the maturity of all such outstanding Notes. The holders of a majority in aggregate principal amount of the Notes outstanding under the Indenture may waive an Event of Default resulting in acceleration of such Notes, but only if all Events of Default have been remedied and all payments due (other than those due as a result of acceleration) have been made. If an Event of Default occurs and is continuing, the Trustee may in its discretion, and at the written request of holders of not less than a majority in aggregate principal amount of Notes outstanding and upon reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request shall, proceed to protect the rights of the holders of Notes. Prior to acceleration of maturity of the Notes, the holders of a majority in aggregate principal amount of such Notes may waive any past default under the Indenture, except a default in the payment of principal or interest. (Sections 501, 502 and 513)

The Indenture will provide that in the event of a Default by National City in payment of principal of or interest on the Notes, National City will, upon demand of the Trustee, pay to it, for the benefit of the holders of the Notes, the whole amount then due and payable on the Notes for principal and interest. The Indenture will further provide that if National City fails to pay such amount forthwith upon such demand, the Trustee may, among other things, institute a judicial proceeding for the collection thereof. (Section 503)

However, the Indenture will provide that notwithstanding any other provision of the Indenture, the holder of any Note shall have the right to institute suit for the enforcement of any payment of

principal of and interest on such Note on the respective Stated Maturities (as defined in the Indenture) expressed in such Note and that such right shall not be impaired without the consent of such holder. (Section 508)

National City is required to file annually with the Trustee a written statement of officers as to the existence or non-existence of defaults. (Section 1007)

MODIFICATION OF THE INDENTURE; WAIVER OF COVENANTS

The Indenture will provide that, with the consent of the holders of not less than 66 2/3% in principal amount of the outstanding Notes, modifications and alterations of the Indenture may be made which affect the rights of the holders of the Notes; but no such modification or alteration may be made without the consent of the holder of each Note so affected which would (i) change the maturity of the principal of, or of any installment of interest on, any Note, or reduce the principal amount thereof or change the method of calculation of interest, or reduce the minimum rate of interest, thereon; or (ii) reduce the above-stated percentage in principal amount of outstanding Notes required to modify or alter the Indenture. (Section 903)

The holders of a majority in principal amount of the outstanding Notes may waive compliance with certain covenants in the Indenture, including those described under "Limitation Upon Disposition of Voting Stock of a Principal Constituent Bank" above. (Section 513)

REGARDING THE TRUSTEE

Citibank, N.A., the Trustee, has its principal corporate trust office at 111 Wall Street, New York, New York 10043. National City and its subsidiary banks have normal banking relationships with the Trustee.

UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement, National City has agreed to sell to

each of the Underwriters named below, and each of the Underwriters, for whom Salomon Brothers Inc and Keefe, Bruyette & Woods, Inc. are acting as Representatives, has severally agreed to purchase from National City, the principal amount of Notes set forth opposite its name below:

<TABLE>
<CAPTION>

UNDERWRITER	PRINCIPAL AMOUNT OF NOTES
<S>	<C>
Salomon Brothers Inc.	$20,450,000
Keefe, Bruyette & Woods, Inc.	20,450,000
Goldman, Sachs & Co.	2,400,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	2,400,000
Morgan Stanley & Co. Incorporated	2,400,000
Shearson Lehman/American Express Inc.	2,400,000
Bear, Stearns & Co.	1,750,000
Alex. Brown & Sons, Inc.	1,750,000
Dillon, Read & Co. Inc.	1,750,000
E. F. Hutton & Company Inc.	1,750,000
Kidder, Peabody & Co. Incorporated	1,750,000
McDonald & Company Securities, Inc.	1,750,000
The Ohio Company	1,750,000
PaineWebber Incorporated	1,750,000
Prescott, Ball & Turben, Inc.	1,750,000
Prudential-Bache Securities Inc.	1,750,000
L. F. Rothschild, Unterberg, Towbin	1,750,000
M. A. Schapiro & Co., Inc.	1,750,000
Smith Barney, Harris Upham & Co. Incorporated	1,750,000
Dean Witter Reynolds Inc.	1,750,000
Total	$75,000,000

</TABLE>

In the Underwriting Agreement, the several Underwriters have agreed, subject to the terms and conditions set forth therein, to purchase all the Notes offered hereby if any of the Notes are purchased. In the event of default by an Underwriter, the Underwriting Agreement provides that, in certain circumstances, purchase commitments of the nondefaulting Underwriters may be increased or the Underwriting Agreement may be terminated. National City has been advised by the Representatives that the several Underwriters propose initially to offer the Notes to the public at the public offering price on the cover page of this Prospectus, and to certain dealers at such price less a concession not in excess of.30% of the principal amount of the Notes. Underwriters may allow and such dealers may reallow a concession not in excess of .25% of the principal amount of the Notes to certain other dealers. After the initial public offering, the public offering price and such concessions may be changed.

The Underwriting Agreement provides that National City will indemnify the several Underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the Underwriters may be required to make in respect thereof.

In connection with the merger of BancOhio into National City, Keefe, Bruyette & Woods, Inc. acted as financial advisor to National City.

LEGAL OPINIONS

The legality of the Notes offered hereby will be passed upon for National City by Jones, Day, Reavis & Pogue, 1700 Huntington Building, Cleveland, Ohio 44115 and for the Underwriters by Cravath, Swaine & Moore, One Chase Manhattan Plaza, New York, New York 10005. Mr. Allen C. Holmes, a member of the firm of Jones, Day, Reavis & Pogue, is a director of National City and National City Bank. Mr. Holmes owns 810 shares of Common Stock of National City.

EXPERTS

The consolidated financial statements of National City Corporation incorporated by reference in this Prospectus and the Registration Statement have been examined by Ernst & Whinney, independent accountants, for the periods indicated in their report thereon which is included in the Annual Report on Form 10-K for the year ended December 31, 1983. The consolidated financial statements examined by Ernst & Whinney have been incorporated herein by reference in reliance on their report given on their authority as experts in accounting and auditing.

The consolidated financial statements of BancOhio Corporation and its subsidiaries, incorporated by reference in this Prospectus and the Registration Statement, have been examined by Deloitte Haskins & Sells, independent public accountants, for the periods indicated in their report, and have been so incorporated herein by reference in reliance upon the report of Deloitte Haskins & Sells given upon their authority as experts in accounting and auditing.

No dealer, salesman or any other person has been authorized to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offer made by this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by National City or by any of the Underwriters. Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of National City since the date hereof. This Prospectus does not constitute an offer or solicitation by anyone in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

TABLE OF CONTENTS

$75,000,000

National City Corporation

Floating Rate Subordinated

Notes Due 1997

NATIONAL CITY CORPORATION

Salomon Brothers Inc

Keefe, Bruyette & Woods Inc.

Prospectus

Dated January 22, 1985

26

==========

NATIONAL CITY CORPORATION

AND

CITIBANK, N.A., TRUSTEE

INDENTURE

DATED AS OF JANUARY 15, 1985

$75,000,000

FLOATING RATE SUBORDINATED NOTES DUE 1997

==========

27

==========

NATIONAL CITY CORPORATION

AND

CITIBANK, N.A., TRUSTEE

INDENTURE

DATED AS OF JANUARY 15, 1985

$75,000,000

FLOATING RATE SUBORDINATED NOTES DUE 1997

==========

28

<TABLE>

NATIONAL CITY CORPORATION
RECONCILIATION AND TIE BETWEEN INDENTURE
DATED AS OF JANUARY 15, 1985 AND
TRUST INDENTURE ACT OF 1939

<CAPTION>
TRUST INDENTURE

ACT SECTION	INDENTURE SECTION
<S>	<C>
Section 310 (a) (1)	609
(a) (2)	609
(a) (3)	Not Applicable
(a) (4)	Not Applicable
(b)	608
	610
Section 311 (a)	613 (a)
(b)	613 (b)
(b) (2)	703 (a) (2)
	703 (b)
Section 312 (a)	701
	702 (a)
(b)	702 (b)
(c)	702 (c)
Section 313 (a)	703 (a)
(b)	703 (b)
(c)	703 (a), 703 (b)
(d)	703 (c)
Section 314 (a)	704
(b)	Not Applicable
(c) (1)	102
(c) (2)	102
(c) (3)	Not Applicable
(d)	Not Applicable
(e)	102
Section 315 (a)	601 (a)
(b)	602
	703 (a) (6)
(c)	601 (b)
(d)	601 (c)
(d) (1)	601 (a) (1)
(d) (2)	601 (c) (2)
(d) (3)	601 (c) (3)
(e)	514
Section 316 (a)	101
(a) (1) (A).....	502
	512
(a) (1) (B).....	513
(a) (2)	Not Applicable
(b)	508
Section 317 (a) (1)	503
(a) (2)	504
(b)	1003
Section 318 (a)	107

- ---------------
<FN>

Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.
</TABLE>

<TABLE>
<CAPTION>

</TABLE>

<TABLE>
<CAPTION>

</TABLE>

<TABLE>
<CAPTION>

<TABLE>
<CAPTION>

</TABLE>

<TABLE>
<CAPTION>

</TABLE>

<TABLE>

</TABLE>

<TABLE>
<CAPTION>

</TABLE>

INDENTURE dated as of January 15, 1985, between National City Corporation, a Delaware corporation (hereinafter called the "Company") having its principal office at 1900 East Ninth Street, Cleveland, Ohio 44114, and Citibank, N.A., a national banking association duly incorporated and existing under the laws of the United States of America (hereinafter called the "Trustee").

Recitals of the Company

The Company has duly authorized the creation of an issue of its Floating Rate Subordinated Notes Due 1997 (hereinafter called the "Notes") of substantially the tenor and amount hereinafter set forth, and to provide therefor the Company has duly authorized the execution and delivery of this Indenture.

All things necessary to make the Notes, when executed by the Company and authenticated and delivered by the Trustee hereunder and duly issued by the Company in accordance with the provisions of this Indenture, the valid obligations of the Company, and to make this Indenture a valid agreement of the Company, in accordance with their and its terms, have been done.

Now, Therefore, This Indenture Witnesseth:

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

ARTICLE ONE

Section 101. Definitions.

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

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

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

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; and

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms, used principally in Article Six, Article Thirteen and in the form of Note set forth in Section 202, are defined in such Articles and form of Note.

"Act" when used with respect to any Holder has the meaning specified in Section 104.

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

"Authenticating Agent" means any person authorized by the Trustee pursuant to Section 614.

"Authorized Newspaper" means a newspaper of general circulation in the relevant area, printed in the English language and customarily published on each New York Business Day.

"Authorized Officer" means the Chairman of the Board, the President, any Vice Chairman of the Board or any Executive, Senior or other Vice President, or the Treasurer, the Secretary or any Assistant Secretary of the Company.

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

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

"Business Day" means any day, other than a Saturday or Sunday, on which banking institutions in The City of New York and in London are open for business.

"Capital Stock" means, as to shares of a particular corporation, outstanding shares of stock of any class whether now or hereafter authorized, irrespective of whether such class shall be limited to a fixed sum or percentage in respect of the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary liquidation, dissolution or winding up of such corporation.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties on such date.

"Common Stock" means the common stock, par value $4.00 per share, of the Company as the same exists at the date of this Indenture or as such stock

shall be constituted from time to time.

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

"Company Request" and "Company Order" mean, respectively, a written request or order signed in the name of the Company by its Chairman of the Board, its President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary, or an Assistant Secretary, and delivered to the Trustee.

"Constituent Bank" means any Subsidiary which is a bank.

"Convertible Subordinated Debentures" shall mean the 9.50% Convertible Subordinated Debentures Due 2010 issued by the Company pursuant to an Indenture dated as of December 15, 1984 between the Company and Bankers Trust Company, as Trustee.

"Corporate Trust Office" means the office of the Trustee in the Borough of Manhattan, The City of New York, at which at any particular time its corporate trust business shall be principally administered, which office, at the date of the execution of this Indenture, is located at 111 Wall Street, New York, New York 10043.

"Default" has the meaning specified in Article Five.

"Defaulted Interest" has the meaning specified in Section 307.

"Event of Default" has the meaning specified in Article Five.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System of the United States of America or any successor United States governmental agency or instrumentality performing substantially the same regulatory function with respect to the Company as said Board of Governors performs at the date of execution of this Indenture.

"Holder" when used with respect to any Note means a Noteholder.

"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

"Interest Payment Date" means the Stated Maturity of an instalment of interest on the Notes.

"Maturity" when used with respect to any Note means the date on which the principal of such Note becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"New York Business Day" means any day, other than a Saturday or Sunday, on which banking institutions in The City of New York are open for business.

"Noteholder" means the Person in whose name a Note is registered in the Note Register.

"Note Fund" means the fund created pursuant to the provisions of Section 1301.

"Note Register" has the meaning specified in Section 305.

"Note Registrar" has the meaning specified in Section 305.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Company, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may (except as otherwise expressly provided in this Indenture) be counsel for the Company or other counsel acceptable to the Trustee.

"Other Equity Securities" means any class or series of capital stock of the Company, any warrant, right or option to purchase any such class or series of capital stock or any security convertible into or redeemable in shares of (or with the proceeds of the sale of) any such class or series of capital stock, if amounts representing the net proceeds of the sale thereof

would, when deposited in the Note Fund, be considered sufficient by the Federal Reserve Board for purposes of satisfying the obligation of the Company to make deposits in the Note Fund in order to preserve the treatment of such amounts and of the indebtedness represented by the Notes (in excess of amounts in the Note Fund) as "primary capital" of the Company for United States bank regulatory purposes.

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

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

(ii) Notes for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent in trust for the Holders of such Notes, provided that, if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made; and

(iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture;

provided, however, that in determining whether the Holders of the requisite principal amount of Notes Outstanding have given any request, demand, au-

thorization, direction, notice, consent, waiver or other action hereunder, Notes owned by the Company or any other obligor upon the Notes or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other action, only Notes which the Trustee knows to be so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Company or any other obligor upon the Notes or any Affiliate of the Company or such other obligor.

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

"Perpetual Preferred Stock" means any class or series of preferred stock of the Company now existing or hereafter authorized, provided that such class or series is not mandatorily redeemable in accordance with its terms otherwise than in shares of Common Stock or with the proceeds of the sales of shares of Common Stock or of Perpetual Preferred Stock.

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

"Predecessor Notes" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and for the purposes of this definition, any Note authenticated and delivered under Section 306 in lieu of a lost, destroyed or stolen Note shall be deemed to evidence the same debt as the lost, destroyed or stolen Note.

"Principal Constituent Bank" means any Constituent Bank the total assets of which as set forth in the most recent statement of conditions of such Bank equal more than 15% of the total assets of all Constituent Banks as determined from the most recent statement of conditions of the Constituent Banks.

"Qualifying Investment" means (i) any debt security of or guaranteed by the United States of America or any agency thereof, (ii) any debt security (including any security of the Company, the Trustee, any Subsidiary of the Company or any affiliate of the Trustee) which at the time is rated in any of the three highest categories (including any subdivision thereof) by any securities rating agency nationally recognized in the United States of America and (iii) time deposits with, including certificates of deposit issued by, any bank or trust company (including the Trustee or any Subsidiary of the Company) any debt security of which (or any debt security of the parent of which) is at the time rated in any of the three highest categories (including any subdivision thereof) by any securities rating agency nationally recognized in the United States, provided, in each case, that such security or deposit matures on or before the Interest Payment Date in January 1997.

"Ranking on a parity with the Notes" when used with respect to any obli-

gation of the Company shall mean the Convertible Subordinated Debentures, the Subordinated Notes, and any other obligation of the Company which (a) ranks equally with and not prior to the Notes in right of payment upon the happening of any event of the kind specified in the first sentence of the first paragraph of Section 1202, and (b) is specifically designated as ranking on a parity with the Notes by express provision in the instrument creating or evidencing such obligation. The securing of any obligations of the Company, otherwise ranking on a parity with the Notes, shall not be deemed to prevent such obligations from constituting obligations ranking on a parity with the Notes.

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

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

"Regular Record Date" for the interest payable on any Interest Payment Date means the date specified in Section 307.

"Responsible Officer" when used with respect to the Trustee means the chairman of the board of directors, the chairman or the vice chairman of the executive committee of the board of directors, the president, any vice chairman, the chairman of the trust committee, any executive vice president, any senior vice president, any vice president, any assistant vice president, the secretary, any assistant secretary, the cashier, any senior trust officer, any trust officer, or any other authorized officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Senior Indebtedness" means the principal of, premium, if any, and unpaid interest on (a) indebtedness of the Company (including indebtedness of others guaranteed by the Company), other than the Notes, the Subordinated Notes, and the Convertible Subordinated Debentures, whether outstanding on the date hereof or hereafter created, incurred, assumed, or guaranteed (i) for money borrowed or (ii) in connection with the acquisition by the Company or a Subsidiary, other than in the ordinary course of business, of assets of any kind, 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 superior in right of payment to the Notes, and (b) renewals, extensions, modifications and refundings of any such indebtedness.

"Special Record Date" for the payment of any Defaulted Interest (as defined in Section 307) means a date fixed by the Trustee pursuant to Section 307.

"Stated Maturity" when used with respect to any Note or any instalment of interest thereon means the date specified in such Note as the fixed date on which the principal of such Note or such instalment of interest is due and payable.

"Subordinated Notes" shall mean the 11.25% Subordinated Notes Due 1997 issued by the Company.

"Subsidiary" or "subsidiary" means any corporation at least a majority of whose outstanding voting stock shall at the time be owned by the Company or by one or more Subsidiaries or by the Company and one or more Subsidiaries.

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

"Trust Indenture Act" or "TIA" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed, except as provided in Section 905.

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

"Voting Stock" means stock of the class or classes having general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such corporation (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

Section 102. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include

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

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

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

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

Section 103. Form of Documents Delivered to Trustee.

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

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

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

Section 104. Acts of Noteholders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such

instrument or writing acknowledged to him the execution thereof. Where such execution is other than in an individual capacity, such certificate or affidavit shall also constitute sufficient proof of the authority of the executing individual. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The ownership of Notes shall be proved by the Note Register.

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

Section 105. Notices, etc., to Trustee and Company.

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

(1) the Trustee by any Noteholder or by the Company shall be sufficient for every purpose hereunder, except as provided in clause (d) of the second paragraph of Section 507, if made, given, furnished or filed in writing to or with the Trustee at 5 Hanover Square, New York, New York 10043, attention of the Corporate Trust Department, or

(2) the Company by the Trustee or by any Noteholder shall be sufficient for every purpose hereunder, except as provided in clause (d) of the second paragraph of Section 507, if in writing and mailed, first-class mail, postage prepaid, to the Company addressed to it at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee by the Company.

Section 106. Notices to Noteholders; Waiver.

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

In case, by reason of the suspension of publication of any Authorized Newspaper, or by reason of any other cause, it shall be impossible or impracticable to make publication of any notice in an Authorized Newspaper or Authorized Newspapers as required by this Indenture or by the Notes, then such method of publication or notification as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impossible or impracticable to mail notice of any event to Holders when said notice is required to be given pursuant to any provision of this Indenture or of the Notes, then any manner of giving such notice as shall be with the approval of the Trustee shall be deemed to be a sufficient giving of such notice.

Section 107. Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this Indenture by any of the provisions of TIA, such required provision shall control.

Section 108. Effect of Headings and Table of Contents.

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

Section 109. Successors and Assigns.

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

Section 110. Separability Clause.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 111. Benefits of Indenture.

Except as otherwise provided in Article Twelve, nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto any Authenticating Agent, any Paying Agent and their successors hereunder and the holders of Senior Indebtedness of the Company and the Noteholders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 112. Governing Law.

This Indenture shall be construed in accordance with and governed by the laws of the State of New York.

Section 113. Legal Holidays.

In any case where any Redemption Date shall not be a New York Business Day, then (notwithstanding any other provision of this Indenture) payment of interest on or principal of each Note to be redeemed on such date need not be made on such date, but may be made on the next succeeding New York Business Day with the same force and effect as if made on such Redemption Date and no interest shall accrue for the period from and after such Redemption Date.

ARTICLE TWO
Note Form

Section 201. Forms Generally.

The Notes and the Trustee's certificate of authentication shall be in substantially the forms set forth in this Article, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with the rules of any securities exchange or national market, or as

may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of the Notes.

The definitive Notes shall be printed, lithographed or engraved or produced by any combination of these methods on steel engraved borders or may be produced in any other manner permitted by the rules of any securities exchange or national market, all as determined by the officers executing such Notes, as evidenced by their execution of such Notes.

Section 202. Form of Note.

The form of the face and, to the extent necessary to accommodate the text, the reverse of the definitive Notes shall be as follows:

No. . $

NATIONAL CITY CORPORATION
Floating Rate Subordinated Note Due 1997

National City Corporation, a Delaware corporation (hereinafter called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to , or registered assigns, the principal sum of Dollars on the Interest Payment Date (as hereinafter defined) in January 1997, and to pay interest on said principal sum quarterly on the Interest Payment Dates in January, April, July and October in each year, commencing on the first Interest Payment Date after the date hereof, at the rates per annum determined as provided below, from January 31, 1985 (the "Issue Date"), or from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if the date hereof is an Interest Payment Date to which interest has been paid or duly provided for, then from the date hereof, until payment of said principal sum has been made or duly provided for. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date, will, as provided in the Indenture (as hereinafter defined), be paid to

the person in whose name this Note (or one or more Predecessor Notes, as defined in said Indenture) is registered at the close of business on the date which is the 15th day (whether or not a Business Day or a New York Business Day (as such terms are hereinafter defined)) immediately preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered holder on such Regular Record Date and may be paid to the person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to holders of Notes not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange or national market on which the Notes may be listed, and upon such notice as may be required by such exchange or market, all as more fully provided in said Indenture. Payment of the principal of and interest on this Note will be made at the office or agency of the

Company maintained for such purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the person entitled thereto as such address shall appear in the Note Register.

This Note shall bear interest in respect of each Interest Period (as hereinafter defined) at the rate per annum (the "Rate of Interest") calculated for such Interest Period by Citibank, N.A., or its successor as agent bank (the "Agent Bank"), on the basis of rates supplied to it by Citibank, N.A., Morgan Guaranty Trust Company of New York, Barclays Bank International Limited and Deutsche Bank AG (the "Reference Banks", which term shall include any successor Reference Bank appointed by the Company as provided in the Notes), in accordance with the following provisions:

(i) On the second New York Business Day prior to the commencement of each Interest Period, or if such day is not a Business Day, then the Business Day immediately preceding such day (the "Interest Determination Date"), the Agent Bank will request the principal London office of each of the Reference Banks to provide the Agent Bank with its offered quotation for United States dollar deposits for the Interest Period concerned to leading banks in the London interbank market at approximately 11:00 A.M. (London time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall, subject to (iv) below, be 1/8 of 1% per annum above the arithmetic mean (rounded upwards, if necessary, to the nearest multiple of 1/16 of 1%) of such offered quotations, as determined by the Agent Bank.

(ii) If on any Interest Determination Date at least two but fewer than all the Reference Banks provide the Agent Bank with such offered quotations, the Rate of Interest for the relevant Interest Period shall, subject to (iv) below, be determined in accordance with (i) above on the basis of the offered quotations of those Reference Banks providing such quotations.

(iii) If on any Interest Determination Date only one or none of the Reference Banks provides the Agent Bank with such offered quotations, the Rate of Interest for the relevant Interest Period shall, subject to (iv) below, be whichever is the higher of:

(a) the Rate of Interest in effect for the last preceding Interest Period to which (i) or (ii) above shall have applied; and

(b) the Reserve Interest Rate. The "Reserve Interest Rate" shall be the rate per annum which the Agent Bank determines to be either (i) 1/8 of 1% per annum above the arithmetic mean (rounded upwards as aforesaid) of the offered rates which leading banks in The City of New York selected by the Agent Bank (after consultation with the Company) are quoting on the relevant Interest Determination Date

for United States dollar deposits for the next Interest Period to the principal London office of each of the Reference Banks or those of them (being at least two in number) to which such offered quotations are, in the opinion of the Agent Bank, being so made, or (ii) in the event that the Agent Bank can determine no such arithmetic mean, 1/8 of 1% per annum above the arithmetic mean (rounded upwards as aforesaid) of the offered rates which leading banks in The City of New York selected by the Agent Bank (after consultation with the Company) are quoting on such Interest Determination Date to leading European banks for United States dollar deposits for the next Interest Period; provided that if the banks selected as aforesaid by

the Agent Bank are not quoting as mentioned above, the Rate of Interest shall be the Rate of Interest specified in (a) above.

(iv) In no event shall the Rate of Interest be less than 5 1/4% per annum.

For the purpose of this paragraph, "Business Day" shall mean any day, other than a Saturday or Sunday, on which banking institutions in London and The City of New York are open for business, and "New York Business Day" shall mean any day, other than a Saturday or Sunday, on which banking institutions in The City of New York are open for business. Interest on the Notes in respect of each Interest Period will accrue at the applicable Rate of Interest from and including the first day of such Interest Period to but excluding the Interest Payment Date that is the last day of such Interest Period. The Agent Bank shall calculate the amount of interest payable in respect of each $1,000 principal amount of Notes for such Interest Period (the "Interest Amount") by applying the Rate of Interest to $1,000 and multiplying such amount by the actual number of days for which interest is payable in the applicable Interest Period divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards). The Notes will bear interest from the Issue Date, and such interest will be payable on each date (an "Interest Payment Date") which, except as provided below, is three calendar months after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Issue Date; provided, that the first Interest Payment Date shall be no later than April 30, 1985. If any Interest Payment Date would otherwise be a day which is not a New York Business Day, the Interest Payment Date shall be postponed to the next day which is a New York Business Day unless it would thereby be in the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding New York Business Day and (ii) thereafter, each subsequent Interest Payment Date shall be the last New York Business Day of the third month after the month in which the preceding Interest Payment Date shall have occurred. The period beginning on the Issue Date and ending on and including the first Interest Payment Date and each successive period beginning on an Interest Payment Date and including the next succeeding Interest Payment Date is herein called an "Interest Period". As soon as possible after

11:00 A.M. (London time) on each Interest Determination Date, but in no event later than 3:00 P.M. (London time) on the New York Business Day immediately following each such Interest Determination Date, the Agent Bank shall notify the Company and the Trustee of the Interest Payment Date for the next Interest Period and the Rate of Interest and the Interest Amount determined by it, specifying to the Company the quotations upon which the Rate of Interest is based, and in any event the Agent Bank shall notify the Trustee and the Company before 5:00 P.M. (London time) on each Interest Determination Date that either: (i) it has determined or is in the process of determining the Rate of Interest and the Interest Amount or (ii) it has not determined and is not in the process of determining the Rate of Interest and the Interest Amount, together with its reasons therefor. The Company shall use its best efforts to cause the Agent Bank to use its best efforts to cause such Rate of Interest, Interest Amount and Interest Payment Date to be published in an Authorized Newspaper (as defined in the Indenture) in The City of New York as soon as possible after determination of the Rate of Interest and the Interest Amount but in no event later than the fourth New York Business Day following the applicable Interest Determination Date (except that no such publication need be made after the Notes have been declared due and payable pursuant to Section 502 of the Indenture). The Interest Amount and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of the Rate of Interest by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties. The Company agrees that, until the Notes are paid or payment thereof is duly provided for, there shall at all times be at least three Reference Banks and an Agent Bank in respect of the Notes and that each such Reference Bank and Agent Bank shall be a leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market, shall not control, be controlled by, or be under common control with, the Company and shall have an established place of business in London. In the event that any such Reference Bank or Agent Bank shall be unwilling or unable to act as such Reference Bank or Agent Bank or that such Agent Bank shall fail duly to determine the Rate of Interest and the Interest Amount for any Interest Period, the Company shall promptly appoint a Reference Bank or Agent Bank (qualified as aforesaid), as the case may be, to act as such in its place.

The provisions of this Note are continued on the reverse side hereof and such continued provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof, directly or through an authenticating agent, by the manual signature of an authorized signatory, this

Note shall not be entitled to any benefit under said Indenture or be valid or obligatory for any purpose.

50

In Witness Whereof, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: National City Corporation

[corporate seal] By.....
Chairman of the Board

Attest:
.....
Secretary

The form of the reverse of the definitive Notes shall be as follows:

This Note is one of a duly authorized issue of Notes of the Company designated as its Floating Rate Subordinated Notes Due 1997 (the "Notes"), limited in aggregate principal amount to $75,000,000, issued and to be issued under an indenture dated as of January 15, 1985 (the "Indenture"), between the Company and Citibank, N.A., Trustee (the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights thereunder of the Company, the Trustee and the holders of the Notes and the terms upon which the Notes are, and are to be, authenticated and delivered. Unless otherwise herein defined, all terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The Indenture provides for the creation of a segregated fund (the "Note Fund") to be held by the Trustee or an agent thereof. The Note Fund is being created for certain United States bank regulatory purposes and, although it is expected to provide a source of funds for the payment of the Notes, the Note Fund will not constitute security for the Notes. Amounts in the Note Fund will consist solely of (i) the net proceeds of the sale for cash (the "Cash Proceeds") from time to time of shares of Common Stock or Perpetual Preferred Stock or Other Equity Securities of the Company (as such terms are defined in the Indenture) (such "Common Stock", "Perpetual Preferred Stock" and" Other Equity Securities" being hereinafter in this Note collectively referred to as "Capital") and (ii) funds equal to the market value (as determined by the Company) of Capital sold from time to time in exchange for other property (including, without limitation, Capital issued upon conversion of convertible securities now or hereafter outstanding which do not constitute Capital) less the expenses to effect any such exchanges (the "Exchange Proceeds"), in each case which the Company from time to time shall elect to deposit into the Note Fund. The Company has covenanted and agreed that (i) by the Interest Payment Date in January 1989, it will have sold Capital, either for cash or in exchange for other property, in a sufficient amount so that the aggregate of the Cash Proceeds and the Exchange Proceeds will equal at least one-third of the original aggregate principal amount of the Notes (or such lesser amounts as the Federal Reserve Board (as defined in the Indenture) may permit from time to

51

time) and will have deposited into the Note Fund funds equivalent to such amount, (ii) by the Interest Payment Date in January 1993, it will have sold Capital, either for cash or in exchange for other property, in a sufficient amount so that the aggregate of the Cash Proceeds and the Exchange Proceeds will equal at least two-thirds of the original aggregate principal amount of the Notes (or such lesser amount as the Federal Reserve Board may permit from time to time) and will have deposited into the Note Fund funds equivalent to such amount and (iii) by 60 days prior to the Interest Payment Date in January 1997, it will have sold Capital, either for cash or in exchange for other property, in a sufficient amount so that the aggregate of the Cash Proceeds and the Exchange Proceeds will equal not less than the original aggregate principal amount of the Notes (or such lesser amount as the Federal Reserve Board may permit from time to time) and will have deposited into the Note Fund funds equivalent to such amount; provided, however, that such covenant and agreement of the Company shall be cancelled, and amounts theretofore deposited into the Note Fund will, at the request of the Company, be repaid to it, in the event that the Federal Reserve Board shall determine that the indebtedness represented by the Notes in excess of amounts theretofore deposited into the Note Fund will not be treated for United States bank regulatory purposes as "primary capital" of the Company or in the event that the Notes shall cease being treated as "primary capital" of the Company or in the event that the Company shall have redeemed the Notes pursuant to clause (ii) of the third sentence of the second succeeding paragraph of this Note.

Unless the Notes shall have been accelerated upon the occurrence of an Event of Default or the Company shall elect to redeem the Notes pursuant to clause (ii) of the third sentence of the next paragraph of this Note or the

Federal Reserve Board shall have made the determination referred to in the proviso to the final sentence of the immediately preceding paragraph, or the Notes cease being treated as "primary capital" of the Company, the principal of the Notes shall be payable prior to their final maturity in January 1997 solely from funds in the Note Fund. Amounts in the Note Fund will not be available for the payment of interest on the Notes. The obligation of the Company to make payment of all amounts of principal of the Notes upon redemption, at their final maturity in January 1997 and in the event of acceleration of the Notes upon the occurrence of an Event of Default and the indebtedness of the Company for such principal amounts, will not be affected by whether or to what extent amounts are in the Note Fund. All interest or discount earned on investments of amounts held in the Note Fund and any profit realized therefrom shall be promptly paid to the Company and will not be deemed to be part of the Note Fund.

The Notes may not be redeemed before the Interest Payment Date in January 1989. On the Interest Payment Date in January 1989 and on any day thereafter, the Notes may be redeemed, as a whole or from time to time in part, at the option of the Company, on not less than 30 nor more than 60 days' prior notice given as provided in the Indenture, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus interest accrued and

unpaid to the date of redemption. Any such redemption may be made (i) solely out of funds in the Note Fund, provided that no notice of any such redemption to be made solely out of funds in the Note Fund may be given unless there are sufficient funds available in the Note Fund to pay the principal amount of the Notes to be redeemed; or (ii) from any source, irrespective of the amount of funds available in or theretofore deposited in the Note Fund, if (x) the Federal Reserve Board shall have approved such redemption from a source other than funds in the Note Fund or (y) if the Federal Reserve Board shall determine that the indebtedness represented by the Notes in excess of amounts theretofore deposited into the Note Fund will not be treated for United States bank regulatory purposes as "primary capital" of the Company or (z) if the Notes shall cease being treated as "primary capital" of the Company.

Notes of a denomination larger than $1,000 may be redeemed in part in principal amounts equal to $1,000 or any integral multiple thereof. Upon any partial redemption of any such Notes the same shall be surrendered in exchange for one or more new Notes for the unredeemed portion of principal. Notes (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture shall cease to bear interest from and after the date fixed for redemption.

The indebtedness of the Company evidenced by the Notes, including the principal thereof and interest thereon, is, to the extent and in the manner set forth in the Indenture, subordinate and junior in right of payment to its obligations to holders of Senior Indebtedness of the Company (as defined in the Indenture), and each holder of Notes, by the acceptance thereof, agrees to and shall be bound by such provisions of the Indenture.

If an Event of Default (defined in the Indenture as certain events involving the bankruptcy, insolvency or reorganization of the Company) shall occur and be continuing, the principal of all the Notes may be declared due and payable in the manner and with the effect provided in the Indenture. There is no right of acceleration in the case of a default in the payment of interest on the Notes or the performance of any other covenant of the Company.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the time, place and rates, and in the coin or currency, herein prescribed.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the holders of the Notes under the Indenture at any time by the Company with the consent of the holders of 66 2/3% in aggregate principal amount of the Notes at the time Outstanding, as defined in the Indenture. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Notes at the time Outstanding, as defined in the Indenture, on behalf of the holders of all the Notes, to waive compliance by the Company with certain provisions of the

Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the holder of this Note shall be conclusive and binding upon such holder and upon all future holders of this Note and of any Note issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon

this Note or any such other Note.

As provided in the Indenture and subject to certain limitations therein set forth, this Note is transferable on the Note Register of the Company, upon surrender of this Note for transfer at the office or agency of the Company in any place where the principal of and interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Note Registrar duly executed by the registered holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The Notes are issuable only as registered Notes without coupons in denominations of $1,000 and any integral multiple of $1,000. As provided in the Indenture, and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes of different authorized denominations, as requested by the holder surrendering the same.

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

Prior to due presentment for transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

Section 203. Form of Trustee's Certificate of Authentication.

This is one of the Notes referred to in the within-mentioned Indenture.

Citibank, N.A., as Trustee

By.....
Authorized Officer

ARTICLE THREE
The Notes

Section 301. Title and Terms.

The aggregate principal amount of Notes which may be authenticated and delivered under this Indenture is limited to $75,000,000, except for Notes authenticated and delivered upon transfer of, or in exchange for, or in lieu of other Notes pursuant to Section 304, 305, 306, 906 or 1108.

The Notes shall be known and designated as the Floating Rate Subordinated Notes Due 1997" of the Company. Their Stated Maturity shall be the Interest Payment Date in January 1997 and they shall bear interest at the rate per annum for each quarterly period determined as provided in the form of Note set forth in Section 202, from January 31, 1985, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if the date of authentication of a Note is an Interest Payment Date to which interest has been paid or duly provided for, then from such Interest Payment Date, payable quarterly on the Interest Payment Dates in January, April, July and October in each year until the principal thereof is paid or duly provided for.

The principal of and interest on the Notes shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, maintained for such purpose and at any other office or agency maintained by the Company for such purpose; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Note Register.

The Notes shall be redeemable as provided in Article Eleven.

The Notes shall be subordinate and junior in right of payment to the obligations of the Company to holders of Senior Indebtedness of the Company as provided in Article Twelve.

Section 302. Denominations.

The Notes may be issued in denominations of $1,000 and any integral multiple of $1,000.

Section 303. Execution, Authentication and Delivery and Dating.

The Notes shall be executed on behalf of the Company by its Chairman of the Board, its President, or one of its Vice Presidents, under its corporate seal

reproduced thereon and attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Notes may be manual or facsimile.

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

55

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Notes executed by the Company to the Trustee for authentication; and the Trustee shall authenticate and deliver such Notes as in this Indenture provided and not otherwise.

All Notes shall be dated the date of their authentication.

No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

Section 304. Temporary Notes.

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

If temporary Notes are issued, the Company will cause definitive Notes to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes shall be exchangeable for definitive Notes upon surrender of the temporary Notes at any office or agency of the Company designated pursuant to Section 1002 without charge to the Holder. Upon surrender for cancellation of any one or more temporary Notes the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Notes of authorized denominations. Until so exchanged the temporary Notes shall in all respects be entitled to the same benefits under this Indenture as definitive Notes.

Section 305. Registration, Transfer and Exchange.

The Company shall cause to be kept at the office of the Note Registrar designated pursuant to this Section 305 or Section 1002 a register (herein sometimes referred to as the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Notes and of transfers of Notes. The Note Register shall be open to inspection by the Trustee and the Company. The Trustee is hereby initially appointed "Note Registrar" for the purpose of registering Notes and transfers of Notes as herein provided.

56

Upon surrender for transfer of any Note at an office or agency of the Company designated pursuant to Section 1002 for such purpose, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations of a like aggregate principal amount.

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

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

Every Note presented or surrendered for transfer or exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Note Registrar duly executed, by the Holder thereof or his attorney duly autho-

rized in writing.

No service charge shall be made for any transfer or exchange of Notes but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes, other than exchanges pursuant to Section 304, 906 or 1108 not involving any transfer.

Neither the Company nor the Note Registrar shall be required (i) to issue, transfer or exchange any Note during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Notes selected for redemption under Section 1104 and ending at the close of business on the day of such mailing or (ii) to transfer or exchange any Notes so selected for redemption in whole or in part.

Section 306. Mutilated, Destroyed, Lost or Stolen Notes.

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

57

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

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

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

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 307. Payment of Interest; Interest Rights Preserved.

Interest on any Note which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such interest, which shall be the date which is the 15th day (whether or not a Business Day or a New York Business Day) immediately preceding such Interest Payment Date.

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

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the Trustee shall fix a Special

58

Record Date for the payment of such Defaulted Interest which shall be not

more than 15 and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class mail, postage prepaid, to each Noteholder at his address as it appears in the Note Register not less than 10 days prior to such Special Record Date. The Trustee may, in its discretion, in the name and at the expense of the Company, cause a similar notice to be published at least once in an Authorized Newspaper in the Borough of Manhattan, The City of New York, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered on such Special Record Date and shall no longer be payable pursuant to the following Clause (2).

(2) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange or national market on which the Notes may be listed, and upon such notice as may be required by such exchange or market, if; after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such payment shall be deemed practicable by the Trustee.

If any instalment of interest whose Stated Maturity is on or prior to the Redemption Date for any Notes called for redemption pursuant to Article Eleven is not paid or duly provided for on or prior to the Redemption Date in accordance with the foregoing provisions of this Section, such interest shall be
payable as part of the Redemption Price of such Notes.

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

Section 308. Persons Deemed Owners.

Prior to due presentment for transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name any Note is registered as the owner of such Note for the purpose of receiving payment of principal of and (subject to Section 307) interest on such Note and for all other purposes whatsoever whether or not such Note be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

Section 309. Cancellation.

All Notes surrendered for payment, redemption, transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by the Trustee. The Company may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly cancelled by the Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes cancelled as provided in this Section, except as expressly permitted by this Indenture. In the absence of a Company Order, the Trustee may destroy all cancelled Notes held by it and deliver a certificate of destruction to the Company.

Section 310. Authentication and Delivery of Original Issue.

Forthwith upon the execution and delivery of this Indenture or from time to time thereafter Notes up to the aggregate principal amount of $75,000,000 may be executed by the Company and delivered to the Trustee for authentication, and shall thereupon be authenticated and delivered by the Trustee upon Company Order, without any further action by the Company.

ARTICLE FOUR
Satisfaction and Discharge

Section 401. Satisfaction and Discharge of Indenture.

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

(1) either

(A) all Notes theretofore authenticated and delivered (other than (i) Notes which have been mutilated, destroyed, lost or stolen and which have been replaced or paid as provided in Section 306 and (ii) Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

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

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within the Interest Period (as defined in Article Two hereof) ending in January 1997, or

60

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

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

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

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

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 607, and the obligations of the Trustee to any Authenticating Agent under Section 614, shall survive, and if money has been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Section 402 and
the last paragraph of 1003 shall survive.

Section 402. Application of Trust Money.

All money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it in accordance with the provisions of the Notes and this Indenture to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent), as the Trustee may determine, to the Persons entitled thereto, of the principal and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

ARTICLE FIVE
Remedies

Section 501. Events of Default.

"Event of Default", wherever used herein, 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 or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) the entry of a decree or order by a court having jurisdiction in the premises in respect of the Company under the Federal Bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or State

61

bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such

decree or order unstayed and in effect for a period of 60 consecutive days; or

(2) the commencement by the Company of a voluntary case under the Federal Bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or State bankruptcy, insolvency or other similar law, or the consent by it to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the failure by the Company to pay its debts generally as they become due.

Section 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the Trustee or the Holders of not less than 25% in principal amount of the Notes Outstanding may declare the principal of all the Notes to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal shall become immediately due and payable.

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

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

(A) all overdue instalments of interest on all Notes,

(B) the principal of any Notes which have become due otherwise than by such declaration of acceleration and interest thereon at the rate at the time borne by the Notes,

(C) to the extent that payment of such interest is lawful, interest upon overdue instalments of interest at the rate at the time borne by the Notes, and

(D) all sums paid or advanced by the Trustee hereunder, the Note Registrar and any Paying Agent and the reasonable compensation, expenses, disbursements and advances of any one of them and their agents and counsel; and

(2) all Events of Default have been cured or waived as provided in Section 513.

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

62

Section 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

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

(2) default is made in the payment of the principal of any Note at the Maturity thereof;

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Notes, the whole amount then due and payable on such Notes for principal and interest, with interest upon the overdue principal and, to the extent that payment of such interest shall be legally enforceable, upon overdue instalments of interest, at the rate at the time borne by the Notes; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Notes, wherever situated.

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

Section 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Notes or the property of the Company or of such other obligor or their creditors, the Trustee
(irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal and interest owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Noteholders allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Noteholder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Noteholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof; or to authorize the Trustee to vote in respect of the claim of any Noteholder in any such proceeding.

Section 505. Trustee May Enforce Claims Without Possession of Notes.

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

Section 506. Application of Money Collected.

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

First: To the payment of all amounts due the Trustee under Section 607;

Second: To the payment of the amounts then due and unpaid upon the Notes for principal and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any

kind, according to the amounts due and payable on such Notes, for principal and interest, respectively.

Section 507. Limitation on Suits.

No Holder of any Note shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment

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

(1) such Holder has previously given written notice to the Trustee of a continuing Default;

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

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

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

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

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

The following events shall be Defaults under this Indenture:

(a) an Event of Default specified in Section 501; or

(b) default in the payment of the principal of any Note at its Maturity; or

(c) default in the payment of any interest upon any Note as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or

(d) failure on the part of the Company duly to observe or perform any of the other covenants or agreements on its part in the Notes or in this Indenture and continuance of such failure for a period of ninety days after the date on which written notice of such failure, requiring the Company to remedy the same and stating that such notice is a "Notice of Default"

hereunder, shall have been given by registered mail to the Company by the Trustee, or to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the Notes at the time outstanding.

Section 508. Unconditional Right of Holders to Receive Principal and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Note shall have the right which is absolute and unconditional to receive payment of the principal of and (subject to Section 307) interest on such Note on the respective Stated Maturities expressed in such Note (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

Section 509. Restoration of Rights and Remedies.

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

Section 510. Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Trustee or to the Noteholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 511. Delay or Omission Not Waiver.

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

66

32

Section 512. Control by Noteholders.

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

(1) such direction shall not be in conflict with any rule of law or with this Indenture and shall not involve the Trustee in personal liability, and

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

Section 513. Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Notes may on behalf of the Holders of all the Notes waive any past default hereunder and its consequences, except a default

(1) in the payment of the principal of or interest on any Note, or

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

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

Section 514. Undertaking for Costs.

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

67

33

Section 515. Waiver of Stay or Extension Laws.

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

ARTICLE SIX
The Trustee

Section 601. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Notes relating to the time, method and place of conducting any proceedings for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 602. Notice of Defaults.

Within 90 days after the occurrence of any default hereunder, the Trustee shall transmit by mail to all Noteholders, as their names and addresses appear in the Note Register, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of or interest on any Note, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Noteholders; and provided, further, that in the case of any default of the character specified in clause (d) of the second paragraph of Section 507 no such notice to Noteholders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, a Default or an Event of Default.

Section 603. Certain Rights of Trustee.

Except as otherwise provided in Section 601:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

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

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

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

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

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

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

(h) the Trustee shall not be liable for any action taken or omitted to be taken by it in good faith and without negligence and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

Section 604. Not Responsible for Recitals or Issuance of Notes.

The recitals contained herein and in the Notes, except the Trustee's certificate of authentication, shall be taken as the statements of the Company, and neither the Trustee nor any Authenticating Agent assumes responsibility for their correctness. The Trustee makes no representations as to the validity or

sufficiency of this Indenture or of the Notes. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of Notes or the proceeds of the Notes.

Section 605. May Hold Notes.

The Trustee, any Authenticating Agent, any Paying Agent, any Note Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to Sections 608 and 613, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Note Registrar or such other agent.

Section 606. Money Held in Trust.

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

Section 607. Compensation and Reimbursement.

The Company agrees

(1) to pay to the Trustee, any Note Registrar and any Paying Agent, as the case may be, from time to time reasonable compensation for all services rendered by them hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

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

(3) to indemnify the Trustee any Note Registrar and any Paying Agent, as the case may be, for, and to hold each of them harmless against, any loss, liability or experee incurred without negligence or bad faith, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending themselves against any claim of liability in connection with the exercise or performance or any of their powers or duties hereunder.

As security for the perfomance of the obligations of the Company under this Section the Trustee shall have a lien prior to the Notes upon all property

71

and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of or interest on particular Notes. The class of the Trustee under this Section shall not be subject to the provisions of Article Twelve.

Section 608. Disqualification; Conflicting Interests.

(a) If the Trustee has or shall acquire any conflicting interest, as defined in this Section, it shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect hereinafter specified in this Article.

(b) In the event that the Trustee shall fail to comply with the provisions of Subsection (a) of this Section the Trustee shall, within 10 days after the expiration of such 90-day period, transmit by mail to all Noteholders, as their names and addresses appear in the Note Register, notice of such failure.

(c) For the purpose of this Section, the Trustee shall be deemed to have a conflicting interest if

(1) the Trustee is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the Company are outstanding unless such other indenture is a collateral trust indenture under which the only collateral consists of Notes issued under this Indenture, provided that there shall be excluded from the operation of this paragraph any indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Company are outstanding, if (i) this Indenture and such other indenture or indentures are wholly unsecured and such other indenture or indentures are hereafter qualified under TIA, unless the Commission shall have found and declared by order pursuant to Section 305(b) or Section 307(c) of TIA that differences exist between the provisions of this Indenture and the provisions of such other indenture or indentures which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture and such other indenture or indentures, or (ii) the Company shall have sustained the burden of proving, on application to the Commission and after opportunity for hearing thereon, that trusteeship under this Indenture and such other indenture or indentures is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under one of such indentures;

(2) the Trustee or any of its directors or executive officers is an obligor upon the Notes or an underwriter for the Company;

(3) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with the Company or an underwriter for the Company;

72

(4) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee or representative of the Company, or of an underwriter (other than the Trustee itself) for the Company who is currently engaged in the business of underwriting, except that (i) one individual may be a director or an executive officer, or both, Trustee and a director or an executive officer, or both of the Company but may not be at the same time an executive officer of both the

Trustee and the Company; (ii) if and so long as the number of directors of the Trustee in office is more than nine, one additional individual may be a director or an executive officer, or both of the Trustee and a director of the Company; and (iii) the Trustee may be designated by the Company or by any underwriter for the Company to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent, or depositary, or in any other similar capacity, or, subject to the provisions of paragraph (1) of this Subsection, to act as Trustee, whether under an indenture or otherwise;

(5) 10% or more of the voting securities of the Trustee is beneficially owned either by the Company or by any director, partner, or executive officer thereof; or 20% or more of such voting securities is beneficially owned, collectively, by any two or more or such persons, or 10% or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Company or by any director, partner or executive officer thereof; or is beneficially owned, collectively, by any two or more such persons;

(6) the Trustee is the beneficial owner of; or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), (i) 5% or more of the voting securities, or 10% or more of any other class of security, of the Company not including the Notes issued under this Indenture and securities issued under any other indenture under which the Trustee is also trustee, or (ii) 10% or more of any class of security of an underwriter for the Company;

(7) the Trustee is the beneficial owner of; or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), 5% or more of the voting securities of any person who, to the knowledge of the Trustee, owns 10% or more of the voting securities of; or controls directly or indirectly or is under direct or indirect common control with, the Company;

(8) the Trustee is the beneficial owner of; or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), 10% or more of any class of security of any person who, to the knowledge of the Trustee, owns 50% or more of the voting securities of the Company; or

(9) the Trustee owns, on May 15 in any calendar year, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian,

committee or conservator, or in any other similar capacity, an aggregate of 25% or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7) or (8) of this Subsection. As to any such securities of which the Trustee acquired ownership through becoming executor, administrator, or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply, for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such voting securities or 25% of any such class of security. Promptly after May 15 in each calendar year, the Trustee shall make a check of its holdings of such securities in any of the above- mentioned capacities as of such May 15. If the Company fails to make payment in full of the principal of or interest on any of the Notes when and as the same becomes due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period, and after such date, notwithstanding the foregoing provisions of this paragraph, all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of paragraphs (6), (7) and (8) of this Subsection.

The specification of percentages in paragraphs (5) to (9) inclusive, of this Subsection, shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this Subsection.

For the purposes of paragraphs (6), (7), (8) and (9) of this Subsection only, (i) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (ii) an obligation shall be deemed to be "in default" when a default in payment of principal shall have continued for 30 days or more and shall not have been cured; and (iii) the Trustee shall

not be deemed to be the owner or holder of (A) any security which it holds as collateral security, as trustee or otherwise, for an obligation which is not in default as defined in clause (ii) above, or (B) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (C) any security which it holds as agent for collection, or as custodian, escrow agent, or depositary, or in any similar representative capacity.

74

(d) For the purposes of this Section:

(1) The term "underwriter" when used with reference to the Company means every person who, within three years prior to the time as of which the determination is made, has purchased from the Company with a view to, or has offered or sold for the Company in connection with, the distribution of any security of the Company outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

(2) The term "director" means any director of a corporation, or any individual performing similar functions with respect to any organization whether incorporated or unincorporated.

(3) The term "person" means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization, or a government or political subdivision thereof. As used in this paragraph, the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(4) The term "voting security" means any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person.

(5) The term "Company" means any obligor upon the Notes.

(6) The term "executive officer" means the president, every vice president, every trust officer, the cashier, the secretary, and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

(e) The percentages of voting securities and other securities specified in this Section shall be calculated in accordance with the following provisions:

(1) A specified percentage of the voting securities of the Trustee, the Company or any other person referred to in this Section (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person

75

are entitled to cast in the direction or management of the affairs of such person.

(2) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(3) The term "amount", when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares, and the number of units if relating to any other kind of security.

(4) The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

(i) securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(ii) securities of an issuer held in a sinking fund relating to

another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(iii) securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise; and

(iv) securities held in escrow if placed in escrow by the issuer thereof;

provided, however, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(5) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges; provided, however, that, in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes and provided, further, that, in the case of unsecured evidences of indebtedness, differences in the Interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

Section 609. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of

America or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $5,000,000, subject to supervision or examination by Federal or State authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 610. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 611.

(b) The Trustee may resign at any time by giving written notice thereof to the Company. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

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

(d) If at any time:

(1) the Trustee shall fail to comply with Section 608(a) after written request therefor by the Company or by any Noteholder who has been a bona fide Holder of a Note for at least six months, or

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or by any such Noteholder, or

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

then, in any such case, (i) the Company by a Board Resolution may remove the Trustee, or (ii) subject to Section 514, any Noteholder who has been a bona fide
Holder of a Note for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the

removal
of the Trustee and the appointment of a successor Trustee.

77

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Company,
by a Board Resolution, shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Notes delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Company. If no successor Trustee shall have been so appointed by the Company or the Note-holders and accepted appointment in the manner hereinafter provided, any Noteholder who has been a bona fide Holder of a Note for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Holders of Notes as their names and addresses appear in the Note Register. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

Section 611. Acceptance of Appointment by Successor.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retaining Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retaining Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien if any, provided for in Section 607. Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

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

Section 612. Merger, Conversion, Consolidation or Succession to Busi-ness.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any

78

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

Section 613. Preferential Collection of Claims Against Company.
(a) Subject to Subsection (b) of this Section, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company within 4 months prior to a default, as defined in Subsection (c) of this Section, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the Holders of the Notes and the holders of other indenture securities (as defined in Subsection (c) of this Section):

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such 4 months' period and valid as against the Company and its other creditors, except any such reduction resulting

from the receipt or disposition of any property described in paragraph (2) of this Subsection, or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against the Company upon the date of such default; and

(2) all property received by the Trustee in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof; or otherwise, after the beginning of such 4 months' period, or an amount equal to the proceeds of any such property, if disposed of; subject, however, to the rights, if any, of the Company and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee

(A) to retain for its own account (i) payments made on account of any such claim by any Person (other than the Company) who is liable thereon, and (ii) the proceeds of the bonafide sale of any such claim by the Trustee to a third Person, and (iii) distributions made in cash, securities or other property in respect of claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Code or applicable State law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such 4 months' period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned upon any property held by it as security for any such claim, if such claim was created after the beginning of such 4 months' period and such property was received as security therefor simul-tsneously with the creation thereof; and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default as defined in Subsection (c) of this Section would occur within 4 months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in paragraph (B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C) and (D), property substituted after the beginning of such 4 months' period for property held as security at the time
of such substitution shall, to the extent of the fair value of the property re-leased, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned between the Trustee, the Noteholders and the holders of other indenture securities in such manner that the Trustee, the Noteholders and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Code or applicable State law, the same percentage of their re-spective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the Company of the funds and property in such special account and before crediting to the respective claims of the Trustee and the Noteholders and the holders of other indenture securities dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Code or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or proceedings for reorganization pursuant to the Federal Bankruptcy Code or applicable State law, whether such distribution is made in cash, securities, or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership or proceedings for reorganization is

pending shall have jurisdiction (i) to apportion between the Trustee and the Noteholders and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special

account and proceeds thereof; or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the Trustee and the Noteholders and the holders of other indenture securities with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portion of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee which has resigned or been removed after the beginning of such 4 months' period shall be subject to the provisions of this Subsection as though such resignation or removal had not occurred. If any Trustee has resigned or has been removed prior to the beginning of such 4 months' period, it shall be subject to the provisions of this Subsection if and only if the following conditions exist:

(i) the receipt of property or reduction of claim, which would have given rise to the obligation to account, if such Trustee had continued as Trustee, occurred after the beginning of such 4 months' period; and

(ii) such receipt of property or reduction of claim occurred within 4 months after such resignation or removal.

(b) There shall be excluded from the operation of Subsection (a) of this Section a creditor relationship arising from

(1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction, or by this Indenture, for the purpose of preserving any property which shall at any time be subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrances thereon, if notice of such advances and of the circumstances surrounding the making thereof is given to the Noteholders at the time and in the manner provided in this Indenture;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction as defined in Subsection (c) of this Section;

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Company; or

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper as defined in Subsection (c) of this Section.

(c) For the purposes of this Section only:

(1) The term "default" means any failure to make payment in full of the principal of or interest on any of the Notes or upon the other indenture securities when and as such principal or interest becomes due and payable.

(2) The term "other indenture securities" means securities upon which the Company is an obligor outstanding under any other indenture (i) under which the Trustee is also trustee, (ii) which contains provisions substantially similar to the provisions of this Section, and (iii) under which a de fault exists at the time of the apportionment of the funds and property held in such special account.

(3) The term "cash transaction" means any transaction in which full payment for goods or securities sold is made within 7 days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand.

(4) The term "self-liquidating paper" means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Company for the purpose of financing the purchase,

processing, manufacturing, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of; or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship with the Company arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation.

(5) The term "Company" means any obligor upon the Notes.

Section 614. Appointment of Authenticating Agent. At any time when any of the Notes remain Outstanding the Trustee may appoint an Authenticating Agent or Agents with respect to the Notes which shall be authorized to act on behalf of the Trustee to authenticate Notes issued upon exchange, registration of transfer or partial redemption thereof and Notes so authenticated shall be entitled to the benefits of this Indenture and shall be

valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Notes by the Trustee or the Trustee's certificate of authentication,
such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company snd shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus as most recently reported or determined by it sufficient under the laws of any jurisdiction under which it is organized or in which it is
doing business to conduct a trust business, and which is otherwise authorized under such laws to conduct such business and is subject to supervision or examination by Federal or State authority. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

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

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time (and upon request by the Company shall) terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall mail written notice of such appointment by first-class mail, postage prepaid, to all Holders of Notes as their names and addresses appear in the Note Register. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section, and the Trustee

shall be entitled to be reimbursed for such payments by the Company, subject to the provisions of Section 607.

The provisions of Sections 308, 604 and 605 shall be applicable to each Authenticating Agent.

Pursuant to each appointment made under this Section, the Notes may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

This is one of the Notes referred to in the within-mentioned Indenture.

Citibank, N.A., as Trustee

By.....
As Authenticating Agent

By.....
Authorized Officer

ARTICLE SEVEN
Noteholders' Lists and Reports by Trustee and Company

Section 701. Company to Furnish Trustee Names and Addresses of Noteholders.

The Company will furnish or cause to be furnished to the Trustee

(a) quarterly, not more than 15 days after each Regular Record Date, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of Notes as of such Regular Record Date, and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished,

excluding from any such list, if the Trustee shall then be the Note Registrar, names and addresses received by the Trustee in its capacity as Note Registrar.

Section 702. Preservation of Information; Communications to Noteholders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders of Notes contained in the most

recent list furnished to the Trustee as provided in Section 701 and the names and addresses received by the Trustee in its capacity as Note Registrar, if the Trustee shall then be the Note Registrar. The Trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

(b) If 3 or more Holders of Notes (hereinafter referred to as "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a Note for a period of at least 6 months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders of Notes with respect to their rights under this Indenture or under the Notes and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within 5 New York Business Days after the receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Trustee in accordance with Section 702(a), or

(ii) inform such applicants as to the approximate number of Holders of Notes whose names and addresses appear in the information preserved at the time by the Trustee in accordance with Section 702(a), and as to the approximate cost of mailing to such Noteholders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Noteholder whose name and address appear in the information preserved at the time by the Trustee in accordance with Section 702(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender, the Trustee shall mail to such applicants and file with the Commission together with a copy of the material to be mailed a written statement to the effect that, in the opinion
of the Trustee, such mailing would be contrary to the best interests of the Holders of Notes or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement
so filed, shall enter an order refusing to sustain any of such objections or if;
after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring,

the
Trustee shall mail copies of such material to all such Noteholders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

85

(c) Every Holder of the Notes, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders of Notes in accordance with Section 702(b), regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 702(b).

Section 703. Reports by Trustee.

(a) Within 60 days after January 15 of each year commencing with the year 1986, the Trustee shall transmit by mail to all Noteholders, as their names and addresses appear in the Note Register, a brief report dated as of such January 15 with respect to:

(1) its eligibility under Section 609 and its qualifications under Section 608, or in lieu thereof; if to the best of its knowledge it has continued to be eligible and qualified under said Sections, a written statement to such effect;

(2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Notes, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to report such advances if such advances so remaining unpaid aggregate not more than 1/2 of 1% of the principal amount of the Notes Outstanding on the date of such report;

(3) the amount, interest rate and maturity date of all other indebtedness owing by the Company (or by any other obligor on the Notes) to the Trustee in its individual capacity, on the date of such report, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner described in Section 613(b)(2), (3), (4) or (6);

(4) the property and funds, if any, physically in the possession of the Trustee as such on the date of such report;

(5) any additional issue of Notes which the Trustee has not previously reported; and

(6) any action taken by the Trustee in the performance of its duties hereunder which it has not previously reported and which in its opinion materially affects the Notes, except action in respect of a de fault, notice of which has been or is to be withheld by the Trustee in accordance with Section 602.

(b) The Trustee shall transmit by mail to all Noteholders, as their names and addresses appear in the Note Register, a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the

86

circumstances surrounding the remaining thereof) made by the Trustee (as such) since the date of the last report transmitted pursuant to Subsection (a) of this
Section (or if no such report has yet been so transmitted, since the date of execution of this instrument) for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Notes, on property or funds held or
collected by it as Trustee, and which it has not previously reported pursuant to
this Subsection, except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate 10% or less of the principal amount of the Notes Outstanding at such time, such report to be transmitted within 90 days after such time.

(c) A copy of each such report shall, at the time of such transmission to Noteholders, be filed by the Trustee with each stock exchange upon which the Notes are listed and also with the Commission. The Company will notify the Trustee when the Notes are listed on any stock exchange.

Section 704. Reports by Company.

The Company will

(1) file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then it will file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) transmit by mail to all Noteholders, as their names and addresses appear in the Note Register, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to paragraphs (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

ARTICLE Eight

Consolidation, Merger, Conveyance or Transfer

Section 801. Company May Consolidate, etc., only on Certain Terms.

The Company shall not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(1) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer the properties and assets of the Company substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and interest on all the Notes and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction, no Default, and no event which, after notice or lapse of time, or both, would become a De fault, shall have happened and be continuing; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

Section 802. Successor Corporation Substituted.

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Company substantially as an entirety in accordance with Section 801, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of; the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein; and in the event of any such conveyance or transfer, the Company (which term shall for this purpose mean the Person named as the "Company" in the first paragraph of this Indenture or any successor corporation which shall theretofore have become such in the manner prescribed in this Article) shall be discharged from all liability under this Indenture and in respect of the Notes and may be dissolved and liquidated.

ARTICLE NINE
Supplemental Indentures

Section 901. Supplemental Indentures without Consent of Noteholders.

Without the consent of the Holders of any Notes, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another corporation to the Company, and the assumption by any such successor of the covenants of the Company herein and in the Notes contained; or

(2) to add to the covenants of the Company, for the benefit of the Holders, or to surrender any right or power herein conferred upon the Company; or

(3) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture which shall not be inconsistent with the provisions of this Indenture, provided such action shall not adversely affect the interests of the Holders of the Notes.

Section 902. Supplemental Indentures with Consent of Noteholders.

With the consent of the Holders of not less than 66 2/3% in principal amount of the Outstanding Notes, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Notes under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Note affected thereby,

(1) change the Stated Maturity of the principal of; or any instalment of interest on, any Note, or reduce the principal amount thereof or change the method of calculation of interest, or reduce the minimum rate of interest, thereon, or change any place of payment where, or the coin or currency in which, any Note or the interest thereon is payable or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof(or, in the case of redemption, on or after the Redemption Date), or

(2) reduce the percentage in principal amount of the Outstanding Notes, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of

compliance with certain provisions of this Indenture or certain defaults hereunder or their consequences) provided for in this Indenture, or

(3) modify any of the provisions of this Section or Section 513, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Note affected thereby.

It shall not be necessary for any Act of Noteholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 903. Execution of Supplementary Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of
Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated
to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder

of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of TIA as then in effect.

Section 906. Reference in Notes to Supplemental Indentures.

Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determines, new Notes so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Notes.

Section 907. Subordination Unimpaired.

No supplemental indenture executed pursuant to this Article shall directly or indirectly modify the provisions of Article Twelve in any manner which might alter the subordination of the Notes.

ARTICLE TEN

Covenants

Section 1001. Payment of Principal and Interest.

The Company will duly and punctually pay or cause to be paid the principal of and interest on the Notes in accordance with the terms of the Notes and this Indenture.

Section 1002. Maintenance of Office or Agency.

The Company will maintain an office or agency in the Borough of Manhattan, The City of New York, where the Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company initially appoints the Trustee, its office or agency in the Borough of Manhattan, The City of New York, for the purpose of presentation or surrender of the Notes for payment, registration of transfer, exchange or conversion and for service of notices or demands to or upon it in respect of the Notes and this Indenture. The Company will give prompt written notice to the Trustee of any change in the location of any such office or agency. If at any time the Company shall fail to maintain any such office or agency or shall fail to furnish the Trustee with the address thereof; such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and in such event the Company hereby appoints the Trustee its agent to receive all such presentations, surrenders, notices and demands.

In addition to such office or agency the Company may from time to time designate one or more other offices or agencies (in or outside the Borough of Manhattan, The City of New York) where the Notes may be presented or surrendered for any or all of such purposes specified above in this Section and may constitute and appoint one or more Paying Agents for the payment of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any manner relieve the Company of its obligation to maintain an office and agency in said Borough of Manhattan for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Section 1003. Money for Note Payments to be Held in Trust.

If the Company shall at any time act as its own Paying Agent, it will, on or before each due date of the principal of or interest on any of the Notes, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided, and will promptly notify the Trustee of its action or failure so to act.

Subject to Article Thirteen, whenever the Company shall have one or more Paying Agents, it will, on or prior to each due date of the principal of or interest on any Notes, deposit or cause to be deposited with a Paying Agent a sum sufficient to pay the principal or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will

(1) hold all sums held by it for the payment of the principal of or interest on Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Notes) in the making of any payment of principal or interest; and

(3) at any time during the continuance of any such default upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent or then held by the Company in trust for the payment of the principal of or interest on any Note and remaining unclaimed for 3 years after such principal or interest has become due and payable, shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof; and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof; shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in an Authorized Newspaper in the Borough of Manhattan, The City of New York, notice that such money remains unclaimed and that, after a date specified

therein, which shall not be less than 30 days from the date of such publication,
any unclaimed balance of such money then remaining will be repaid to the Company.

Section 1004. Corporate Existence.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Company shall not be required to preserve any such right or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders.

Section 1005. Payment of Taxes and Other Claims.

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (1) all taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or upon the income, profits or property of the Company or any Subsidiary, and (2) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of the Company or any Subsidiary; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

Section 1006. Limitation on Sale or Issuance of Capital Stock of Certain Subsidiaries.

Except as set forth below the Company will not sell, assign, pledge, trans-

fer or otherwise dispose of; or permit the issuance of; or permit a Subsidiary to sell assign, pledge, transfer or dispose of; any shares of Capital Stock of any Subsidiary or any securities convertible into Capital Stock of any Subsidiary which is:

(a) A Principal Constituent Bank; or

(b) A Subsidiary which owns shares of Capital Stock or any securities convertible into Capital Stock of a Principal Constituent Bank;

provided, however, nothing in this Section shall prohibit any dispositions made by the Company or any Subsidiary (i) acting in a fiduciary capacity for any person other than the Company or any Subsidiary or (ii) to the Company or any of its wholly owned (except for directors' qualifying shares and except for approximately 0.5% of the Voting Stock of The First National Bank of Ashland owned by persons other than the Company) Subsidiaries.

Notwithstanding the foregoing, sales, assignments, pledges, transfers, issuances or other dispositions of shares of Capital Stock of a corporation referred to in Clause (a) or (b) above may be made where:

(i) the sales, assignments, pledges, transfers, issuances or other dispositions are made, in the minimum amount required by law, to any Person for the purpose of the qualification of such Person to serve as a director; or

(ii) the sales, assignments, pledges, transfers, issuances or other dispositions are made in compliance with an order of a court or regulatory authority of competent jurisdiction; or

(iii) in the case of a disposition of shares of Capital Stock or any securities convertible into Capital Stock of a Principal Constituent Bank, or sales of Capital Stock or any securities convertible into Capital Stock of any Subsidiary included in Clause (b) above, the sales, assignments, pledges, transfers, issuances or other dispositions are for fair market value (as determined by the Board of Directors of the Company and the Subsidiary disposing of such shares or securities, such determination being evidenced by a Board Resolution) and, after giving effect to such disposition and to any potential dilution (if the shares or securities are convertible into Capital Stock), the Company and its wholly owned (except for directors' qualifying shares) Subsidiaries, will own directly not less than 80% of the Voting Stock of such Principal Constituent Bank or Subsidiary; or

(iv) a Constituent Bank sells additional shares of Capital Stock to its stockholders at any price, so long as immediately after such sale the Company owns, directly or indirectly, at least as great a percentage of the Voting Stock of such Constituent Bank as it owned prior to such sale of additional shares.

Section 1007. Statement by Officers as to Default.

The Company will deliver to the Trustee, within 120 days after the end of each fiscal year of the Company ending after the date hereof; an Officers' Certificate (which need not comply with Section 102), stating whether or not to the best knowledge of the signers thereof the Company is in de fault in the performance and observance of any of the terms, provisions and conditions of this Indenture and if the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

Section 1008. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any term, provision or condition set forth in Sections 1004 to 1006, inclusive, with
respect to the Notes if before the time for such compliance the Holders of at least 50% in principal amount of the Notes shall, by Act of such Holders, either

waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and,
until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

ARTICLE ELEVEN

Redemption of Notes

Section 1101. Right of Redemption.

The Notes may be redeemed at the election of the Company, as a whole or from time to time in part, at any time on or after the Interest Payment Date in January 1989, subject to the conditions and limitations and at the Redemption Prices specified in the form of Note set forth in Section 202.

Section 1102. Applicability of Article.

Redemption of Notes at the election of the Company or otherwise, as permitted or required by any provision of this Indenture, shall be made in accordance with such provision and this Article.

Section 1103. Election to Redeem,; Notice to Trustee.

The election of the Company to redeem any Notes shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company of less than all of the Notes, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee and the Authenticating Agent), notify the Trustee and the Authenticating Agent of such Redemption Date and of the principal amount of Notes to be redeemed.

Section 1104. Selection of Notes to be Redeemed.

If less than all the Notes are to be redeemed, the particular Notes to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee from the Outstanding Notes not previously called for redemption by such method as it shall deem fair and appropriate. Notes of a denomination larger than $1,000 may be selected for partial redemption, but the portions of the principal of Notes selected for partial redemption in any case shall be equal to $1,000 or any integral multiple thereof.

The Trustee shall promptly notify the Company and the Note Registrar in writing of the Notes selected by it for redemption and, in the case of any Note so selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Notes shall relate, in the case of any Note redeemed or to be redeemed only in part, to the portion of the principal of such Note which has been or is to be redeemed.

Section 1105. Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date to each Holder of Notes to be redeemed at his address appearing in the Note Register, but failure to give such notice by mailing in the manner herein provided to the Holder of any Note designated for redemption as a whole or in part, or any defect in the notice to any Holder, shall not affect the validity of the proceedings for the redemption of any other Note or portion thereof.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price,

(3) if less than all Outstanding Notes are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Notes to be redeemed,

(4) that on the Redemption Date the Redemption Price will become due and payable upon each such Note, and that interest thereon shall cease to accrue from and after such said date, and

(5) the place where such Notes are to be surrendered for payment of the Redemption Price.

Notice of redemption of Notes to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name of and at the expense of the Company.

No notice of redemption pursuant to clause (i) of the paragraph providing for redemption in the form of Note set forth in Section 202 may be given unless there shall be on deposit with the Trustee in the Note Fund cash and/or Qualifying Investments maturing as to principal in such amounts and at such times

as will ensure the availability of cash sufficient to pay the principal amount of the Notes to be redeemed on such Redemption Date.

At least ten days prior to the date on which notice of redemption is to be given, the Company shall deliver to the Trustee an Officers' Certificate stating
that the conditions precedent to such redemption have occurred and shall briefly describe the same.

96

Section 1106. Deposit of Redemption Price.

In connection with any redemption pursuant to clause (i) of the paragraph providing for redemption in the form of Note set forth in Section 202, prior to the giving of any notice of redemption, the Company shall deposit in the Note Fund cash and/or Qualifying Investments maturing as to principal in such amounts and at such times as will ensure the availability of cash sufficient to pay the principal amount of the Notes to be redeemed on such Redemption Date. In connection with any redemption pursuant to clause (ii) of said para-graph, on or prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of all the Notes which are to be redeemed on that date.

Section 1107. Notes Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Notes so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date (useless the Company shall default in the payment of the Redemption Price) such Notes shall cease to bear interest. Upon surrender of such Notes for redemption in accordance with said notice such Notes shall be paid by the Company (or the Trustee or a Paying Agent, as the case may be, if sufficient funds therefor have
been deposited with the Trustee or a Paying Agent, as the case may be, by the Company pursuant to Section 1106) at the Redemption Price. Instalments of interest whose Stated Maturity is on or prior to the Redemption Date shall, except as otherwise provided in Section 307, be payable to the Holders of Notes registered as such on the relevant Regular Record Dates according to their terms and the provisions of Section 307.

If any Note called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the Redemption Date at the rate at the time borne by the Note.

Section 1108. Notes Redeemed in Part.

Any Note which is to be redeemed only in part shall be surrendered at the office or agency of the Company designated for that purpose pursuant to Section 1002 (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Note Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Note without service charge a new Note or Notes, of any authorized denomination as requested by such Holder in aggregate principal amount equal to the unredeemed portion of the principal of the Note so surrendered.

97

Section 1109. Redemption Suspended During Event of Default.

The Trustee shall not redeem any Notes (unless all Notes then outstanding are to be redeemed) or commence the giving of any notice of redemption of Notes during the continuance of any Event of De fault known to the Trustee, except that where the giving of notice of redemption of any Notes shall theretofore have been made, the Trustee shall, subject to the provisions of Section 1203, redeem such Notes, provided funds are deposited with it for such purpose. Subject to the rights of the holders of Senior Indebtedness of the Company, except as aforesaid, any moneys theretofore or thereafter received by the Trustee shall, during the continuance of such Event of De fault, be held in trust for the benefit of the Noteholders and applied in the manner set forth in Section 506; provided, however, that in case such Event of De fault shall have been waived as provided herein or otherwise cured, such moneys shall thereafter be held and applied in accordance with the provisions of this Article.

ARTICLE TWELVE
Subordination of Notes

Section 1201. Agreement to Subordinate.

The Company, for itself; its successors and assigns, covenants and agrees, and each Holder of a Note by his acceptance thereof; likewise covenants and

agrees, that the payment of the principal of and interest on each and all of the Notes is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of all Senior Indebtedness.

Section 1202. Distribution on Dissolution, Liquidation and Re-organization; Subrogation of Notes.

Upon any distribution of assets by the Company upon any dissolution, winding up, liquidation or reorganization of the Company, whether in bankruptcy, insolvency, reorganization or receivership proceedings or upon an assigment for the benefit of creditors or any other marshalling of the assets and liabilities of the Company or otherwise (subject to the power of a court of competent jurisdiction to make other equitable provision reflecting the rights conferred in this Indenture upon the Senior Indebtedness and the holders thereof with respect to the Notes and the Holders thereof by a lawful plan of reorganization under applicable bankruptcy law),

(a) the holders of all Senior Indebtedness shall first be entitled to receive payment in full of the principal thereof; premium, if any, and the interest due thereon before the Holders of the Notes are entitled to receive any payment upon the principal of or interest on indebtedness evidenced by the Notes;

(b) any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the Holders of the Notes or the Trustee would be entitled except for the provisions of

this Article Twelve shall be paid by the liquidating trustee or agent or other person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, direct to the holders of Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the principal of and premium, if any, and interest on the Senior Indebtedness held or represented by each, to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness; and

(c) in the event that, notwithstanding the foregoing, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, shall be received by the Trustee or Holders of the Notes before all Senior Indebtedness is paid in full, such payment or distribution shall be paid over to the holders of such Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably as aforesaid, for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

Subject to the payment in full of all Senior Indebtedness, the Holders of the Notes shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of cash, property or securities of the Company applicable to the Senior Indebtedness until the principal of and interest on the Notes shall be paid in full and no such payments or distributions to the Holders of the Notes of cash, property or securities otherwise distributable to the Senior Indebtedness shall, as between the Company, its creditors, other than the holders of Senior Indebtedness, and the Holders of the Notes, be deemed to be a payment by the Company to or on account of the Notes. It is understood that the provisions of this Article Twelve are and are intended solely for the purpose of defining the relative rights of the Holders of the Notes, on the one hand, and the holders of Senior Indebtedness, on the other hand. Nothing contained in this Article Twelve or elsewhere in this Indenture or in the Notes is intended to or shall impair, as between the Company, its creditors, other than the holders of Senior Indebtedness, and the Holders of the Notes, the obligation of the Company, which is unconditional and absolute, to pay to the Holders of the Notes the principal of and interest on the Notes as and when the same shall become due and payable in accordance with their terms or to affect the relative rights of the Holders of the Notes and creditors of the Company, other than the holders of the Senior Indebtedness, nor shall anything herein or

in the Notes prevent the Trustee or the Holder of any Note from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article Twelve of the holders of
Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy. Upon any payment or distribution of assets of the Company referred to in this Article Twelve, the Trustee, subject to the provisions of Section 601, and the Holders of the Notes shall be entitled to rely upon a certificate of the liquidating trustee or agent or other
person making any distribution to the Trustee or to the Holders of the Notes for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article Twelve.

The obligations of the Company in respect of the Notes shall rank on a parity with the Convertible Subordinated Debentures, the Subordinated Notes, and any other obligations of the Company ranking on a parity with the Notes.

The Trustee, however, shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness, and shall not be liable to any such holders if it shall mistakenly pay over or distribute to or on behalf of Holders of Notes or the Company moneys or assets to which any holders of Senior Indebtedness shall be entitled by virtue of this Article Twelve.

Section 1203. Payments on Notes Prohibited During Event of Default Under Senior Indebtedness.

In the event and during the continuation of any default in the payment of principal of; or premium, if any, or interest on, any Senior Indebtedness beyond
any applicable period of grace, no payment of principal or interest on the Notes
shall be made by the Company.

Section 1204. Payments on Notes Permitted.

Nothing contained in this Indenture or in any of the Notes shall (a) affect the obligation of the Company to make, or prevent the Company from making, at any time except as provided in Sections 1202 and 1203, payments of principal of or interest on the Notes, or (b) prevent the application by the Trustee of any moneys deposited with it hereunder to the payment of or on account of the principal of or interest on the Notes, if; at least two New York Business Days prior to the time of such deposit, the Trustee shall not have written notice conforming with Section 1206 of any event prohibiting the making of such deposit by the Company.

Section 1205. Authorization of Holders to Trustee to Effect Subordination.

Each Holder of a Note by his acceptance thereof authorizes and directs the Trustee in his behalf to take such action as may be necessary or appropriate to

effectuate the subordination as provided in this Article Twelve and appoints the Trustee his attorney-in-fact for any and all such purposes.

Section 1206. Notice to Trustee.

Notwithstanding the provisions of this Article or any other provisions of the Indenture, neither the Trustee nor any Paying Agent shall be charged with knowledge of the existence of any Senior Indebtedness or of any event which would prohibit the making of any payment of moneys to or by the Trustee or such Paying Agent, unless and until the Corporate Trust Department of the Trustee or such Paying Agent shall have received written notice thereof from the Company or from the holder of any Senior Indebtedness or from the representative of any such holder.

Section 1207. Right of Trustee to Hold Senior Indebtedness.

The Trustee shall be entitled to all of the rights set forth in this Article in respect of any Senior Indebtedness at any time held by it in its individual capacity to the same extent as any other holder of such Senior Indebtedness, and nothing in Section 613 or elsewhere in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder.

Section 1208. Article Twelve Not to Prevent Defaults or Events of Default.

The failure to make a payment pursuant to the Notes by reason of any provision in this Article shall not be construed as preventing the occurrence

of
a Default or an Event of Default.

ARTICLE THIRTEEN
Note Fund

Section 1301. Creation of the Note Fund.

There is hereby created and established with the Trustee or an agent thereof (which may be a Constituent Bank) or other successor entity chosen by the Company a segregated fund (the "Note Fund") to be designated "The National City Corporation Floating Rate Subordinated Notes Due 1997 --- Note Fund", into which funds shall be deposited by the Company as provided in Section 1302, which funds shall be used to pay the principal of the Notes on the terms and subject to the conditions set forth in this Indenture and in the Notes. Notwithstanding any provision to the contrary contained in this Indenture, neither funds deposited in the Note Fund, nor any other property from time to time held in the Note Fund, shall be deemed to be for any purpose property of the Holders of the Notes or trust funds and the Note Fund shall not constitute security for the payment of the Notes.

Section 1302. Deposits into the Note Fund.

Amounts in the Note Fund will consist solely of (i) the net proceeds of the sale for cash ("Cash Proceeds") from time to time of shares of Common Stock

or Perpetual Preferred Stock or Other Equity Securities (such "Common Stock", "Perpetual Preferred Stock", and "Other Equity Securities" being hereinafter in this Article Thirteen collectively referred to as "Capital") and (ii) funds equal to the market value, as determined by the Company, of Capital sold from time to time in exchange for other property (including, without limitation, Capital issued upon conversion of convertible securities now or hereafter outstanding which do not constitute Capital), less the expenses to effect any such exchanges ("Exchange Proceeds"), in each case which the Company shall from time to time elect to deposit with the Trustee for deposit into the Note Fund. Any amount deposited by the Company with the Trustee (or its agent) shall be accompanied by an Officers' Certificate stating that such amount, together with all amounts theretofore deposited into the Note Fund, do not exceed the aggregate net proceeds from the sale of Capital after the date of initial issuance of the Notes. All amounts received by the Trustee (or its agent) which are accompanied by an Officers' Certificate to the foregoing effect (and no other amounts) shall be deposited by the Trustee (or its agent) into the Note Fund.

Section 1303. Covenant of the Company to Sell or Cause to be Sold Common Stock or Perpetual Preferred Stock or Other Equity Securities and Deposit Proceeds.

Notwithstanding anything else contained herein, the Company hereby covenants and agrees that (i) by the Interest Payment Date in January 1989, it will have sold Capital, either for cash or in exchange for other property, in a sufficient amount so that the aggregate of the Cash Proceeds and the Exchange Proceeds will equal at least one-third of the original aggregate principal amount of the Notes (or such lesser amount as the Federal Reserve Board may permit from time to time), and will have deposited into the Note Fund funds equivalent to such amount, (ii) by the Interest Payment Date in January 1993, it will have sold Capital, either for cash or in exchange for other property, in a sufficient amount so that the aggregate of the Cash Proceeds and the Exchange Proceeds will equal at least two-thirds of the original aggregate principal amount of the Notes (or such lesser amount as the Federal Reserve Board may permit from time to time) and will have deposited into the Note Fund funds equivalent to such amount; and (iii) by 60 days prior to the Interest Payment Date in January 1997, it will have sold Capital, either for cash or in exchange for other property, in a sufficient amount so that the aggregate of the Cash Proceeds and the Exchange Proceeds will equal not less than the original aggregate principal amount of the Notes (or such lesser amount as the Federal Reserve Board may permit from time to time) and will have deposited into the Note Fund funds equivalent to such amount; provided, however, that such covenant and agreement of the Company shall be cancelled, and amounts theretofore paid into the Note Fund will, at the request of the Company, be repaid to it, in the event that the Federal Reserve Board shall determine that

the indebtedness represented by the Notes in excess of amounts theretofore deposited into the Note Fund will not be treated for United States bank regulatory purposes as "primary capital" of the Company or in the event that the Notes shall cease being treated as "primary capital" of the Company, or in the event that the Company shall have redeemed the Notes pursuant to clause (ii) of the third sentence of the paragraph providing for the redemption of Notes in the form of Note set forth in Section 202.

Section 1304. Investment of Moneys in the Note Fund.

Moneys held in the Note Fund shall be invested and reinvested by the Trustee (or its agent) in specified Qualifying Investments, and such investments and reinvestments shall be liquidated or disposed of; all at the direction of the Company, each such direction to be in a written instrument (or oral if promptly confirmed in a written instrument) in each case, signed by an Authorized Officer. All such investments shall be held by or under the control of the Trustee and shall be deemed at all times to be a part of the Note Fund. All interest or discount earned on such investments and any profit realized therefrom shall be promptly paid to the Company and will not be deemed to be part of the Note Fund. The Company shall not direct the Trustee (or its agent) to make any investments or reinvestments other than those permitted by law and this Indenture. In making, disposing of or liquidating any such investments and reinvestments, the Trustee (or its agent) shall rely on directions delivered to it pursuant to this Section, and the Trustee (or its agent) shall be relieved of all liability with respect to making, disposing of or liquidating such investments or reinvestments in accordance with such directions and shall not be responsible for any losses incurred in connection with such investments or reinvestments or the disposition or liquidation thereof.

Section 1305. Repayment to the Company from the Note Fund.

In the event that the Company shall have redeemed any of the Notes as provided in clause (ii) of the third sentence of the paragraph providing for the
redemption of Notes in the form of Note set forth in Section 202, there shall forthwith be repaid by the Trustee (or its agent) to the Company from the Note Fund an amount of funds not in excess of the principal amount of Notes so redeemed. Any amounts remaining in the Note Fund after redemption of all the Notes or after payment in full of the principal of and interest on all the Notes (or provision for the payment thereof as provided in Article Four of this Indenture) and of the fees, charges and expenses of the Trustee shall be repaid to the Company. Prior to any repayment by the Trustee (or its agent) to the Company of amounts from the Note Fund as provided in this Section or Section 1303, the Trustee shall have been furnished with an Officers' Certificate certi-
fying that the conditions precedent to any such repayment have been satisfied and, in the case of a repayment based upon the redemption of Notes pursuant to said clause (ii), certifying as to the principal amount of the Notes so redeemed and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent have been complied with.

Section 1306. Payment to Paying Agent from the Note Fund.

On the New York Business Day next preceding the Stated Maturity of the Notes or any Redemption Date of the Notes, the Trustee shall, upon Company Request, pay to the Paying Agent in the Borough of Manhattan, The City of New York, such amount as is available in the Note Fund and necessary to pay the principal of the Notes becoming due on such date. Upon declaration of acceleration upon the occurrence of an Event of Default, the Trustee shall apply such amount as is available in the Note Fund and necessary to pay the principal of and interest on the Notes which have become due and payable.

The Trustee hereby accepts the trusts in this Indenture declared and provided, upon the terms and conditions set forth herein.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

In Witness Whereof, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

<TABLE>
<S> <C>
National City Corporation

[Corporate Seal]

By.....
Chairman of the Board
Attest:

.....
Secretary

Citibank, N. A.

[Corporate Seal]

By.....
Assistant Vice President

Attest:

.....
Senior Trust Officer
</TABLE>

State of Ohio
ss.:
County of Cuyahoga

On the day of January 1985, before me personally came Julian L. McCall, to me known, who, being by me duly sworn, did depose and say that he is the Chairman of the Board of National City Corporation, one of the parties described in and which executed the above instrument; that he knows the corporate seal of said corporation; that one of the seals affixed to said instrument is such corporate seal; that it was so affixed pursuant to authority of the Board of Directors of said corporation; and that he signed his name thereto pursuant to like authority.

[Notarial Seal]

Notary Public

State of New York]
County of New York ss.:

On the day of January 1985, before me personally came P. DeFelice, to me known, who, being by me duly sworn, did depose and say that he is the Assistant Vice President of Citibank, N.A., one of the parties descnibed in and which executed the above instrument; that he knows the corporate seal of said corporation; that one of the seals affixed to said instrument is such corporate seal; that it was so affixed pursuant to authority of the Board of Directors of said corporation; and that he signed his name thereto pursuant to like authority.

[Notarial Seal]

Notary Public

PROSPECTUS

$50,000,000

First Kentucky National Corporation

Floating Rate Notes Due 1997

Interest on the Notes is payable quarterly on Interest Payment Dates in January, April, July and October of each year, commencing January 17, 1986, at a rate 1/8 of 1% per annum above the arithmetic mean of London interbank offered quotations for three-month Eurodollar deposits prevailing two Business Days before the beginning of each Interest Period.

The Notes will mature on October 31, 1997. The Notes may not be redeemed prior to the Interest Payment Date in October, 1989. On and after such date, the Notes are redeemable, in whole or in part, at any time at the opinion of the Company at a redemption price of 100% of the principal amount thereof, together with accrued interest to the redemption date.

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

<TABLE>
<CAPTION>

	Price to Public(1)	Underwriting Discounts and Commissions(2)	Proceeds to Company(1)(3)
<S>	<C>	<C>	<C>
Per Note	99.50%	.55%	98.95%
Total	$49,750,000	$275,000	$49,475,000

<FN>
(1) Plus accrued interest, if any, from the date of issuance to the date of delivery.

(2) The Company has agreed to indemnify the Underwriters with respect to certain liabilities, including liabilities under the Securities Act of 1933. See "Underwriting".

(3) Before deducting expenses payable by the Company estimated at $206,000.
</TABLE>

The Notes offered by this Prospectus are offered by the Underwriters subject to prior sale, to withdrawal, cancellation or modification of the offer without notice, to delivery to and acceptance by the Underwriters and to certain other conditions. It is anticipated that delivery of the Notes will be made at the office of Shearson Lehman Brothers Inc., New York, New York on or about October 17, 1985.

Shearson Lehman Brothers Inc.

October 9, 1985

EXHIBIT 99.7

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED IN THE OVER-THE-COUNTER MARKET OR OTHERWISE, SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

First Kentucky National Corporation ("First Kentucky" or the "Company") is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information can be inspected and copied at the Commission's public reference room located at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the public reference facilities in the Commission's New York Regional Office, Room 1102, Jacob K. Javits Federal Building, 26 Federal Plaza, New York, N.Y. 10278; Los Angeles Regional Office, Suite 500 East, 5757 Wilshire Boulevard, Los Angeles, California 90036; and Chicago Regional Office, 1204 Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois 60604. Copies of such material can be obtained at prescribed rates by writing to the Securities and Exchange Commission, Public Reference Section, Washington, D.C. 20549.

The Company has filed with the Commission in Washington, D.C. a registration statement (herein together with all amendments thereto called the "Registration Statement") under the Securities Act of 1933, as amended, with respect to the Company and the Notes. This Prospectus does not contain all of the information set forth in the Registration Statement, certain items of which are contained in exhibits to the Registration Statement as permitted by the rules and regulations of the Commission. For further information, reference is made to the Registration Statement, including the exhibits filed or incorporated as a part thereof.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents of the Company, which have been filed with the Commission, are incorporated herein by reference:

(a) Annual Report on Form 10-K for the year ended December 31, 1984, filed pursuant to Section 13(a) of the Exchange Act;

(b) Quarterly Report on Form 10-Q for the quarter ended March 31, 1985 and Quarterly Report on Form 10-Q for the quarter ended June 30, 1985, as amended by Form 8 dated October 9, 1985, filed pursuant to Section 13(a) of the Exchange Act; and

(c) Current Report on Form 8-K dated September 30, 1985, filed pursuant to Section 13(a) of the Exchange Act.

All documents filed by the Company 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 Notes shall be deemed to be incorporated herein by reference and such documents shall be deemed to be a part hereof from the date of the filing of such documents.

The Company will provide without charge to each person to whom a copy of this Prospectus is delivered, upon the written or oral request of any such person, a copy of any or all documents incorporated herein by reference (other than exhibits to such documents which are not specifically incorporated by reference into such documents). Requests should be directed to Gail W. Pohn, Secretary, First Kentucky National Corporation, P. O. Box 36000, Louisville, Kentucky 40233 (telephone (502) 581-4498).

FIRST KENTUCKY NATIONAL CORPORATION

First Kentucky National Corporation, a multi-bank holding company headquartered in Louisville, Kentucky, owns six bank subsidiaries and three non-bank operating subsidiaries. The Company was formed in 1974 as a successor to First National Bank Trustees, a common law business trust and bank holding company which had been organized in 1925. At June 30, 1985, the Company had total consolidated assets of $3.6 billion, total consolidated deposits of $2.6 billion and total stockholders' equity of $239 million. Based upon total assets at June 30, 1985, First Kentucky was the largest bank holding company headquartered in Kentucky.

Bank Subsidiaries.

First National Bank of Louisville ("First National Bank" or the "Bank"), organized in 1863, is the Company's largest subsidiary and contributed approximately 69% of the Company's after-tax income for the six months ended June 30, 1985. The assets of First National Bank represented approximately 88% of the Company's consolidated assets, excluding inter-company eliminations, at June 30, 1985.

First National Bank is a full-service commercial bank with 55 offices located primarily in and around Louisville. It provides a wide range of banking services to corporations, other financial institutions, governmental units, partnerships and individuals. First National Bank's wholesale credit and non-credit services include a wide range of lending activities, letters of credit, cash management services, correspondent banking services to other financial institutions and international banking services to both domestic and overseas customers. The Bank's retail services include a variety of deposit and investment products, credit services, including credit cards, mortgages and personal loans, discount brokerage services and convenient access to customer funds through an automated teller machine network which includes 35 machines. In addition, First National Bank operates loan production offices in Indianapolis, Indiana, Lexington, Kentucky and Tampa, Florida, representative offices in Richmond, Virginia, New York City, Chicago and Atlanta, an International Banking Facility at its main headquarters and a foreign branch office in the Cayman Islands. First National Bank also owns Churchill Leasing Corporation, a company which leases personal property to corporate customers and which began operations in 1980.

First Kentucky Trust Company (the "Trust Company"), a subsidiary of the Company, was organized under Kentucky law in 1900. Although it has full banking powers which it has exercised in the past, it presently engages primarily in fiduciary related services for both individuals and corporations. At December 31, 1984, the Trust Company had assets valued at approximately $4.4 billion under management, including $2.8 billion in discretionary accounts. At December 31, 1984, it was the 61st largest trust operation in the United States in terms of discretionary assets under management. The Trust Company contributed approximately 12% of the Company's after-tax income for the six months ended June 30, 1985.

The Company organized a new bank subsidiary and acquired an additional bank subsidiary in 1984. First National Bank, Louisville, located in Richmond, Virginia, was chartered as a national bank in 1984 for the primary purpose of engaging in a multi-state credit card business. On December 21, 1984, the Company acquired The Third National Bank of Ashland, Ashland, Kentucky ("Third National"), a full-service bank.

On February 11, 1985, the Company acquired The American National Bank & Trust Company, Bowling Green, Kentucky ("American National"), and on July 22, 1985, the Company acquired The Bank of Commerce and Trust Company, Lexington, Kentucky ("Bank of Commerce"), both full-service banks.

The following table lists the Company's six bank subsidiaries, their primary location, number of banking offices and total assets and total deposits at June 30, 1985.

<TABLE>
<CAPTION>

	Primary Location	Banking Offices	Total Assets at June 30, 1985(1)	Total Deposits at June 30, 1985(1)
			(Dollars in thousands)	
<S>	<C>	<C>	<C>	<C>
First National Bank of Louisville	Louisville	55	$3,227,513	$2,293,895
First Kentucky Trust Company(2)	Louisville	1	95,297	28,471
First National Bank, Louisville(3)	Richmond, Virginia	1	67,844	2,097
The Third National Bank of Ashland.....	Ashland	6	179,095	138,741
The American National Bank & Trust Company	Bowling Green	7	192,865	177,077
The Bank of Commerce and Trust Company(4).	Lexington	6	170,019	152,677

<FN>
(1) Not adjusted to exclude inter-bank deposits or other inter-company items.
(2) First Kentucky Trust Company is primarily engaged in providing fiduciary related services.
(3) First National Bank, Louisville is primarily engaged in a multi-state credit card business.
(4) The Bank of Commerce and Trust Company was acquired on July 22, 1985.
</TABLE>

At June 30, 1985, the total assets of the Company's bank subsidiaries represented approximately 99% of the Company's total assets, excluding inter-company eliminations. Such subsidiaries contributed approximately 95% of the Company's after-tax income for the six months ended June 30, 1985.

Non-Bank Operating Subsidiaries.

The Company also owns three non-bank operating subsidiaries.

National Processing Company, Inc. ("NPC"), originally a division of First National Bank, became a wholly-owned subsidiary of the Company in 1984 and presently has processing facilities in Phoenix, Arizona, Louisville, Kentucky and Dallas, Texas. NPC is engaged in nationwide processing and settlement of consumer-to-corporate financial transactions and offers three major product lines: bank credit card, retail lock-box and airline ticket processing. NPC processed approximately 371 million items in 1984 and the Company believes NPC is among the nation's largest processors in these businesses.

Bank credit card activity consists of processing credit card sales slips through the VISA+TM and Mastercard+TM interchange systems.

Retail lock-box processing involves receiving mailed remittances from retail customers of national businesses and efficiently processing them, thus accelerating funds availability for those businesses. The process involves the entering of checks into banking collection systems and providing NPC's corporate customers with updated information on payments from their retail customers.

Airline ticket processing involves the calculation and settlement of airline tickets sold by travel agents with the airline carrier named on the ticket. The Company believes that NPC currently has approximately one-half of the national market for this business.

At June 30, 1985, NPC had total assets of $24.1 million and net income for the six months then ended of $1.9 million.

Churchill Insurance Agency, Inc. commenced business in 1978 as an insurance agent and broker offering credit life insurance and credit accident and health insurance directly related to extensions of credit by the Company's bank subsidiaries.

First Kentucky Company began its current operations in 1979 as an investment advisory company and renders services partly to pension and profit-sharing plans and institutional tax-exempt funds.

Recent Developments.

On August 22, 1985, the Company entered into an agreement in principle with Second National Bancorp, Lexington, Kentucky, pursuant to which the Company would acquire the stock of Second National Bank and Trust Company and all other assets of Second National Bancorp for a total consideration of up to 875,650 shares of First Kentucky's common stock. As of the date of the agreement in principle, the market value of such 875,650 shares was approximately $26.0 million. The acquisition is subject to various conditions, including execution of a definitive agreement and receipt of all necessary regulatory and shareholder approvals. At June 30, 1985, Second National Bancorp had total assets of 5201.6 million, total deposits of $181.0 million and total shareholder's equity of $13.8 million.

In September 1985, the Company entered into an agreement in principle pursuant to which the Company would acquire the stock of a Kentucky bank for a total consideration not to exceed $26 million. The acquisition is subject to various conditions, including the satisfactory completion of a due diligence investigation, the execution of a definitive agreement and receipt of all necessary regulatory and shareholder approvals. At June 30, 1985, the bank to be acquired had total assets in excess of $150 million, total deposit# in excess of $115 million and total shareholder's equity in excess of $14 million.

See First Kentucky's Current Report on Form 8-K dated September 30, 1985 incorporated herein by reference for certain pro forma financial information concerning certain of First Kentucky's bank subsidiary acquisitions.

Certain Regulator Considerations.

The Kentucky multi-bank holding company law, which became effective on July 13, 1984, permits the acquisition of one or more banks, subject to certain limitations. A bank holding company may not acquire a bank if, following the acquisition, the bank holding company would control banks in Kentucky holding more than 15% of total bank deposits in Kentucky. Moreover, a bank holding company may not acquire more than three banks during any twelve-month period. The Kentucky multi-bank holding company law authorizes immediate expansion into contiguous states on a reciprocal basis and expansion on a reciprocal nationwide basis commencing on July 13, 1986. Kentucky banking law, however,

prohibits a bank located in Kentucky from establishing branch offices outside of the county in which its main office is located. Subject to Kentucky banking laws, the Company intends to make additional acquisitions from time to time if its Board of Directors determines that an acquisition would be beneficial to the Company and its shareholders.

The Company is a registered bank holding company under the Bank Holding Company Act of 1956, as amended. The Company and its subsidiaries collectively are subject to regulation by the Federal Deposit Insurance Corporation, the Federal Reserve System, the Comptroller of the Currency and the Kentucky Department of Financial Institutions.

The Company is a legal entity, separate and distinct from its bank and non-bank subsidiaries. Because the Company is a holding company, its rights, and the rights of its creditors, including the holders of the Notes, to participate in the assets of any subsidiary upon the latter's liquidation or recapitalization will be subject to the prior claims of the subsidiary's creditors (including, in the case of bank subsidiaries, their depositors), except to the extent that the Company may itself be a creditor with recognized claims against the subsidiary.

A principal source of the Company's revenue is dividends paid by its bank subsidiaries. The ability of each bank subsidiary to pay dividends is subject to limitations under various laws and regulations. Prior regulatory approval is generally required if the total of all dividends declared by a bank subsidiary in a year exceeds the bank's net profits for that year combined with its undistributed net income for the preceding two years, less any required transfers to surplus or to a fund for the retirement of preferred stock or debt. In addition, if, in the opinion of the appropriate bank regulatory authority, a bank is engaged in or about to engage in an unsafe or unsound practice (which, depending on the financial condition of the bank, could include the payment of dividends), such regulatory authority may require, after notice and hearing, that the bank cease and desist from such practice. During 1984, the bank subsidiaries (including American National and Bank of Commerce, which were acquired by the Company in 1985) could have declared dividends without prior regulatory approval of approximately $70.3 million. In 1984, such banks declared and paid aggregate dividends of approximately $16.6 million (including approximately $606,000 by American National, Bank of Commerce and Third National prior to their acquisition by First Kentucky).

Under federal law, no bank subsidiary may, subject to certain limited exceptions, make loans or extensions of credit to, or investments in, the securities of its holding company, or the holding company's subsidiaries, or take their securities as collateral for loans to any borrower. Each bank subsidiary is also subject to collateral security requirements for any loans or extensions of credit permitted by such exceptions.

At June 30, 1985, the Company and its subsidiaries had approximately 4,000 employees, approximately 1,650 of which were employed by NPC. The Company's executive offices are located at 3700 First National Tower, Louisville, Kentucky 40202 (telephone (502) 581-4200).

USE OF PROCEEDS

The Company intends to use approximately $45.0 million of the net proceeds from the sale of the Notes to repay $45.0 million principal amount of short-term indebtedness currently outstanding under a revolving credit agreement. The maturity dates of the outstanding notes range from November 20, 1985 to January 22, 1986 and interest rates average 8.02% per annum. The proceeds of the outstanding notes were used to fund the Company's acquisitions of Third National, American National and Bank of Commerce. The remaining net proceeds of the Notes will be used for general corporate purposes, principally to fund investments in, or extensions of credit to, the Company's subsidiaries. The precise amount and timing of the application of such remaining proceeds will depend upon actual funding requirements and the availability of other funds.

CAPITALIZATION

The following table sets forth the consolidated short-term borrowings and capitalization of the Company at June 30, 1985, and as adjusted to reflect the issuance and sale of the Notes offered hereby.

<TABLE>
<CAPTION>

	June 30, 1985	
	Actual	Adjusted
	(Dollars in Thousands)	
<S>	<C>	<C>
SHORT-TERM BORROWINGS	$310,581(1)	$265,581
LONG-TERM DEBT		
12% Notes due through 1993	$ 775	$ 775
Floating Rate Notes Due 1997		50,000
6% Notes due through 1993 (2)	1,310	1,310
6.6% Notes due through 1994 (2)	1,073	1,073
8.5% Subordinated Debentures due 1987 (2)	500	500
Total Long-Term Debt	3,658	53,658
STOCKHOLDERS' EQUITY		
Preferred stock, no par value; shares authorized-5,000,000; shares issued--none		
Common stock, stated value $.74 per share; shares authorized-25,000,000; shares issued--13,675,023	10,130	10,130
Capital surplus	44,901	44,901
Retained earnings	185,745	185,745
Less treasury stock at cost-253,125 shares	(2,194)	(2,194)
Total stockholders' equity	238,582	238,582
TOTAL CAPITALIZATION	$242,240	$292,240

<FN>
(1) The actual amount was increased by approximately $15.0 million in connection with the acquisition of Bank of Commerce which was consummated on July 22, 1985.
(2) Represents obligations of subsidiaries.
</TABLE>

CONSOLIDATED SELECTED FINANCIAL DATA

The following table sets forth, in summary form, certain consolidated financial data of the its subsidiaries for the six-month periods ended June 30, 1985 and 1984 and for each of the period ended December 31, 1984. This summary is qualified in its entirety by the detailed financial statements included in the documents incorporated herein by reference. See "I Certain Documents by Reference". The summary for the interim periods is based on unaudifinancial statements which include all adjustments (consisting only of normal recurring accropinion of management, are necessary for a fair presentation of the results of such period operations for the interim periods ended June 30, 1985 and June 30, 1984 are not necessarily results to be expected for a full year or any other interim period.

<TABLE>
<CAPTION>

	Six Months Ended June 30,		Year Ended December 31,				
	1985	1984	1984	1983	1982	1981	1980
	(Unaudited)		(Dollars in thousands, except per share data)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:							
Income on earning assets.....	$ 160,470	$ 142,576	$ 301,982	$ 258,656	$ 287,574	$ 261,432	$ 207,083
Interest on deposits and borrowings.....	103,650	93,579	198,405	165,765	197,932	183,997	134,753
Net interest income.....	56,820	48,997	103,577	92,891	89,642	77,435	72,330
Provision for loan and lease losses.....	5,550	4,100	11,100	10,100	9,905	7,800	7,600
Net interest income after provision for loan and lease losses.....	51,270	44,897	92,477	82,791	79,737	69,635	64,730
Non-interest income.....	42,928	30,091	68,062	49,913	35,479	26,811	24,033
Adjusted operating income.....	94,198	74,988	160,539	132,704	115,216	96,446	88,763
Operating expenses.....	72,214	57,825	121,052	98,558	87,135	73,802	62,956
Income before taxes.....	21,984	17,163	39,487	34,146	28,081	22,644	25,807
Applicable taxes.....	2,616	1,507	4,178	4,251	2,484	1,536	4,611
Net income.....	$ 19,368	$ 15,656	$ 35,309	$ 29,895	$ 25,597	$ 21,108	$ 21,196
INCOME STATEMENT DATA (FULLY TAXABLE EQUIVALENT):(1)							
Income on earning assets.....	$ 174,451	$ 153,714	$ 325,175	$ 277,940	$ 306,125	$ 276,981	N/A
Net interest income.....	108,178	86,126	183,732	151,988	133,767	111,995	N/A
Adjusted operating income.....	108,178	86,126	183,732	151,988	133,767	111,995	N/A
Pre-tax income from operations.....	35,964	28,301	62,679	53,430	46,632	38,193	N/A
PER SHARE OF COMMON STOCK:(2)							
Net income.....	$ 1.44	$ 1.17	$ 2.64	$ 2.23	$ 1.91	$ 1.58	$ 1.58
Book value (period-end).....	17.78	15.89	16.86	15.17	13.75	12.56	11.63
Dividends declared.....	.50	.434	.89	.803	.717	.646	.575
Dividend payout ratio.....	35%	37%	34%	36%	38%	41%	36%
AVERAGE NUMBER OF SHARES OF COMMON							

STOCK OUTSTANDING(2).....	13,412,862	13,384,868	13,388,027	13,384,868	13,384,868	13,384,868	13,384,868
AVERAGE BALANCE SHEET DATA:							
Total assets.....	$3,468,140	$2,933,457	$3,019,790	$2,726,047	$2,587,042	$2,151,122	$1,953,544
Securities.....	503,605	500,342	468,740	429,956	334,506	300,890	311,792
Loans and leases, net of unearned interest.....	2,222,117	1,707,120	1,796,539	1,573,858	1,452,229	1,208,813	1,158,449
Total earning assets.....	3,004,335	2,523,765	2,593,098	2,343,386	2,194,070	1,836,099	1,677,100
Total deposits.....	2,458,428	1,976,745	2,086,449	1,818,232	1,688,994	1,463,285	1,353,366
Stockholders' equity.....	231,494	208,139	212,139	192,311	174,349	160,914	148,435

</TABLE>

9

<TABLE>
<CAPTION>

	Six Months Ended June 30,		Year Ended December 31,				
	1985	1984	1984	1983	1982	1981	1980
	(Unaudited)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
FINANCIAL RATIOS:(3)							
Net income to average stockholders' equity.....	16.87%	15.23%	16.64%	15.55%	14.68%	13.12%	14.28%
Net income to average total assets.....	1.13	1.07	1.17	1.10	.99	.98	1.09
Net income to average earning assets.....	1.30	1.25	1.36	1.28	1.17	1.15	1.26
Net interest margin(4).....	4.73	4.78	4.89	4.79	4.93	5.06	5.03
Average stockholders' equity to average total assets.....	6.67	7.10	7.02	7.05	6.74	7.48	7.60
Average stockholders' equity to average total loans and leases.....	10.42	12.19	11.81	12.22	12.01	13.31	12.81
Average primary capital to average total assets and allowance for possible loan and lease losses(5).....	7.46	7.80	7.74	7.73	7.31	8.09	8.18
Primary capital to total assets and allowance for possible loan and lease losses (period-end)(5).....	7.33	7.41	7.10	6.74	7.00	6.69	7.70
Net charge-offs to average loans and leases.....	.30	.33	.34	.32	.58	.39	.60
Allowance for possible loan and lease losses to total loans and leases (period-end).....	1.35	1.27	1.32	1.29	1.09	1.08	1.05
Non-performing loans and leases to total loans and leases (period-end)(6).....	1.38	1.94	1.67	2.01	2.81	3.51	2.52
CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES:(7)							
Excluding interest on deposits.....	1.75x	1.55x	1.64x	1.62x	1.40x	1.32x	1.49x
Including interest on deposits.....	1.21	1.18	1.20	1.20	1.14	1.12	1.19

- ----------

(1) Selected income statement data have been restated to include the Federal tax benefit derived from income on obligations of state and local governments, industrial revenue bonds and certain other securities, thus facilitating the comparison between returns on alternative types of earning assets and between totals which contain varying mixtures of fully taxable and Federal tax-exempt income. The necessary information is not available for periods prior to 1981.

(2) Adjusted to reflect three-for-two common stock splits effected on January 20, 1983, October 6, 1983 and February 7, 1985.

(3) Ratios for the six months ended June 30,1985 and 1984 are stated on an annualized basis where applicable. Such ratios are not necessarily indicative of the ratios for any full year or any other interim period.

(4) Net interest income on a taxable equivalent basis divided by average earning assets.

(5) Primary capital includes stockholders' equity and allowance for possible loan and lease losses.

(6) Non-performing loans and leases consist of loans and leases on a non-accrual basis, loans and leases which have been renegotiated as to interest or yield terms to less than market rate at the date of renegotiation and foreclosed real estate.

(7) The ratio of earnings to fixed charges (consolidated) has been computed by dividing income before taxes plus fixed charges by fixed charges. Fixed charges represent all interest expense (ratios are presented both excluding and including interest on deposits) and the portion of rental expense which is deemed to be equivalent to interest on long-term debt.

</TABLE>

10

REVIEW OF FINANCIAL INFORMATION

First Half 1985 Compared to First Half 1984.

Net income for the first half of 1985 increased 23.7% to $19.4 million compared to $15.7 million for the same period last year. Earnings per share increased 23.1% to $1.44 compared to $1.17 for the first half of 1984. This increase was largely the result of a significant increase in average earning assets due primarily to two bank acquisitions and continued growth in other operating revenues.

Interest Income, Interest Expenses and Net Interest Income

Total interest-related revenues on a tax equivalent basis increased 13.5% to $174.5 million for the first six months of 1985 compared to $153.7 million for the same period last year. The yield on earning assets declined by approximately 55 basis points on a tax equivalent basis. The increase in total interest-related revenue was due to a 19.0% increase in earning assets, primarily loans. Total interest-related expenses increased 10.8% to $103.7 million for the six-month period. The average rate paid for interest bearing liabilities declined by approximately 91 basis points. The increase in interest expenses was due to a 23.0% increase in interest-bearing liabilities. As a result of the above, net interest revenue on a tax equivalent basis increased 17.7% to $70.8 million.

Provision for Loan and Lease Losses

The provision for loan and lease losses increased $1.5 million, or 35.4%, to $5.5 million. Net charge-offs, as an annualized percentage of average loans and leases, decreased to .30% for the first half of 1985 compared to .33% for the same period last year. Despite this improved loan loss experience, the allowance for loan and lease losses was increased primarily in recognition of the continued growth in the loan portfolio.

Non-Interest Income and Expenses

Other operating revenues increased $12.8 million, or 42.7%, to $42.9 million, due in particular to continued strong growth in item processing revenues at NPC, which contributed 64.6% of the increase in non-interest revenues. Non-interest expense increased by $14.4 million, or 24.9%, to $72.2 million, largely attributable to expenditures for supporting the continued growth in item processing activity. Operations of the acquired banks also contributed to the growth of non-interest revenues and expenses.

Pre-Tax Income, Taxes and Net Income

Income before taxes increased $4.8 million, or 28.1%, to $22.0 million compared to $17.2 million for the same period last year. income taxes increased $1.1 million to $2.6 million. As a result, net income for the first half of 1985 increased 23.7% to $19.4 million compared to the first half of 1984.

Asset Quality

While the loan and lease portfolio expanded considerably, the allowance for loan and lease losses also increased to 1.35% at June 30, 1985 compared to 1.27% at June 30, 1984. Despite this loan growth, nonaccruing loans and leases, renegotiated loans and other real estate amounted to $31.8 million at June 30, 1985, compared to $35.5 million at June 30, 1984. Non-performing assets to total loans, leases and other assets declined to 1.38% at June 30, 1985 compared to 1.94% at June 30, 1984. First Kentucky's total international exposure at June 30, 1985 was less than 6% of total assets.

Capital

At June 30, 1985, stockholders' equity was $238.6 million, up $25.9 million, or 12.2%, from a year ago. The Company's average total equity to average total assets for the six months ended June 30, 1985 was

11

6.67% compared to 7.10% for the corresponding period of 1984. The Company's primary capital ratio at June 30, 1985 and 1984 was 7,33% and 7.41%, respectively.

1984 Compared to 1983.

First Kentucky achieved record earnings in 1984 of $35.3 million, an 18.1% increase over 1983's earnings of $29.9 million. Earnings per share increased 18.4% to $2.64 in 1984 compared to $2.23 in 1983. These results were achieved through an increase in net interest revenue due to asset growth, a modest increase in the net interest margin and a significant increase in non-interest income. A continued emphasis on loan quality and control of expenses also contributed to the improved earnings.

Interest Income, Interest Expenses and Net Interest Income

Total interest-related revenue increased 17.0% on a tax equivalent basis to $325.2 million for 1984 compared to $277.9 million for 1983. This increase was attributed to a 10.7% increase in earning assets (primarily loans which increased 14.1%) and a 68 basis point increase in the rate earned on earning assets. Total interest expense increased by 19.7% to $198.4 million compared to $165.7 million in 1983. This increase was due to an 11.2% increase in interest-bearing liabilities. Due to the above, First Kentucky's net interest income on a tax equivalent basis for 1984 rose 13.0% to $126.8 million.

Provision for Loan and Lease Losses

The provision for loan and lease losses increased 9.9% to $ 11.1 million for 1984. The provision for loan and lease losses was .62% of average loans and leases compared to .64% in 1983. Net charge-offs increased to $6.1 million in 1984 compared to $5.1 million in 1983. However, due to the 14.1% increase in average loans, net charge-offs to average loans and leases remained relatively constant at 0.34%. Due primarily to the growth in the loan portfolio, the Company increased the allowance for loan and lease losses.

Non-Interest Income and Expenses

Other operating revenues increased $18.2 million, or 36.5%, from 1983 to 1984. Results for 1983 are not directly comparable to those for 1984 because of a one-time pre-tax gain of $6.7 million realized from the sale of the Company's 27% interest in its headquarters building and a $2.1 million increase in the Company's contribution of securities to its charitable foundation in 1984. This contribution is reflected as a reduction in trading account income.

Item processing revenues increased by $12.4 million, or 48%, in 1984 to $38.0 million. These revenues account for 56% of other operating revenues (60% when excluding the two non-recurring events noted above). Fees for trust services, which are primarily based on the value of the assets under management, grew 6.7% to $11.2 million. Service charges on checking accounts increased 18.6%, while other service charges and fees grew over 42% and together accounted for $13.2 million in total other income. The growth in the latter category was primarily due to the initiation of annual cardholder fees following the Company's move of its credit card operation to Virginia. Mortgage servicing fees and standby letter of credit fees also contributed to the increase in other service charges and fees.

Non-interest expenses in 1984 increased 22.7% with salaries and benefits up 23.3% over 1983. The primary cause of this increase was the 30% increase in the number of employees at NPC. Other expenses in 1984 included a non-recurring $1.8 million write-down of the capitalized portion of a computer information system project begun in 1981, taken because of uncertainties related to the project's ultimate implementation.

Pre-Tax Income, Taxes and Net Income.

Income before taxes in 1984 increased 15.6% to $39.5 million. Due primarily to increased income from tax exempt securities, the Company's effective tax rate declined to 10.6% compared to 12.5% in 1983. Total

taxes also declined slightly to $4.2 million compared to $4.3 million in 1983. Net income increased 18.1% in 1984 to $35.3 million.

Asset Quality.

Non-performing assets increased to $34.9 million at year-end 1984 compared to $34.2 million at year- end 1983. This represented a decrease in non-performing assets as a percentage of total loans, leases and other real estate from 2.01% in 1983 to 1.67% in 1984. In addition, the year-end allowance for loan and lease losses increased to 1.32% of total loans and leases outstanding compared to 1.29% at year-end 1983. The Company's international exposure at year-end 1984 was less than 6% of total assets.

Capital.

At December 31, 1984, stockholders' equity was $226 million, up $22.9 million, or 11.3%, from December 31, 1983. The Company's average total equity to average total assets for the years ended 1984 and 1983 was 7.02% and 7.05%, respectively. The Company's primary capital ratio at December 31, 1984 and 1983

was 7.10% and 6.74%, respectively.

DESCRIPTION OF NOTES

The Notes will be issued under an Indenture (the "Indenture"), to be dated as of October 15, 1985, between the Company and Morgan Guaranty Trust Company of New York, as trustee (the "Trustee"). A copy of the Indenture has been filed as an exhibit to the Registration Statement of which this Prospectus is a part. - - The following summaries of certain provisions of the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Indenture, including the definitions therein of certain terms. Section references below are to sections of the Indenture. Wherever a defined term is indicated and no defined meaning is contained herein, the definition thereof is contained in the Indenture.

General

The Notes will be limited to $50,000,000 aggregate principal amount and will be issued only in fully registered form in denominations of $1,000 and integral multiples thereof. The Notes will mature on October 31, 1997, and will bear interest at the rates per annum determined as described below from October 17, 1985, payable quarterly in arrears on the Interest Payment Dates in January, April, July and October of each year. The first Interest Payment Date will be January 17, 1986. The interest to be paid on each Note on each Interest Payment Date will be paid to the person in whose name such Note (or any predecessor Note) is registered at the close of business on the Regular Record Date, which is 15 days preceding such Interest Payment Date. Interest may, at the option of the Company, be paid by checks mailed to such registered holders. (Sections 301, 302 and 307) The Indenture will not limit the amount of other indebtedness or securities which may be issued by the Company or any of its subsidiaries. The Notes will be unsecured and will rank equally with all present and future unsecured unsubordinated indebtedness of the Company.

Principal of and interest on the Notes will be payable, and the Notes will be transferable and exchangeable, at the office or agency of the Company maintained for such purposes, which initially will be the principal corporate trust office of the Trustee in New York, New York. (Sections 301, 305 and 1002) Notes will be exchangeable for other Notes of authorized denominations and Notes may be surrendered for registration of transfer, each without service charge, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. (Section 305)

Interest Payment Dates

The Notes will bear interest from October 17, 1985, and such interest will be payable on each date (an "Interest Payment Date") which, except as provided below, is three calendar months after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, January 17, 1986, and except, further, that the final Interest Payment Date will be October 31, 1997. If any Interest Payment Date would otherwise be a day which is not a Business Day (as defined below), the Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby be in the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) thereafter, each subsequent Interest Payment Date shall be the last Business Day of the third month after the month in which the preceding Interest Payment Date shall have occurred. The period beginning on (and including) October 17, 1985 and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "Interest Period." Interest will accrue from and include the first day of each Interest Period to and including the day preceding the next Interest Payment Date. (Section 203)

Rate of Interest

For the purpose of calculating the rate of interest payable on the Notes, the Company will appoint Morgan Guaranty Trust Company of New York as agent (the "Agent") under an Agent Agreement, to be dated as of October 15, 1985, between the Company and the Agent. The rate of interest from time to time

payable in respect of the Notes (the "Rate of Interest") shall be determined by the Agent in accordance with the following provisions:

(i) On the second Business Day prior to the commencement of each Interest Period (the "Interest Determination Date"), the Agent will request

the principal London office of each of the Reference Banks (as defined below) to provide the Agent at its London office with its offered quotation for three- month United States dollar deposits to leading banks in the London interbank market at approximately 11:00 A.M. (London time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall be at a rate 1/8 of 1% per annum above the arithmetic mean of such offered quotations (rounded upward, if necessary, to the nearest multiple of 1/16 of 1%), as determined by the Agent. The Company will initially appoint Morgan Guaranty Trust Company of New York, Manufacturers Hanover Trust Company, National Westminster Bank PLC and Algemene Bank Nederland N.V. as Reference Banks.

(ii) If on any Interest Determination Date at least two but fewer than all the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with paragraph (i) above on the basis of the offered quotations of those Reference Banks providing such quotations.

(iii) If on any Interest Determination Date only one or none of the Reference Banks provides the Agent with such an offered quotation, the Rate of Interest for the relevant Interest Period shall be whichever is the higher of:

(a) the Rate of Interest in effect for the last preceding Interest Period to which the provisions of paragraph (i) or (ii) above shall have applied; or

(b) the Reserve Interest Rate. The "Reserve Interest Rate" shall be the rate per annum (rounded upward as aforesaid) which the Agent determines to be either (I) the rate 1/8% of 1% per annum above the arithmetic mean of the offered rates which leading banks in New York City selected by the Agent (after consultation with the Company) are quoting on the relevant Interest Determination Date for three-month United States dollar deposits to the principal London office of each of the Reference Banks or those of them (being at least two in number) to which such offered quotations are, in the opinion of the Agent, being so made, or (II) in the event that the Agent can determine no such arithmetic mean, the rate 1/8 of 1% per annum above the arithmetic mean of the offered rates which leading banks in New York City selected by the Agent (after consultation with the Company) are quoting on such Interest Determination Date to leading European banks for three-month United States dollar deposits; provided that if the banks selected as aforesaid by the Agent are not quoting as mentioned above, the Rate of Interest shall be the Rate of Interest specified in clause (a) above.

The term "Business Day" for the purpose of computing the Rate of Interest means each Monday, Tuesday, Wednesday, Thursday or Friday which is not a day on which banking institutions in New York City or London are authorized or obligated by law or executive order to close; for all other purposes, the term "Business Day" means each Monday, Tuesday, Wednesday, Thursday or Friday which is not a day on which banking institutions in New York City are authorized or obligated by law or executive order to close. (Section 203)

Publication of Rate of Interest

The Agent will use its best efforts to cause the Rate of Interest for each Interest Period, together with the amount of interest payable in respect of each $1,000 principal amount of Notes for such Interest Period (the "Interest Amount") (rounded to the nearest cent, with half a cent being rounded u ward) and the related Interest Payment Date, to be published in a leading newspaper in t e English language circulated on Business Days in New York City as soon as possible after the determination of the Rate of Interest and the Interest Amount but in no event later than the fourth Business Day following the applicable Interest Determination Date. The Interest Amount and Interest Payment Date so published may subsequently be amended without notice in the event of an extension or shortening of the Interest Period. Interest will be calculated on the basis

of the actual number of days for which interest is payable in the applicable Interest Period divided by 360. (Section 203) Reference Banks and Agent

The Company will agree that, until all of the Notes are paid or payment thereof is provided for, there shall at all times be at least four Reference Banks (one of which may be the Agent) and an Agent for the purpose of determining the Rate of Interest on the Notes. In the event that any such Reference Bank or Agent shall be unwilling or unable to act as such Reference Bank or Agent or that such Agent shall fail duly to determine the Rate of Interest and the Interest Amount for any Interest Period, the Company will promptly appoint another leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market to act as such in its place. The Agent may not resign its duties without a successor having been appointed

as aforesaid. (Section 203)

Redemption

The Notes may not be redeemed prior to the Interest Payment Date in October 1989. On and after such date, the Notes will be redeemable as a whole or in part, at any time at the option of the Company, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption. If less than all the Notes are to be redeemed, the particular Notes to be redeemed shall be selected by the Trustee by such method as the Trustee shall deem fair and appropriate, which may provide for the selection for redemption of portions (equal to $1,000 or any integral multiple thereof) of the principal amount of Notes of a denomination larger than $1,000. Notice of redemption will be mailed to holders of Notes to be redeemed not less than 30 nor more than 60 days prior to the redemption date. (Sections 203, 1101, 1104 and 1105)

Modification and Waiver

Certain modifications and amendments of the Indenture may be made by the Company and the Trustee with the consent of the holders of not less than a majority in principal amount of the Notes then outstanding; provided, however, that, without the consent of the holders of each outstanding Note affected thereby, no such modification or amendment shall (i) change the stated maturity of principal of, or any installment of interest on, any Note, or reduce the principal amount thereof or the rate of interest thereon, or change any place of payment where, or the coin or currency in which, any Note or any interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date), or (ii) reduce the percentage in principal amount of outstanding Notes, the consent of the holders of which is required for any such modification or amendment, or the consent of the holders of which is required for any waiver provided for under the Indenture, or (iii) modify any provisions of certain sections of the Indenture except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each outstanding Note affected thereby. (Section 902)

The holders of at least a majority in principal amount of the outstanding Notes may, on behalf of all holders of the Notes, waive any past default under the Indenture, except a default in the payment of principal or interest or a default with respect to a covenant or provision of the Indenture which may not be modified or amended without the consent of the holder of each outstanding Note affected. (Section 513)

Restrictions on Certain Dispositions

The Indenture contains a covenant that the Company will not (i) issue, sell or otherwise dispose of any shares of, or securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Voting Stock of a Major Constituent Bank, (ii) permit the merger or consolidation of a Major Constituent Bank with or into any other corporation other than a Subsidiary (as defined below), or (iii) permit the sale

or other disposition of all or substantially all of the assets of a Major Constituent Bank if, after giving effect to any of the foregoing transactions and the issuance of the maximum number of shares of Voting Stock issuable upon the conversion or exercise of all such convertible securities, options, warrants or rights, the Company would own, directly or indirectly, 80% or less of the shares of Voting Stock of a Major Constituent Bank, provided, however, that the foregoing shall not prohibit any such issuance, sale or disposition of shares or securities, any such merger or consolidation or any such sale or disposition of assets if required (a) by any law or any regulation or order of any governmental authority or (b) as a condition imposed by any law or any regulation or order of any governmental authority to the acquisition by the Company, directly or indirectly, of any other corporation or entity, if thereafter, (1) the Company would own more than 80% of the Voting Stock of such other corporation or entity, and (2) the Consolidated Banking Assets of the Company would be at least equal to the Consolidated Banking Assets of the Company prior thereto. The Indenture will define "Major Constituent Bank" as any bank the assets of which constitute 10% or more of the Company's Consolidated Banking Assets. At June 30, 1985, the only Major Constituent Bank was First National Bank of Louisville, the assets of which constituted more than 89% of the Company's Consolidated Banking Assets. (Sections 1001 and 1005) The holders of at least a majority in principal amount of the outstanding Notes may, on behalf of all holders of the Notes, waive compliance by the Company with this provision of the Indenture. (Section 1006)

The term "Subsidiary" means a corporation at least a majority of the outstanding Voting Stock of which is at the time owned directly or indirectly by the Company or by one or more other Subsidiaries or by the Company and one or more other Subsidiaries. (Section 101)

Events of Default

The following events will be defined in the Indenture as "Events of Default": (i) default in the payment when due of principal of any of the Notes; (ii) default for 30 days in the payment of interest when due on any of the Notes; (iii) default in respect of the covenant in the Indenture restricting the disposition of a Major Constituent Bank; (iv) default in the performance of any other covenant or warranty of the Company in the Indenture for a period of 60 days after notice; and (v) certain events of bankruptcy, insolvency or reorganization of the Company or of a Major Constituent Bank. (Section 501) The Indenture will provide that if an Event of Default shall have occurred and be continuing either the Trustee or the holders of not less than 25% in principal amount of the Notes then outstanding may declare the principal of all the Notes to be immediately due and payable; but upon certain conditions, such declaration may be annulled by the holders of a majority in principal amount of the Notes then outstanding. (Section 502)

The holders of a majority in principal amount of the Notes then outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee under the Indenture, unless such direction is in conflict with any rule of law or with the Indenture. (Section 512) The Trustee shall not be obligated to exercise any of the rights or powers vested in it by the Indenture at the request of any holders of the Notes unless the Trustee shall have been offered reasonable security or indemnity against the costs, expenses and liabilities which might be incurred thereby, subject to the Trustee's duty during default to act with the prescribed standard of care. (Section 603)

Within 120 days after the end of each fiscal year, the Company must report to the Trustee with respect to any default in the performance and observation of certain Indenture covenants. (Section 1007)

Consolidation, Merger and Sale of Assets

The Company, without the consent of the holders of the outstanding Notes under the Indenture, may consolidate with or merge into any other corporation or convey, transfer or lease its assets substantially as an entirety to any person or may permit any person to consolidate with or merge into the Company; provided that (i) the surviving corporation (if other than the Company), the corporation formed by such

consolidation or the transferee corporation expressly assumes the Company's obligations on the Notes under the Indenture, (ii) after giving effect to the transaction, no Event of Default, and no event which a notice, the lapse of time or both, would become an Event of Default, shall have occurred and be continue and (iii) certain other conditions are met. (Section 801)

Regarding the Trustee

The Company and certain of its subsidiaries maintain normal banking relationships with the Trustee

UNDERWRITING

The Underwriters, for whom Shearson Lehman Brothers Inc. is acting as representative (the "Representative"), have severally agreed, subject to the terms and conditions contained in the Underwriting Agreement, a copy of which is filed as an exhibit to the Registration Statement, to purchase from the Company the Notes offered hereby. The principal amount of the Notes to be purchased by each of the Underwriters is as follows:

<TABLE>
<CAPTION>

Underwriter	Principal Amount of Notes
<S>	<C>
Shearson Lehman Brothers Inc.	$19,800,000
The First Boston Corporation	1,600,000
Goldman, Sachs & Co.	1,600,000
Merrill Lynch, Pierce, Fenner & Smith	1,600,000
Morgan Stanley & Co. Incorporated	1,600,000
Salomon Brothers Inc	1,600,000
Bear, Stearns & Co.	1,200,000

Dillon, Read & Co. Inc.	1,200,000
Donaldson, Lufkin & Jenrette Securities Corporation	1,200,000
Drexel Burnham Lambert Incorporated	1,200,000
E. F. Hutton & Company Inc	1,200,000
Keefe, Bruyette & Woods, Inc	1,200,000
Kidder, Peabody & Co. Incorporated	1,200,000
Lazard Freres & Co	1,200,000
PaineWebber Incorporated	1,200,000
Prudential-Bache Securities Inc	1,200,000
L. F. Rothschild, Unterberg, Towbin	1,200,000
M. A. Schapiro & Co., Inc	1,200,000
Smith Barney, Harris Upham & Co. Incorporated	1,200,000
Wertheim & Co., Inc	1,200,000
Dean Witter Reynolds Inc	1,200,000
J. C. Bradford & Co	600,000
A. G. Edwards & Sons, Inc	600,000
J. J. B. HilIiard, W.L. Lyons, Inc	600,000
Oppenheimer & Co., Inc	600,000
The Robinson-Humphrey Company, Inc	600,000
Stifel, Nicolaus & Company, Incorporated	600,000
Thomson McKinnon Securities Inc.	600,000
Total	$50,000,000

</TABLE>

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the Notes to be purchased by them pursuant to such Underwriting Agreement if any Notes are purchased.

The Company has been advised by the Representative that the Underwriters propose to offer the Notes to the public initially at the offering price set forth on the cover page of this Prospectus and to certain selected dealers at such price less a concession not to exceed .30% of the principal amount of the Notes. The Underwriters and such selected dealers may reallow a concession to certain other dealers not to exceed .25% of the principal amount of the Notes. After the initial public offering, the public offering price, the concession to selected dealers and the reaIlowance to other dealers may be changed by the Representative.

Certain of the Underwriters may, from time to time, be customers of, engage in transactions with and perform services for the Company in the ordinary course of business.

In the Underwriting Agreement, the Company has agreed to indemnify the Underwriters with respect to certain liabilities, including liabilities under the Securities Act of 1933, as amended.

LEGAL OPINIONS

The validity of the Notes offered hereby will be passed upon for the Company by Greenebaum Doll & McDonald, Louisville, Kentucky (a partnership which includes professional corporations) and for the Underwriters by Willkie Farr & Gallagher, New York, New York. As of September 30, 1935, members of Greenebaum Doll & McDonald and attorneys employed thereby beneficially owned 7,414 shares of the Company's common stock.

EXPERTS

The consolidated financial statements of the Company at December 31, 1983 and 1984 and for each of the three years in the period ended December 31, 1984, included or incorporated by reference in the Company's Annual Report on Form 10K for the year ended December 31, 1984 and incorporated by reference in this Prospectus, have been examined by Coopers & Lybrand, independent accountants, as set forth in their reports included therein and incorporated herein by reference. The financial statements mentioned above are incorporated by reference herein in reliance upon such reports and upon the authority of said firm as experts in accounting and auditing.

<TABLE>
<S> <C>

No dealer, salesman or other person has been authorized to give any information or to make any representations not contained in or incorporated by reference in this Prospectus and, if given or made, such other information and representation must not be relied upon as having been authorized by the Company, the Underwriters or any other person. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitaion is not qualified to do so or to anyone to whome it is unlawful to make such offer or solicitation.

$50,000,000

First Kentucky
National Corporation

Floating Rate Notes Due 1997

TABLE OF CONTENTS

PROSPECTUS

October 9, 1985

Shearson Lehman Brothers Inc.

</TABLE>

Proof of October 2, 1985

FIRST KENTUCKY NATIONAL CORPORATION

TO

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,
TRUSTEE

INDENTURE

Dated as of October 15, 1985

$50,000,000

Floating Rate Notes Due 1997

Reconciliation and tie between Trust Indenture Act of 1939 and

<TABLE>
<CAPTION>
Trust Indenture Act Section | Indenture Section

#310(a) (1)	609
(a) (2)	609
(a) (3)	Not Applicable
(a) (4)	Not Applicable
(b)	608
	610
#311(a)	613(a)
(b)	613(b)
(b) (2)	703(a) (2)
	703(b)
#312(a)	701
	702(a)
(b)	702(b)
(c)	702(c)
#313(a)	703(a)
(b)	703(b)
(c)	703(a)
	703(b)
(d)	703(c)
#314(a)	704
(b)	Not Applicable
(c)(1)	102
(c)(2)	102
(c)(3)	Not Applicable
(d)	Not Applicable
(e)	102
#315(a)	601(a)
	601(c)
(b)	602
	703(a) (6)
(c)	601(b)
(d)	601
(d) (1)	601(a)
(d) (2)	601(c) (2)
(d) (3)	601(c) (3)
(e)	514
#316(a)	101
(a) (1)(A)	502
	512
(a) (1)(B)	513
(a) (2)	Not Applicable
(b)	508
#317(a) (1)	503
(a) (2)	504
(b)	1003
#318(a)	107

NOTE: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.
</TABLE>

TABLE OF CONTENTS

<TABLE>
<CAPTION>

NOTE This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.
</TABLE>

<TABLE>
<CAPTION>

INDENTURE, dated as of October 15,1985, between FIRST KENTUCKY NATIONAL CORPORATION, a corporation duly organized and existing under the laws of the Commonwealth of Kentucky (herein called the "Company"), having its principal office at 3700 First National Tower, Louisville, Kentucky 40202 and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, a banking corporation duly organized and existing under the laws of the State of New York (herein called the "Trustee").

RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance of its Floating Rate Notes Due 1997 (herein called the "Notes") of substantially the tenor and amount hereinafter set forth.

All things necessary to make the Notes, when executed by the Company and authenticated and delivered hereunder and duly issued by the Company, the valid obligations of the Company, and to make this Indenture a valid agreement of the Company, in accordance with their and its terms, have been done.

Now, Therefore, This Indenture Witnesseth:

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

ARTICLE ONE
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 101. Definitions.

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

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

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

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

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms, used principally in Article Six, are defined in that Article.

"Act", when used with respect to any Holder, has the meaning specified in Section 104.

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

"Agent" has the meaning specified in Section 203.

"Bank" means (i) any institution which accepts deposits that the depositor has a legal right to withdraw on demand and engages in the business of making commercial loans and (ii) any trust company.

"Board of Directors" means either the board of directors of the Company or any committee of that board duly authorized to act for it hereunder.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly

adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day", when used with respect to any Place of Payment, means each Monday, Tuesday, Wednesday, Thursday or Friday which is not a day on which banking institutions in that Place of Payment' are authorized or obligated by law or executive order to close and when used with respect to the computation of the Rate of Interest, has the meaning specified in Section 203.

"Capital Stock" means outstanding shares of capital stock of any

class of a corporation whether now or hereafter authorized regardless of whether such capital stock shall be limited to a fixed sum or percentage in respect of the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of such corporation.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

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

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

"Consolidated Banking Assets" means the aggregate of the assets of all Subsidiaries which are Banks (including Subsidiaries of such Banks).

"Corporate Trust Office" means the office of the Trustee in New York, New York, at which at any particular time its corporate trust business shall be principally administered, which office at the date hereof is located at 30 West Broadway, New York, New York 10015.

"corporation" includes corporations, associations, companies and business trusts.

"Defaulted Interest" has the meaning specified in Section 307.

"Event of Default" has the meaning specified in Section 501.

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

"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

"Interest Amount" has the meaning specified in Section 203.

"Interest Determination Date" has the meaning specified in Section 203.

"Interest Payment Date" has the meaning specified in Section 203.

"Interest Period" has the meaning specified in Section 203.

"Major Constituent Bank" means any Bank the assets of which constitute 10% or more of the Consolidated Banking Assets and any owner Subsidiary designated as a Major Constituent Bank pursuant to Section 1005 and their respective successors (whether by consolidation, merger, conversion, transfer of substantially all their assets and business or otherwise), so long as any such Bank or its successor is a Subsidiary.

"Maturity", when used with respect to any Note, means the date on which the principal of such Note becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Note Register" and "Note Registrar" have the respective meanings specified in Section 305.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, a Vice Chairman of the Board, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Company, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for or an employee of the Company, or other counsel acceptable to the Trustee.

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

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

(ii) Notes for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made; and

(iii) Notes which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, other than any such Notes in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Notes are held by a bona fide purchaser in whose hands such Notes are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver here under, Notes owned by the Company or any other obligor upon the Notes or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes which the Trustee knows to be so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Company or any other obligor upon the Notes or any Affiliate of the Company or of such other obligor.

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

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

"Place of Payment" means the place or places where the principal of and interest on the Notes are payable specified as contemplated by Section 301.

"Predecessor Note" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Note shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Note.

"Rate of Interest" has the meaning specified in Section 203.

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

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

"Reference Banks" has the meaning specified in Section 203.

"Regular Record Date" for the interest payable on any Interest Payment Date means the 15th day (whether or not a Business Day), next preceding such Interest Payment Date.

"Reserve Interest Rate" has the meaning specified in Section 203.

"Responsible Officer", when used with respect to the Trustee,

means the chairman of the board of directors, the president, the secretary, the treasurer, any vice president, any assistant vice president, any trust officer or any other officer of the Trustee customarily performing corporate trust functions and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

34

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307.

"Stated Maturity", when used with respect to any Note or any installment of interest thereon, means the date specified in such Note as the fixed date on which the principal of such Note or such installment of interest is due and payable.

"Subsidiary" means a corporation at least a majority of the outstanding Voting Stock of which is at the time owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries.

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

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed, except as provided in Section 905.

"Voting Stock" with respect to a corporation means that Capital Stock of a corporation which has the voting power for the election of directors at any annual meeting of shareholders of such corporation, excluding any such Capital Stock which has any such voting power by reason of the failure to pay a dividend or other amount or to satisfy any condition or by reason of the occurrence of any other contingency.

SECTION 102. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such Officers' Certificate or Opinion of Counsel is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

35

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

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

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

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

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

SECTION 103. Form of Documents Delivered to Trustee.

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

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

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

SECTION 104. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

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

(c) The ownership of Notes shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the

Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Note.

SECTION 105. Notices, Etc., to Trustee and Company.

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

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

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed (first-class postage prepaid) to the Company addressed to it at the address of its principal

office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee by the Company.

SECTION 106. Notice to Holders; Waiver.

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

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by

mail, then such notification as shall be acceptable to the Trustee shall constitute a sufficient notification for every purpose hereunder.

SECTION 107. Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

SECTION 108. Effect of Headings and Table of Contents.

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

SECTION 109. Successors and Assigns.

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

SECTION 110. Separability Clause.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 111. Benefits of Indenture.

Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder and the Holders of Notes any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 112. Governing Law.

This Indenture and the Notes shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 113. Legal Holidays and Other Non-Business Days.

In any case where any Redemption Date or the Stated Maturity of any Note shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Notes) payment of the principal of the Notes need not be made on such date,

but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Redemption Date or at the Stated Maturity, as the case may be, provided that no interest shall accrue for the period from and after such Redemption Date or Stated Maturity, as the case may be. The provisions of Section 203 shall govern in respect of the payment of interest on the Stated

Maturity of any installment of interest in any case where an Interest Payment Date is not a Business Day at any Place of Payment.

ARTICLE TWO
NOTE FORMS

SECTION 201. Forms Generally.

The Notes shall be in substantially the form set forth in this Article, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or national market or as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of the Notes. The Trustee's certificate of authentication shall be in substantially the form set forth in this Article.

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

SECTION 202. Form of Face of Note.

FIRST KENTUCKY NATIONAL CORPORATION
FLOATING RATE No~E DUE 1997

No $

FIRST KENTUCKY NATIONAL CORPORATION, a corporation duly organized and existing under the laws of the Commonwealth of Kentucky (herein called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received. hereby promises to pay to

, or registered assigns, the principal sum of Dollars on October 31,1997, and to pay interest on said principal sum quarterly in arrears on the Interest Payment Dates (as defined on the reverse hereof) in January, April, July and October in each year, commencing January ,1986, at the rates per annum determined as provided on the reverse hereof, from October ,1985, or, if later, from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if the date hereof is an Interest Payment Date to which interest has been paid or duly provided for, then from the date hereof, until the principal hereof is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a Business Day) next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Notes not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange or national market on which the Notes may be listed, and upon such notice as may be required by such exchange or market, all as more fully provided in said Indenture.

Payment of the principal of and interest on this Note will be made at the office or agency of the Company maintained for that purpose provided for in said Indenture, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Note Register.

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

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

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

<TABLE>
<S> <C>
FIRST KENTUCKY NATIONAL
CORPORATION

Dated:

By: _____

Attest:

_____
</TABLE>

SECTION 203. Form of Reverse of Note.

FIRST KENTUCKY NATIONAL CORPORATION
FLOATING RATE NOTE DUE 1997

This Note is one of a duly authorized issue of Notes of the Company (herein called the "Notes"), limited in aggregate principal amount to $50,000,000, issued under an Indenture, dated as of October 15, 1985 (herein called the "Indenture"), between the Company and Morgan Guaranty Trust Company of New York, Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and Holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered.

This Note shall bear interest in respect of each Interest Period (as defined below) at the rate per annum (the "Rate of Interest") calculated for such Interest Period by Morgan Guaranty Trust Company of New York or its successor as agent (the "Agent"), on the basis of rates

supplied to it by Morgan Guaranty Trust Company of New York, Manufacturers Hanover Trust Company, National Westminster Bank PLC and Algemene Bank Nederlands N.V. (the "Reference Banks", which term shall include any successor Reference Bank appointed by the Company as herein provided), in accordance with the following provisions:

(i) On the second Business Day prior to the commencement of each Interest Period (the "Interest Determination Date"), the Agent will request the principal London office of each of the Reference Banks to provide the Agent with its offered quotation for three-month United States dollar deposits to leading banks in the London interbank market at approximately 11:00 A.M. (London time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall be at a rate 1/8 of 1% per annum above the arithmetic mean of such offered quotations (rounded upward, if necessary, to the nearest multiple of V16 of 1%), as determined by the Agent.

(ii) If on any Interest Determination Date at least two but fewer than all the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance

with paragraph (i) above on the basis of the offered quotations of those Reference Banks providing such quotations.

(iii) If on any Interest Determination Date only one or none of the Reference Banks provides the Agent with such an offered quotation, the Rate of Interest for the relevant Interest Period shall be whichever is the higher of:

(a) the Rate of Interest in effect for the last preceding Interest Period to which the provisions of paragraph (i) or (ii) above shall have applied; and

(b) the Reserve Interest Rate. The "Reserve Interest Rate" shall be the rate per annum (rounded upward as aforesaid) which the Agent determines to be either (x) the rate v% of 1% per annum above the arithmetic mean of the offered rates which leading banks in New York City selected by the Agent (after consultation with the Company) are quoting on the relevant Interest Determination Date for three-month United States dollar deposits to the principal London office of each of the Reference Banks or those of them (being at least two in number) to which such offered quotations are, in the opinion of

the Agent, being so made, or (y) in the event that the Agent can determine no such arithmetic mean, the rate V8 of 1% per annum above the arithmetic mean of the offered rates which leading banks in New York City selected by the Agent (after consultation with the Company) are quoting on such Interest Determination Date to leading European banks for three-month United States dollar deposits; provided that if the banks selected as aforesaid by the Agent are not quoting as mentioned above, the Rate of Interest shall be the Rate of Interest specified in (a) above.

For the purpose of determining the Rate of Interest, the term "Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday or Friday which is not a day on which banking institutions in London or New York City are authorized or obligated by law or executive order to close; for all other purposes of this Note, the term "Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday or Friday which is not a day on which banking institutions in New York City are authorized or obligated by law or executive order to close. Interest on the Notes in respect of each Interest Period will accrue at the Rate of Interest established on the Interest Determination Date immediately preceding the commencement of such Interest Period from and including the first day of such Interest Period to and including the day preceding the next Interest Payment Date. The Agent shall calculate the amount of interest payable in respect of each $1,000 principal amount of Notes for such Interest Period (the "Interest Amount") by applying the Rate of Interest to $1,000 and multiplying such amount by the actual number of days for which interest is payable on the next Interest Payment Date with respect to the applicable Interest Period divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upward). Interest will be payable on each date (the ``Interest Payment Date") which, except as provided below, is three calendar months after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, January , 1986 and in the case of the final Interest Payment Date, October 31, 1997. If any Interest Payment Date would otherwise be a day which is not a Business Day, the Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby be in the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) thereafter, each subsequent Interest Payment Date shall be the last Business Day of the third month after the month in which the preceding Interest Payment Date

shall have occurred. The period beginning on (and including) October ,1985 and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "Interest Period". As soon as possible after 11:00 A.M. (London time) on each Interest Determination Date, but in no event later than 11:00 A.M. (London time) on the Business Day immediately following each such Interest Determination Date, the Agent shall notify the Company and the Trustee of the Interest Payment Date for the next Interest Period and the Rate of Interest and the Interest Amount determined by it, specifying to the Company the quotations upon which the Rate of Interest is based, and in any event the Agent shall notify the Trustee and the Company before 2:00 P.M. (London time) on each Interest Determination Date that either: (i) it has determined or is in the process of determining the Rate of Interest and the Interest Amount or (ii) it has not determined and is not in the process of determining the Rate of Interest and the Interest Amount, together with its reasons therefor. The Agent shall use its best efforts to cause such Rate of Interest, Interest Amount and Interest Payment Date to be published in a leading newspaper in the English language circulated on Business Days in New York City as soon as possible after determination of the Rate of Interest and the Interest Amount but in no event later than the fourth Business Day following the applicable Interest Determination Date. The Interest Amount and Interest Payment Date so published may subsequently be amended without notice in the event of an extension or shortening of the Interest Period. The determination of the Rate of Interest by the Agent shall (in the absence of manifest error) be final and binding upon all parties. The Company agrees that, until the Notes are paid or payment thereof is duly provided for, there shall at all times be at least four Reference Banks (one of which may be the Agent) and an Agent in respect of the Notes and that each such Reference Bank shall be a leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market, and that each Reference Bank and Agent shall not control, be controlled by or be under common control with, the Company and shall have an established place of business in London. Subject to the foregoing sentence, the Company may from time to time terminate the appointment of the Agent or any Reference Bank and appoint a replacement therefor. In the event that any such Reference Bank or Agent shall be unwilling or unable to act as such Reference Bank or Agent or that such Agent shall fail duly to determine the Rate of Interest and the Interest

Amount for any Interest Period, the Company shall promptly appoint a Reference Bank or Agent (qualified as aforesaid), as the case may be, to act as such in its place. The Company and the Agent will agree that the Agent will not resign until a successor has been appointed. The Company will further agree that each successor Agent shall be a leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market, shall not control, be controlled by, or be under common control with, the Company and shall have an established place of business in London.

The Notes are subject to redemption at any time on and after the Interest Payment Date in October 1989, upon not less than 30 days' nor more than 60 days' notice by mail, as a whole or in part, at the election of the Company, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the Redemption Date; provided that interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Notes, or one or more Predecessor Notes, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.

In the event of the redemption of this Note in part only, a new Note or Notes for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation of this Note.

If an Event of Default shall occur and be continuing, the principal of all the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Notes under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Notes at the time Outstanding. The Indenture also contains provi-

sions permitting the Holders of specified percentages in aggregate principal amount of the Notes at the time Outstanding, on behalf of the Holders of all the Notes, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu

hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Note Register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Note Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same.

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

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

No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture or any indenture supplemental thereto, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or any

successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

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

SECTION 204. Form of Trustee's Certificate of Authentication.

This is one of the Notes referred to in the within-mentioned Indenture.

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK,
as Trustee

By _____
Authorized Officer

ARTICLE THREE

THE NOTES

SECTION 301. Title and Terms.

The aggregate principal amount of Notes which may be authenticated and delivered under this Indenture is limited to $50,000,000, except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Section 304, 305, 306, 906 or 1108.

The Notes shall be known and designated as the "Floating Rate Notes Due 1997" of the Company. Their Stated Maturity shall be October 31, 1997. Interest on the Notes shall be payable quarterly in arrears on the Interest Payment Dates in January, April, July and October in each year, commencing January , 1986, at the rates per annum determined as provided in the form of Note, from October , 1985 or, if later, from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if the date of the Note is an Interest Payment Date to which interest has been paid or duly provided for, then

from the date of the Note, until the principal of the Note is paid or made available for payment.

The principal of and interest on the Notes shall be payable at the office or agency of the Company in New York, New York maintained for such purpose and at any other office or agency maintained by the Company for such purpose if notice thereof is given to the Trustee; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Note Register.

The Notes shall be redeemable as provided in Article Eleven.

SECTION 302. Denominations.

The Notes shall be issuable only in registered form without coupons and only in denominations of $1,000 and any integral multiple thereof.

SECTION 303. Execution, Authentication, Delivery and Dating.

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

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

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Notes executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Notes; and the Trustee in accordance with such Company Order shall authenticate and deliver such Notes as in this Indenture provided and not otherwise.

Each Note shall be dated the date of its authentication.

No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a

certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

SECTION 304. Temporary Notes.

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

If temporary Notes are issued, the Company will cause definitive

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

SECTION 305. Registration; Registration of Transfer and Exchange.

The Company shall cause to be kept a register (herein referred to as the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Notes and of transfers of Notes. The Trustee is hereby appointed "Note Registrar" for the purpose of registering Notes and transfers of Notes as herein provided.

Upon surrender for registration of transfer of any Note at the office or agency in a Place of Payment, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated

transferee or transferees, one or more new Notes of any authorized denominations and of a like aggregate principal amount.

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

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

Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee or the Note Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company, the Trustee and the Note Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Notes, other than exchanges pursuant to Section 304, 906 or 1108 not involving any transfer.

The Company shall not be required (i) to issue, register the transfer of or exchange any Note during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Notes selected for redemption under Section 1104 and ending at the close of business on the day of such mailing, or (ii) to register the transfer of or exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

SECTION 306. Mutilated, Destroyed, Lost and Stolen Notes.

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

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

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

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

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

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement, conversion or payment of mutilated, destroyed, lost or stolen Notes.

SECTION 307. Payment of Interest; Interest Rights Preserved.

Interest on any Note which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Note which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called

"Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

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

(2) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed pay-

ment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Note deliv-

ered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

SECTION 308. Persons Deemed Owners.

Prior to due presentment of a Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Note is registered as the owner of such Note for the purpose of receiving payment of principal of and (subject to Section 307) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

SECTION 309. Cancellation.

All Notes surrendered for payment, redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly cancelled by the Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Notes held by the Trustee shall be destroyed by the Trustee and the Trustee shall deliver to the Company certificates of destruction with respect thereto.

ARTICLE FOUR

SATISFACTION AND DISCHARGE

SECTION 4.01. Satisfaction and Discharge of Indenture.

This Indenture shall, but only upon Company Request, cease to be of further effect (except as to any surviving rights of payment, registration of transfer or exchange of Notes and rights of the Trustee herein

expressly provided for), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Notes theretofore authenticated and delivered (other than (i) Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306 and (ii) Notes for the payment of which money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust as provided in Section 1003) have been delivered to the Trustee for cancellation; or

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

(i) have become due and payable, or

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

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

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

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

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions

precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

55

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee and any predecessor Trustee under Section 607 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

SECTION 402. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through such Paying Agent (including the Company acting as its own Paying Agent), if any, as the Trustee may select, to the Persons entitled thereto, of the principal and interest for the payment of which such money has been deposited with the Trustee.

ARTICLE FIVE

REMEDIES

SECTION 501. Events of Default.

"Event of Default" 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 or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

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

(2) default in the payment of the principal of any Note at its Maturity; or

(3) default in the performance of any covenant of the Company set forth in Section 1005; or

(4) default in the performance, or breach, of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in the performance of which or the breach of which is elsewhere in this Section specifically dealt with), and con-

56

tinuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Outstanding Notes a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(5) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company or a Major Constituent Bank in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company or a Major Constituent Bank a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or a Major Constituent Bank under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or a Major Constituent Bank or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; or

(6) the commencement by the Company or a Major Constituent Bank of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt, or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Company or a Major Constituent

Bank in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or a Major Constituent Bank or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its

inability to pay its debts generally as they become due, or the taking of corporate action by the Company or a Major Constituent Bank in furtherance of any such action;

provided, however, that, in the case of paragraph (5) or (6) of this Section 501, the references to a Major Constituent Bank shall be deemed to be only to a Major Constituent Bank the assets of which constitute 10% or more of the Company's Consolidated Banking Assets at the time of any event described in such paragraph.

SECTION 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Notes may declare the principal of all the Notes to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal shall become immediately due and payable.

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

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

(A) all overdue interest on all Notes,

(B) the principal of any Notes which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Notes,

(C) to the extent that payment of such interest is lawful interest upon overdue installments of interest at the rate borne by the Notes, and

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

and

(2) all Events of Default, other than the non-payment of the principal of Notes which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

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

SECTION 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

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

(2) default is made in the payment of the principal of any Note at the Maturity thereof,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Notes, the whole amount then due and payable on

such Notes for principal and interest, with interest on any overdue principal and, to the extent that payment of such interest should be enforceable, upon overdue installments of interest at the rate borne by the Notes; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Notes, wherever situated.

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

SECTION 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor or their creditors, the Trustee (irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal and interest owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same,

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan or reorganization, arrangement, adjustment or composition affect-

ing the Notes or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 505. Trustee May Enforce Claims Without Possession of Notes.

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

SECTION 506. Application of Money Collected.

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

First: To the payment of all amounts due the Trustee and any predecessor Trustee under Section 607; and

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

SECTION 507. Limitations on Suits.

No Holder of any Note shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(a) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

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

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

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

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

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

SECTION 508. Unconditional Right of Holders to Receive Principal and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Note shall have the right, which is absolute and unconditional, to receive payment of the principal of and (subject to Section 307) interest on such Note on the respective Stated Maturities expressed in such Note (or, in the case of redemption, on the Redemption Date), and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has

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

SECTION 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in the last para-

graph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 511. Delay or Omission Not Waiver.

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

SECTION 512. Control by Holders.

The Holders of a majority in principal amount of the Outstanding Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee under this Indenture, provided that

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

(b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 513. Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Notes may on behalf of the Holders of all the Notes waive any past default hereunder and its consequences, except a default

(a) in the payment of the principal of or interest on any Note, or

(b) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Note affected.

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

SECTION 514. Undertaking for Costs.

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

SECTION 5.15 Waiver of Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law whenever enacted, now or at any time hereafter in force, which may

affect the covenants or the performance of this Indenture; and the Com-

pany (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

THE TRUSTEE

SECTION 601. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that,

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Notes, determined as provided in Section 512, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 602. Notice of Defaults.

Within 90 days after the occurrence of any default hereunder, the Trustee shall transmit by mail to all Holders, as their names and addresses appear in the Note Register (and to such other Persons as have, within the two years preceding such transmission, filed their names and addresses with the Trustee for that purpose), notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of or interest on any Note, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders; and provid-

ed, further, that in the case of any default of the character specified in Section 501(3), no such notice to Holders shall be given until at least 30 days after the occurrence thereof. The Trustee shall only be deemed to

have knowledge of a default hereunder when a Responsible Officer of the Trustee has actual knowledge of such default or the Trustee has received written notice from the Company of such default. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

SECTION 603. Certain Rights of the Trustee.

Subject to the provisions of Section 601:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

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

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

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

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

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

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

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

SECTION 604. Not Responsible for Recitals or Issuance of Notes.

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

SECTION 605. May Hold Notes.

The Trustee, any Paying Agent, any Note Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to Sections 608 and 613, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Paying Agent, Note Registrar or such other agent.

68

SECTION 606. Money Held in Trust.

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

SECTION 607. Compensation and Reimbursement.

The Company agrees

(1) to pay to the Trustee from time to time reasonable compensation for all service rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

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

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

To ensure the performance of the obligations of the Company under this Section, the Trustee shall have a claim prior to that of the Notes upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of or interest on the Notes.

SECTION 608. Disqualification; Conflicting Interests.

(a) If the Trustee has or shall acquire any conflicting interest, as defined in this Section, it shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or

69

resign in the manner and with the effect hereinafter specified in this Article.

(b) In the event that the Trustee shall fail to comply with the provisions of Subsection (a) of this Section, the Trustee shall, within 10 days after the expiration of such 90-day period, transmit by mail to all Holders, as their names and addresses appear in the Note Register, notice of such failure.

(c) For purposes of this Section, the Trustee shall be deemed to have a conflicting interest if

(1) the Trustee is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the Company are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of Notes issued under the Indenture, provided that there shall be excluded from the operation of this paragraph any indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Company are outstanding, if

(i) this Indenture and such other indenture or indentures are wholly unsecured and such other indenture or indentures are hereafter qualified under the Trust Indenture Act, unless the Commission shall have found and declared by order pursu-

ant to Section 305(b) or Section 307(c) of the Trust Indenture Act that differences exist between the provisions of this Indenture and the provisions of such other indenture or indentures which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture and such other indenture or indentures, or

(ii) the Company shall have sustained the burden of proving, on application to the Commission and after opportunity for hearing thereon, that trusteeship under this Indenture and such other indenture or indentures is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under one of such indentures;

70

(2) the Trustee or any of its directors or executive officers is an obligor upon the Notes or an underwriter for the Company;

(3) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with the Company or an underwriter for the Company;

(4) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee or representative of the Company, or of an underwriter (other than the Trustee itself) for the Company who is currently engaged in the business of underwriting, except that (i) one individual may be a director or an executive officer, or both, of the Trustee and a director or an executive officer, or both, of the Company but may not be at the same time an executive officer of both the Trustee and the Company, (ii) if and so long as the number of directors of the Trustee in office is more than nine, one additional individual may be a director or an executive officer, or both, of the Trustee and a director of the Company, and (iii) the Trustee may be designated by the Company or by any underwriter for the Company to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent or depositary, or in any other similar capacity, or, subject to the provisions of paragraph (1) of this Subsection, to act as trustee, whether under an indenture or otherwise;

(5) 10% or more of the voting securities of the Trustee is beneficially owned either by the Company or by any director, partner or executive officer thereof, or 20% or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10% or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Company or by any director, partner or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(6) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), (i) 5% or more of the voting securities, or 10% or more of any other class of security, of the Company not including the Notes issued under this Indenture and securities issued under any other Indenture under which the Trustee is also trustee, or (ii) 10% or more of any class of security of an underwriter for the Company;

71

(7) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), 5% or more of the voting securities of any person who, to the knowledge of the Trustee, owns 10% or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Company;

(8) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), 10% or more of any class of security of any person who, to the knowledge of the Trustee, owns 50% or more of the voting securities of the Company; or

(9) the Trustee owns, on May 15 in any calendar year, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25% or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7) or (8) of this Subsection. As to

any such securities of which the Trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply, for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such voting securities or 25% of any such class of security. Promptly after May 15 in each calendar year, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15. If the Company fails to make payment in full of the principal of or interest on any of the Notes when and as the same becomes due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period, and after such date, notwithstanding the foregoing provisions of this paragraph, all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of paragraphs (6), (7) and (8) of this Subsection.

The specification of percentages in paragraphs (5) to (9), inclusive, of this Subsection shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this Subsection.

For the purposes of paragraphs (6), (7), (8) and (9) of this Subsection only, (i) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness, (ii) an obligation shall be deemed to be "in default" when a default in payment of principal shall have continued for 30 days or more and shall not have been cured, and (iii) the Trustee shall not be deemed to be the owner or holder of (A) any security which it holds as collateral security, as trustee or otherwise, for an obligation which is not in default as defined in clause (ii) above, or (B) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (C) any security which it holds as agent for collection, or as custodian, escrow agent or depositary, or in any similar representative capacity.

(d) For the purposes of this Section:

(1) The term "underwriter", when used with reference to the Company, means every person who, within three years prior to the time as of which the determination is made, has purchased from the Company with a view to, or has offered or sold for the Company in connection with, the distribution of any security of the Company outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

(2) The term "director" means any director of a corporation or any individual performing similar functions with respect to any organization, whether incorporated or unincorporated.

(3) The term "person" means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization or a government or political subdivision

thereof. As used in this paragraph, the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(4) The term "voting security" means any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person.

(5) The term "Company" means any obligor upon the Notes.

(6) The term "executive officer" means the president, every vice president, every trust officer, the cashier, the secretary and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

(e) The percentages of voting securities and other securities specified in this Section shall be calculated in accordance with the following provisions:

(1) A specified percentage of the voting securities of the Trustee, the Company or any other person referred to in this Section (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(2) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(3) The term "amount", when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares and the number of units if relating to any other kind of security.

(4) The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

(i) securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(ii) securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(iii) securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise; and

(iv) securities held in escrow if placed in escrow by the issuer thereof;

provided, however, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(f) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges; provided, however, that, in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes and, provided, further, that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

SECTION 609. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000, and subject to supervision or examination by Federal or State authority. If such corporation publishes reports of condition at least annually, pursuant to law or to

the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time

the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 610. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

(b) The Trustee may resign at any time by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

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

(d) If at any time:

(1) the Trustee shall fail to comply with Section 608(a) after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Note for at least six months, or

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or by any such Holder, or

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

then, in any case, (i) the Company by a Board Resolution may remove the Trustee, or (ii) subject to Section 514, any Holder who has been a

bona fide Holder of a Note for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Company, by a Board of Resolution, shall promptly appoint a successor Trustee and shall comply with the applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Notes delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee and supersede the successor Trustee appointed by the Company. If no successor Trustee shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 611, any Holder who has been a bona fide Holder of a Note for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to all Holders as their names and addresses appear in the Note Register. Each notice shall include the name of the successor Trustee and the address of its corporate trust office.

SECTION 611. Acceptance of Appointment by Successor.

Every such successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the

rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money

held by such retiring Trustee hereunder, subject nevertheless to its claim, if any, provided for in Section 607. Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

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

SECTION 612. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Notes shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Trustee had itself authenticated such Notes.

SECTION 613. Preferential Collection of Claims Against Company.

(a) Subject to Subsection (b) of this Section, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company within four months prior to a default, as defined in Subsection (c) of this Section, or subsequent to such a default, then unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the Holders of the Notes and the holders of other indenture securities, as defined in Subsection (c) of this Section:

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such four months' period and valid as against the Company and its other creditors, except any such reduction resulting from the receipt or disposition

of any property described in paragraph (2) of this Subsection, or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against the Company upon the date of such default; and

(2) all property received by the Trustee in respect of any claims as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such four months' period, or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of the Company and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee:

(A) to retain for its own account (i) payments made on account of any such claim by any Person (other than the Company) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third Person, and (iii) distributions made in cash, securities or other property in respect of claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Code or applicable State law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such four months' period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such four months' period and such property was received as se-

curity therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default, as defined in Subsection (c) of this Section, would occur within four months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in paragraph (B) or (C), as the case may be, to the extent of the fair value of such property.

79

For the purposes of paragraphs (B), (C) and (D), property substituted after the beginning of such four months' period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to establish a special account, the funds and property held in such special account and the proceeds thereof shall be apportioned among the Trustee, the Holders and the holders of other indenture securities in such manner that the Trustee, the Holders and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Code or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the Company of the funds and property in such special account and before crediting to the respective claims of the Trustee and the Holders and the holders of other indenture securities dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Code or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or proceedings for reorganization pursuant to the Federal Bankruptcy Code or applicable State law, whether such distribution is made in cash, securities or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership or proceedings for reorganization is pending shall have jurisdiction (i) to apportion among the Trustee, the Holders and the holders of other indenture securities in accordance with the provisions of this paragraph, the funds and property held in such special account and proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distribu-

80

tions to be made to the Trustee and the Holders and the holders of other indenture securities with respect to their respective claims in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee which has resigned or been removed after the beginning of such four months' period shall be subject to the provisions of this Subsection as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning of such four months' period, it shall be subject to the provisions of this Subsection if and only if the following conditions exist:

(i) the receipt of property or reduction of claim, which would have given rise to the obligation to account, if such Trustee had continued as Trustee, occurred after the beginning of such four months' period; and

(ii) such receipt of property or reduction of claim occurred within four months after such resignation or removal.

(b) There shall be excluded from the operation of Subsection (a) of

this Section a creditor relationship arising from:

(1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction or by this Indenture, for the purpose of preserving any property which shall at any time be subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrances thereon, if notice of such advances and of the circumstances surrounding the making thereof is given to the Holders at the time and in the manner provided in this Indenture;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction, as defined in Subsection (c) of this Section;

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Company; and

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper as defined in Subsection (c) of this Section.

(c) For the purposes of this Section only:

(1) the term "default" means any failure to make payment in full of the principal of or interest on any of the Notes or upon the other indenture securities when and as such principal or interest becomes due and payable;

(2) the term "other indenture securities" means securities upon which the Company is an obligor outstanding under any other indenture (i) under which the Trustee is also trustee, (ii) which contains provisions substantially similar to the provisions of this Section, and (iii) under which a default exists at the time of the apportionment of the funds and property held in such special account;

(3) the term "cash transaction" means any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand;

(4) the term "self-liquidating paper" means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Company for the purpose of financing the purchase, processing, manufacturing, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the securi-

ty, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship with the Company arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation;

(5) the term "Company" means any obligor upon the Notes; and

(6) the term "Federal Bankruptcy Code" means the Bankruptcy Code or Title 11 of the United States Code.

ARTICLE SEVEN

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 701. Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee

(a) not more than 15 days after each Regular Record Date, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of such Regular Record Date, and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished,

excluding from any such list names and addresses received by the Trustee if it is Note Registrar.

SECTION 702. Preservation of Information; Communications to Holders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 701 and the names and addresses of Holders received by the Trustee in its capacity as Note Registrar, if so acting. The Trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

(b) If three or more Holders (herein referred to as "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a Note for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders with respect to their rights under this Indenture or under the Notes and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five business days after the receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Trustee in accordance with Section 702(a), or

(ii) inform such applicants as to the approximate number of Holders whose names and addresses appear in the information preserved at the time by the Trustee in accordance with Section 702(a), and as to the approximate cost of mailing to such Holders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Holder whose name and address appears in the information preserved at the time by the Trustee in accordance with Section 702(a) a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender the Trustee shall mail to such applicants and file with the Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interest of the Holders or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Holders with reasonable promptness after the entry of such order

and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Every Holder of Notes, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of the disclosure of any such information as to the names and

addresses of the Holders in accordance with Section 702(b), regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 702(b).

SECTION 703. Reports by Trustee.

(a) Within 60 days after August 15 of each year commencing with the year 1986, the Trustee shall transmit by mail to all Holders, as their names and addresses appear in the Note Register (and to such other Persons as have, within the two years preceding such transmission, filed their names and addresses with the Trustee for that purpose), a brief report dated as of such August 15 with respect to:

(1) its eligibility under Section 609 and its qualifications under Section 608, or in lieu thereof, if to the best of its knowledge it has continued to be eligible and qualified under said Sections, a written statement to such effect;

(2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Notes, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to report such advances if such advances so remaining unpaid aggregate not more than 1/2 of 1% of the principal amount of the Notes Outstanding on the date of such report;

(3) the amount, interest rate and maturity date of all other indebtedness owing by the Company (or by any other obligor on the Notes) to the Trustee in its individual capacity, on the date of such report, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor re-

lationship arising in any manner described in Section 613(b) (2), (3), (4) and (6);

(4) the property and funds, if any, physically in the possession of the Trustee as such on the date of such report;

(5) any additional issue of Notes which the Trustee has not previously reported; and

(6) any action taken by the Trustee in the performance of its duties hereunder which it has not previously reported and which in its opinion materially affects the Notes, except action in respect of a default, notice of which has been or is to be withheld by the Trustee in accordance with Section 602.

(b) The Trustee shall transmit by mail to all Holders, as their names and addresses appear in the Note Register, a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) since the date of the last report transmitted pursuant to Subsection (a) of this Section (or if no such report has yet been so transmitted, since the date of execution of this instrument) for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Notes, on property or funds held or collected by it as Trustee and which it has not previously reported pursuant to this Subsection, except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate 10% or less of the principal amount of the Notes Outstanding at such time, such report to be transmitted within 90 days after such time.

(c) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which the Notes are listed, with the Commission and with the Company. The Company will notify the Trustee when the Notes are listed on any stock exchange.

SECTION 704. Reports by Company.

The Company shall:

(1) file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information documents and other reports (or

copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then it shall file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) transmit by mail to all Holders, as their names and addresses appear in the Note Register, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to paragraphs (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

ARTICLE EIGHT

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

SECTION 801. Company May Consolidate, Etc., Only on Certain Terms.

The Company shall not consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person, and the Company shall not permit any Person to consolidate with or merge into the Company, unless:

(1) in case the Company shall consolidate with or merge into another corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person, the corporation

formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and interest on all the Notes and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

SECTION 802. Successor Corporation Substituted.

Upon any consolidation by the Company with or merger by the Company into any other corporation or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 801, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein, and thereafter,

except in the case of a lease, the predecessor corporation shall be relieved of all obligations and covenants under this Indenture and the Notes.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

SECTION 901. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein and in the Notes; or

(2) to add to the covenants of the Company for the benefit of the Holders or to surrender any right or power herein conferred upon the Company; or

(3) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under or changes to this Indenture, provided such action shall not materially adversely affect the interests of the Holders.

SECTION 902. Supplemental Indentures With Consent of Holders.

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Notes, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Note affected thereby,

(1) change the Stated Maturity of, or any installment of interest on, any Note, or reduce the principal amount thereof or the rate of interest thereon or change any Place of Payment where, or the coin or currency in which, any Note or the interest thereon is pay-

able or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or

(2) reduce the percentage in principal amount of the Outstanding Notes, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or

(3) modify any of the provisions of this Section or Section 513 except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Note affected thereby.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 903. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supple-

mental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indentures shall form a part of this Indenture for all purposes; and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 906. Reference in Notes to Supplemental Indentures.

Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall, if required by the Trustee, bear a notation in form acceptable to the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Notes so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Notes.

SECTION 907. Notice of Supplemental Indentures.

Upon the execution of any supplemental indenture the Company shall transmit by mail to each Holder a notice setting forth the general terms of such supplemental indenture.

ARTICLE TEN

COVENANTS

SECTION 1001. Payment of Principal and Interest.

The Company will duly and punctually pay the principal of and interest on the Notes in accordance with the terms of the Notes and this Indenture.

SECTION 1002. Maintenance of Office or Agency.

The Company will maintain in each Place of Payment an office or agency where Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer or exchange, and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations,

surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee. Unless otherwise designated by the Company in a written notice to the Trustee, the office or agency for all such purposes shall be the Corporate Trust Office of the Trustee in New York, New York.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Notes for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 1003. Money for Note Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent, it will, on or before each due date of the principal of or interest on any of the Notes, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal or interest so becoming due until such sums shall be paid to such Persons or otherwise

disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents, it will, prior to each due date of the principal of or interest on any Notes, deposit with a Paying Agent a sum sufficient to pay the principal or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of or interest on Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Notes) in the making of any payment of principal of or interest on the Notes; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of or interest on any note and remaining unclaimed for three years after such principal or interest has become due and payable shall be paid to the Company on Company Request (subject to any applicable escheat laws), or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the Borough of Manhattan, City of New York, State of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 1004. Corporate Existence.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises; provided,

however, that the Company shall not be required to preserve any such right or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders.

SECTION 1005. Restrictions on Certain Dispositions of Major Constituent Banks.

The Company will not (a) issue, sell or otherwise dispose of any shares of, or securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Voting Stock of any Major Constituent Bank, (b) permit the merger or consolidation of any Major Constituent Bank with or into any other corporation other than another Major

Constituent Bank or a Subsidiary which, by a Board Resolution, shall have been designated as a Major Constituent Bank for all purposes of this indenture, or (c) permit the sale or other disposition of all or substantially all of the assets of any Major Constituent Bank, if, after giving effect to any such transaction specified in clauses (a), (b) or (c) above and the issuance of the maximum number of shares of Voting Stock issuable upon the conversion or exercise of all such convertible securities, options, warrants or rights, the Company would own, directly or indirectly, 80% or less of the shares of Voting Stock of such Major Constituent Bank; provided, however, that the foregoing shall not prohibit any such issuance, sale or disposition of shares or securities, any such merger or consolidation or any such sale or disposition of assets if required (i) by any law or any regulation or order of any governmental authority or (ii) as a condition imposed by any law or any regulation or order of any governmental authority to the acquisition by the Company, directly or indirectly, of any other corporation or entity, if thereafter, (A) the Company would own more than 80% of the Voting Stock of such other corporation or entity, and (B) the Consolidated Banking Assets of the Company would be at least equal to the Consolidated Banking Assets of the Company prior thereto, and (C) by a Board Resolution, such other corporation or entity shall have been designated a Major Constituent Bank for all purposes of this Indenture.

SECTION 1006. Waiver of Covenants in Section 1005.

The Company may omit in any particular instance to comply with any covenant or condition set forth in Section 1005 if before the time for such compliance the Holders of at least a majority in principal amount of the Outstanding Notes shall, by Act of such Holders, either waive such

compliance in such instance or generally waive compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect.

SECTION 1007. Statement by Officers as to Default.

The Company will deliver to the Trustee, within 120 days after the end of each fiscal year of the Company ending after the date hereof, an Officers' Certificate, stating whether or not to the best knowledge of the signers thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions of Sections 1001 to 1005, inclusive, and if the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge. Such Officers' Certificate shall comply with the requirements of Section 102.

ARTICLE ELEVEN

REDEMPTION OF NOTES

SECTION 1101. Right of Redemption.

The Notes may be redeemed at the election of the Company, as a whole or from time to time in part, at any time on and after the Interest Payment Date in October 1989, under the conditions specified in the form of Note hereinbefore set forth, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the Redemption Date.

SECTION 1102. Applicability of Article.

Redemption of Notes at the election of the Company, as permitted by any provision of this Indenture, shall be made in accordance with such provision and this Article.

SECTION 1103. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Notes shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company of less than all the Notes, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a

shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of Notes to be redeemed.

SECTION 1104. Selection by Trustee of Notes to be Redeemed.

If less than all the Notes are to be redeemed, the particular Notes to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Notes not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to $1,000 or any integral multiple thereof) of the principal amount of Notes of a denomination larger than $1,000.

The Trustee shall promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Notes selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Notes shall relate, in the case of any Note redeemed or to be redeemed only in part, to the portion of the principal amount of such Note which has been or is to be redeemed.

SECTION 1105. Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed no less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Notes to be redeemed, at his address appearing in the Note Register.

All notices of redemption shall include:

(1) the Redemption Date,

(2) the Redemption Price and the amount of accrued interest to the Redemption Date,

(3) if less than all the Outstanding Notes are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the particular Notes to be redeemed,

(4) a statement to the effect that on the Redemption Date the Redemption Price and accrued interest to the Redemption Date will

become due and payable upon each such Note to be redeemed and that interest thereon will cease to accrue on and after said date, and

(5) the place or places where such Notes are to be surrendered for payment of the Redemption Price and accrued interest.

Notice of redemption of Notes to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company. Failure to give such notice to the Holder of any Note to be redeemed as a whole or in part, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Note.

SECTION 1106. Deposit of Redemption Price.

Prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Notes which are to be redeemed on that date.

SECTION 1107. Notes Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Notes so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Notes shall cease to bear interest. Upon surrender of any such Note for redemption in accordance with said notice, such Note shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that installments of interest the Stated Maturity of which is on or prior to the Redemption Date shall be payable to the Holders of such Notes, or one or more Predecessor Notes, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Note called for redemption shall not be so paid upon surren-

der thereof for redemption, the principal thereof shall, until paid, bear interest from the Redemption Date at the rate borne by the Note.

SECTION 1108. Notes Redeemed in Part.

Any Note which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Note or to the Person in whose name the Holder has directed that such Note be issued and delivered without service charge, a new Note or Notes, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal amount of the Note so surrendered.

ARTICLE TWELVE

IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

SECTION 1201. Indenture and Notes Solely Corporate Obligations.

No recourse for the payment of the principal of or interest on any Note, or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in this Indenture or in any supplemental indenture, or in any Note, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Notes.

* * *

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

<TABLE>
<S> <C>

FIRST KENTUCKY NATIONAL
CORPORATION

By _____
Title:

ATTEST:

_____
Title:

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK,
as Trustee

By _____
Title:

ATTEST:

_____
Title:
</TABLE>

STATE OF NEW YORK) SS:
COUNTY OF NEW YORK)

On the day of October, 1985, before me personally came , to me known, who, being by me duly sworn, did depose and say that he is of FIRST KENTUCKY NATIONAL CORPORATION, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

STATE OF NEW YORK) SS:
COUNTY OF NEW YORK)

On the day of October, 1985, before me personally came , to me known, who, being by me duly sworn, did depose and say that he is of MORGAN GUARANTY TRUST COMPANY OF NEW YORK, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

PROSPECTUS

$65,000,000

MERCHANTS NATIONAL CORPORATION

9 7/8% SUBORDINATED NOTES DUE 1999

The Notes will mature on October 1, 1999. Interest on the Notes is payable semiannually on April 1 and October 1 of each year, commencing April 1, 1990. The Notes are not redeemable prior to maturity. The Notes are unsecured obligations of the Corporation and are subordinated to all existing and future Senior Indebtedness (as defined) of the Corporation. See "Description of Notes--Subordination of Notes." The Notes will not be deposits or other obligations of a bank and will not be insured by the Federal Deposit Insurance Corporation.

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

<TABLE>
<CAPTION>

	PRICE TO PUBLIC(1)	UNDERWRITING DISCOUNT	PROCEEDS TO CORPORATION(1)(2)
<S>	<C>	<C>	<C>
Per Note.....	99.282%	.675%	98.607%
Total.....	$64,533,300	$438,750	$64,094,550

<FN>
(1) Plus accrued interest from October 1, 1989 to the date of delivery.

(2) Before deducting expenses payable by the Corporation estimated to be $184,000.
</TABLE>

The Notes are offered subject to receipt and acceptance by the Underwriter, to prior sale and to the Underwriter's right to reject any order in whole or in part and to withdraw, cancel or modify the offer without notice. It is expected that delivery of the Notes will be made at the office of Salomon Brothers Inc, One New York Plaza, New York, New York, or through the facilities of The Depository Trust Company, on or about October 4, 1989.

SALOMON BROTHERS INC

The date of this Prospectus is September 27, 1989.

EXHIBIT 99.8

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

Merchants National Corporation (the "Corporation") is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements, and other information can be inspected and copied at Room 1024 of the Commission's office at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's Regional Offices in New York (75 Park Place, 14th Floor, New York, New York 10007) and Chicago (Room 3190, Kluczynski Federal Building, 230 South Dearborn Street, Chicago, Illinois 60604), and copies of such material can be obtained from the Public

Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Additional information regarding the Corporation and the 9 7/8% Subordinated Notes Due 1999 offered hereby (the "Notes") is contained in the Registration Statement and exhibits relating thereto in respect of the Notes filed with the Commission under the Securities Act of 1933, as amended (the "Securities Act").

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Corporation with the Commission are hereby incorporated by reference in this Prospectus:

1. The Corporation's Annual Report on Form 10-K for the year ended December 31, 1988;

2. The Corporation's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1989 and June 30, 1989; and

3. The Corporation's Current Reports on Form 8-K dated June 16,1989, August 14, 1989, August 23, 1989 and August 28, 1989.

All documents filed by the Corporation pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date hereof and prior to the termination of the offering of the Notes shall be deemed to be incorporated by reference in this Prospectus and shall be deemed 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 the statement contained herein or in any other subsequently filed document which also is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Corporation will provide without charge to each person to whom a copy of this Prospectus has been delivered, upon the written or oral request of such person, a copy of any or all of the documents incorporated by reference herein, other than unincorporated exhibits to such documents. Requests for such copies should be directed to David J. Lebedeff, Investor Relations Director, Merchants National Corporation, One Merchants Plaza, Suite 415 East, Indianapolis, Indiana 46255; telephone (317) 267-3701.

MERCHANTS NATIONAL CORPORATION

Merchants National Corporation (the "Corporation") is a multi-bank holding company incorporated in the State of Indiana in 1971. Its 16 bank subsidiaries provide a broad range of commercial and retail banking services, as well as trust and investment services, through 131 banking offices located in the State of Indiana. The Corporation also offers investment advisory, mortgage banking, discount securities brokerage, and export trading services through its nonbank subsidiaries. At June 30, 1989, the Corporation and its subsidiaries had total assets of $5.2 billion, total deposits of $3.7 billion and total shareholders' equity of $361 million. Based on total assets at that date, the Corporation is the second largest publicly held bank holding company based in Indiana.

Merchants National Bank & Trust Company of Indianapolis ("MNB"), a national banking association, is the Corporation's largest subsidiary, and had total assets of $3.4 billion, total deposits of $2.0 billion and total shareholder's equity of $190.4 million at June 30, 1989. MNB accounted for approximately 66% of the Corporation's consolidated assets at June 30, 1989, and 74% of its consolidated net income for the six months ended June 30, 1989.

In May 1988, MNB assumed management of military banking facilities in West Germany, The Netherlands and Greece pursuant to a contract entered into with the U.S. Department of Defense, which is renewable, subject to renegotiation of certain terms and conditions, on an annual basis through September 30, 1992. Under this contract MNB provides retail banking services to U.S. military personnel and their families and other related parties through a 135-branch network. On June 16, 1989, MNB was selected to manage 46 additional military banking facilities in the United Kingdom, Iceland, The Philippine Islands, Diego Garcia, and The Republic of Korea under a three-year contract which expires on September 30, 1992.

Since 1985, when the Indiana legislature authorized expansion by banks and bank holding companies within Indiana and contiguous states, the Corporation has acquired 16 banks throughout the State of Indiana. The following table sets forth information concerning banks acquired by the Corporation since January

1986 and other banks that, as of the date of this Prospectus, the Corporation has entered into definitive agreements to acquire. All of these banks are located in Indiana.

<TABLE>
<CAPTION>

MONTH OF ACQUISITION	BANK ACQUIRED	TOTAL ASSETS(1)	TOTAL DEPOSITS(1)	NUMBER OF BANKING OFFICES(1)
		(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>	<C>
January, 1986	The Farmers National Bank of Shelbyville	$133,255	$116,243	5
January, 1986	The Central National Bank of Greencastle	78,844	70,655	2
April, 1986	Hancock Bank and Trust, Greenfield	79,826	72,378	6
November, 1986	Union State Bank, Carmel	181,284	167,184	6
November, 1986	Mid State Bank of Hendricks County, Danville	94,949	84,862	8
November, 1986	Mid State Bank, Zionsville	87,635	77,767	9
December, 1986	Anderson Banking Company	283,228	241,501	11
December, 1986	The National Bank of Greenwood	144,462	139,841	5
December, 1986	Seymour National Bank	64,034	58,193	5
December, 1986	The Citizens National Bank of Tipton	74,670	68,203	2
May, 1987	Fayette Bank and Trust Company, Connersville	81,115	70,129	5
August, 1987	The Madison Bank and Trust Company	153,645	136,600	5
February, 1988	Elston Bank & Trust Company, Crawfordsville	131,288	115,704	6
November, 1988	Batesville State Bank	74,094	66,071	1
November, 1988	First National Bank of East Chicago	239,990	210,462	6
August, 1989	The First National Bank of North Vernon	67,343	60,942	4
Pending	Rising Sun State Bank	26,282	23,066	1
Pending	Commercial Bank & Trust Company, Alexandria	36,385	31,895	1
Pending	The First National Bank of Logansport	216,309	179,595	4
Pending	First National Bank of Indiana, Monticello	19,300	17,788	2

<FN>
- ---------------
(1) At the date of acquisition or, if a pending acquisition, as of June 30, 1989.
</TABLE>

As indicated on the preceding page, the Corporation has entered into definitive agreements to acquire four banks (the "Pending Acquisitions") located in Indiana with aggregate assets of approximately $298 million, aggregate deposits of approximately $252 million and 8 banking offices. The Pending Acquisitions are all presently expected to close by the end of 1989. The aggregate consideration to be paid by the Corporation in the Pending Acquisitions is anticipated to be approximately $28 million in cash and $2 million in notes. See "Use of Proceeds." Upon consummation of the Pending Acquisitions and the consolidation of certain banks, the Corporation's banking network will consist of 18 banks in 19 Indiana counties with 139 banking locations statewide.

Currently, Indiana banking law permits interstate regional banking within contiguous and bicontiguous states that have reciprocal interstate banking provisions. Eight contiguous and bicontiguous states have reciprocal interstate banking provisions. In 1992, a nationwide banking feature in Indiana's law becomes effective, and Indiana banks will thereafter have reciprocity with at least 33 states. The Corporation plans to continue increasing its midwest market share by adding to its Indiana franchise through additional acquisitions both within and outside Indiana. Other than the Pending Acquisitions, the Corporation at this time has no understandings or binding commitments for future acquisitions of banks, and there can be no assurance that any other acquisition will be consummated.

The Corporation is a legal entity separate and distinct from its subsidiaries. Accordingly, the right of the Corporation, and thus the right of the Corporation's creditors and shareholders, to participate in any distribution of the assets or income of any subsidiary is necessarily subject to the prior claims of creditors of the subsidiary, except to the extent that claims of the Corporation itself as a creditor may be recognized. There are also legal limitations on the extent to which the Corporation's subsidiary banks can lend or otherwise supply funds to the Corporation. In addition, payment of dividends to the Corporation by subsidiary banks is subject to Indiana and Federal regulatory limitations. Indiana banking laws limit the dividends payable by each of the Indiana bank subsidiaries of the Corporation in any calendar year to the undivided profits then on hand after deducting losses, bad debts, depreciation, and all other expenses (provided that certain minimum capital requirements have been met). Under Federal law, which applies to national banks and state banks which are members of the Federal Reserve System, regulatory approval is required for the payment of dividends by any

bank in any calendar year in excess of that bank's net income for that year combined with the retained net income of the two preceding years, less any required transfers to surplus. At June 30, 1989, under applicable Federal and state regulations, the Corporation's subsidiary banks would have been permitted to pay dividends to the Corporation of approximately $76.7 million without prior regulatory approval. The Federal and state bank regulatory authorities also have the authority to prohibit a bank from engaging in what, in their opinion, constitutes an unsafe or unsound practice in conducting its business. Depending upon the financial condition of a bank subsidiary, the payment of dividends by that subsidiary could be deemed by such authorities to constitute an unsafe or unsound practice.

The Corporation's principal executive offices are located at One Merchants Plaza, Suite 400-E, Indianapolis, Indiana 46255, and its telephone number is (317) 267-7000.

USE OF PROCEEDS

The Corporation will utilize approximately $37 million of the net proceeds from the sale of the Notes to repay two advances totaling $37 million made to the Corporation under a revolving line of credit. The $37 million loan bears interest at the rate of the lender's applicable certificate of deposit rate plus .5% and reprices for periods of up to 90 days (currently the rate equals 9.73%). The advances under the revolving line of credit were obtained to repay $37 million of commercial paper issued to fund the Corporation's last four consummated bank acquisitions. The Corporation will use the remaining balance of the net proceeds (approximately $28 million) to fund the cash portion of the purchase price of the Pending Acquisitions. See "Merchants National Corporation." If any of

the Pending Acquisitions is not consummated, the net proceeds available to the Corporation will be used for general corporate purposes including possible future acquisitions. Pending their ultimate application, the net proceeds may be temporarily invested in marketable securities or applied to the reduction of short-term indebtedness.

Based on the expected future growth of the Corporation and its subsidiaries, the Corporation also anticipates that it may from time to time engage in additional financings of a character and in amounts to be determined.

CAPITALIZATION

The following table sets forth the consolidated capitalization of the Corporation at June 30, 1989, and as adjusted to reflect the issuance of the Notes.

<TABLE>
<CAPTION>

TITLE OF CLASS	JUNE 30, 1889 OUTSTANDING	JUNE 30, 1889 ADJUSTED
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
Long-Term Debt (including current maturities):		
The Corporation		
9.875% Subordinated Notes due 1999 offered hereby ..	$ --	$ 65,000
Subsidiaries(1)		
9.40%--9.75% Capital Notes due through 1993	3,550	3,550
8.00% Obligations under Capital Leases	219	219
13.25% Bond Payable due 2003	617	617
8.00% Note Payable due 1991	9	9
Total Long-Term Debt	4,395	69,395
Shareholders' Equity:		
Preferred Stock, without par value, authorized shares: 3,000,000; issued: none.....	--	--
Common Stock, stated value $1.67 per share, authorized shares: 25,000,000; issued and outstanding: 14,676,983 shares.	24,510	24,510
Capital surplus	99,355	99,355
Retained earnings	236,962	236,962
Total Shareholders' Equity	360,827	360,827
Total Long-Term Debt and Shareholders' Equity	$365,222	$430,222

<FN>
- ---------------
(1) These obligations are direct obligations of the Corporation's subsidiaries and, as such, constitute claims against such subsidiaries prior to the Corporation's equity interest therein.
</TABLE>

At June 30, 1989, the Corporation had $142 million of commercial paper outstanding, with an average maturity of 11 days and an average interest rate of 8.95%. For the first six months of 1989, the amount of commercial paper outstanding averaged $144 million, and ranged, at any month-end, from a high of $155 million to a low of $127 million. At June 30, 1989, the Corporation had $60 million available under its $90 million lines of credit.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following summary consolidated financial data of the Corporation is qualified in its entirety by, and should be read in conjunction with, the consolidated financial statements, including notes thereto, and other detailed financial information included in the documents incorporated by reference in this Prospectus. See "Incorporation of Certain Documents by Reference."

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JUNE 30, (1)		YEAR ENDED DECEMBER 31,				
	1989	1988	1988	1987(2)(3)	1986(2)	1985(2)	1984(2)
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Consolidated Summary of Income:							
Total interest income	$ 229,218	$ 181,775	$ 384,922	$ 331,395	$ 331,031	$ 322,111	$ 326,258
Total interest expense	139,074	104,421	224,011	190,807	203,066	210,780	227,758
Net interest income	90,144	77,354	160,911	140,588	127,965	111,331	98,500
Provision for credit losses	8,522	6,962	23,927	39,460	22,095	14,153	11,328
Net interest income after provision	81,622	70,392	136,984	101,128	105,870	97,178	87,172
Total other operating income	33,889	28,199	66,819	55,397	59,729	44,496	34,623
Total other operating expenses	83,070	73,011	152,226	145,896	132,235	106,896	96,429
Net income	25,249	21,690	44,051	14,571	31,784	27,925	20,522
Consolidated Per Share Data:							
Net income	$ 1.72	$ 1.50	$ 3.05	$ 1.00	$ 2.21	$ 2.21	$ 1.75
Book value (end of period)	24.58	22.27	23.36	21.17	20.84	18.58	16.92
Dividends	.50	.40	.85	.71	.60	.45	.33
Average shares outstanding	14,676,983	14,458,880	14,442,699	14,629,123	14,395,753	12,661,825	11,730,505
Consolidated Average Balance Sheet Data:							
Investment securities	$1,043,298	$1,133,104	$1,120,581	$1,059,222	$ 851,175	$ 573,159	$ 640,983
Loans, net of unearned income	3,066,336	2,535,161	2,655,476	2,315,725	2,189,067	1,924,162	1,700,857
Total earning assets	4,303,020	3,846,805	3,942,485	3,625,001	3,480,017	3,033,650	2,780,474
Total assets	5,078,558	4,352,827	4,565,089	4,012,056	3,886,072	3,383,550	3,113,780
Deposits	3,622,602	3,174,824	3,276,081	2,989,132	2,932,922	2,472,145	2,224,238
Borrowed funds	756,158	704,305	718,170	658,690	598,401	625,797	634,513
Long-term debt	5,437	8,826	7,839	10,518	10,991	14,439	17,195
Shareholders' equity	351,421	314,025	321,730	304,875	287,631	224,095	190,201
Selected Financial Ratios:							
Return on average assets	1.00%	1.00%	.96%	.36%	.82%	.83%	.66%
Return on average equity	14.49	13.89	13.69	4.78	11.05	12.46	10.79
Average equity to average assets	6.92	7.21	7.05	7.60	7.40	6.62	6.11
Period-end primary capital(4)	7.81	7.52	7.36	8.38	7.90	7.46	6.47
Net interest margin	4.48	4.34	4.36	4.31	4.35	4.21	3.94
Allowance for credit losses to total loans	1.86	1.80	1.98	2.25	1.35	1.29	1.26
Net credit losses to average loans	.59	1.13	.85	.67	.92	.57	.56
Nonperforming assets to total loans(5)	1.63	1.31	1.22	1.99	2.01	2.16	2.14
Dividend payout ratio	29.07	26.67	27.87	71.00	27.15	20.36	18.86
Ratio of Earnings to Fixed Charges(6):							
Excluding interest on deposits	1.85x	1.96x	1.88x	1.22x	1.76x	1.64x	1.37x
Including interest on deposits	1.23	1.24	1.23	1.05	1.16	1.16	1.11

<FN>
(1) The results of operations for the six months ended June 30, 1989 and 1988 are not audited but, in the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results of operations for such periods have been included. Results of operations for the six months ended June 30, 1989, including ratios which are stated on an annualized basis, are not necessarily indicative of the results that may be expected for the full year or any other interim period.
(2) All consolidated financial data has, where applicable, been restated for the effect of acquisitions during 1987 and 1986 accounted for as poolings

of interest. In 1988 the Corporation changed its method of accounting for loan and commitment fees to comply with Statement of Financial Accounting Standards No. 91, "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases." Also in 1988, the Corporation adopted Statement of Financial Accounting Standards No. 96, "Accounting for Income Taxes." These changes in accounting methods were adopted on a retroactive basis; therefore, all financial data presented, where applicable, has been restated.

(3) During 1987, the Corporation made a special $30 million provision for credit losses as a result of uncertainties surrounding its lesser developed countries debt portfolio.

(4) Calculated by dividing shareholders' equity plus the allowance for credit losses less goodwill by total assets plus the allowance for credit losses less goodwill.

(5) Nonperforming assets include loans on a nonaccrual basis, restructured loans, and other real estate owned.

(6) The ratio of earnings to fixed charges has been computed by dividing earnings before income taxes plus fixed charged by fixed charges. Fixed charges, excluding interest on deposits, consist of interest on indebtedness and the portion of rental expense deemed representative of the interest factor. Fixed charges, including interest on deposits, consist of both the foregoing items plus interest on deposits.

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS

1988 COMPARED WITH 1987

The Corporation's net income was $44.1 million, or $3.05 per share, in 1988, compared to net income of $14.6 million, or $1.00 per share, in 1987. Net income reported in 1987 included a special provision for credit losses associated with the Corporation's lesser developed countries ("LDC") debt portfolio. Net income for 1987, without this provision, would have been $32.6 million, or $2.23 per share. The return on average assets increased from .36% in 1987 to .96% in 1988, and the return on average equity increased from 4.78% in 1987 to 13.69% in 1988. Excluding the effects of the special provision for credit losses, return on average assets and return on average equity would have been .81% and 10.68%, respectively, in 1987.

Net interest income on a fully taxable equivalent basis totaled $172.0 million in 1988, an increase of $15.6 million, or 10%, from 1987. The increase in net interest income resulted principally from an increase in the Corporation's domestic loan portfolio. Average earning assets for 1988 were $3.9 billion, an increase of 9% from $3.6 billion in 1987. Excluding acquisitions consummated in 1988, average earning assets increased $293.0 million, or 8.0%, over 1987 average earning assets. The net interest margin (taxable equivalent net interest income as a percentage of average earning assets) increased to 4.36% in 1988 compared to 4.31% in 1987.

The provision for credit losses was $23.9 million in 1988 compared to $39.5 million in 1987. During 1987 the Corporation made a special provision of $30.0 million for credit losses as a result of uncertainties related to its LDC debt portfolio. Net charge-offs in 1988 totaled $22.5 million, or .85% of average loans outstanding, as compared to $15.5 million, or .67% of average loans outstanding in 1987. In 1988 the Corporation sold all of its Brazilian loans, which accounted for 27% of its LDC debt holdings. As a result of this sale, $7.2 million was recorded in 1988 as a charge-off against the special allowance established in 1987. At December 31, 1988, the Corporation's allowance for credit losses as a percentage of total loans was 1.98% as compared to 2.25% at year-end 1987. At December 31, 1988, the Corporation's allowance for credit losses allocated to its foreign loan portfolio was $23.0 million, providing a coverage ratio of 47%.

At December 31, 1988, nonperforming assets, which include nonaccrual loans, renegotiated loans plus other real estate owned, decreased to $36.5 million from $48.0 million in 1987. Nonperforming assets as a percent of total loans outstanding decreased to 1.22% in 1988 from 1.99% in 1987.

Total other operating income was $66.8 million in 1988, an increase of $11.4 million over the amount recorded in 1987. Service charges on deposit accounts were $19.3 million in 1988, an increase of $2.7 million from 1987. This increase occurred principally from growth in commercial banking fee-related services and deposit charges associated with MNB's military banking contract. In the third quarter of 1988, $230 million of mortgage loan servicing rights were sold at a $3.5 million gain. In the fourth quarter of 1988, the Corporation terminated its subsidiary bank pension plans. The excess assets of these plans reverted to the Corporation and a $3.2 million gain was realized. Also contributing to the 1988 increase in other operating income was the recognition of fee income associated with MNB's military banking contract

that began in the second quarter of 1988.

Total other operating expenses were $152.2 million in 1988 compared to $145.9 million in 1987. Included in the 1987 expenses was an $8.4 million provision for other real estate losses to reduce the carrying value of the related assets. Salaries and employee benefits increased to $75.7 million in 1988, an increase of $9.5 million from 1987. The increase in salaries and employee benefits resulted from staff additions and normal merit increases. Also contributing to the 1988 increase in other operating expenses were costs associated with merging subsidiary bank employee benefit programs into the Corporation's existing plans, and increased expenses for supplies, communications, and professional fees.

The Corporation recorded an income tax expense of $7.5 million in 1988 as compared to an income tax benefit of $3.9 million in 1987. The 1987 tax benefit was primarily due to the special provision for LDC debt made in 1987. In 1988 the Corporation elected to adopt Statement of Financial

Accounting Standards No. 96, "Accounting for Income Taxes." As a result of adopting this change, the Corporation's income tax expense in 1987 increased $2.3 million, while 1988 income tax expense decreased $2.0 million.

Shareholders' equity was $342.9 million at December 31, 1988, an increase of $36.9 million from 1987 due to a $31.7 million increase in retained earnings and $5.2 million from the net issuance of common stock. At December 31, 1988, the Corporation's primary and total capital ratios were 7.36% and 7.46%, respectively, as compared to 8.38% and 8.56%, respectively, at December 31, 1987. The decrease in the Corporation's primary and total capital ratios in 1988 was principally due to cash acquisitions consummated in 1988.

SIX MONTHS ENDED JUNE 30, 1989 COMPARED
WITH SIX MONTHS ENDED JUNE 30, 1988

Net income for the first six months of 1989 was $25.2 million, or $1.72 per share, representing an increase of 16% compared to $21.7 million, or $1.50 per share, for the same period in 1988. The annualized return on average assets and the annualized return on average shareholders' equity for the first six months of 1989 were 1.00% and 14.49%, respectively, compared with 1.00% and 13.89%, respectively, for the comparable period in 1988.

Net interest income on a fully taxable equivalent basis for the first six months of 1989 was $95.5 million, an increase of $12.4 million, or 15%, over the comparable period in 1988. Average earning assets increased to $4.3 billion, an increase of 12% from $3.8 billion in the first six months of 1988. This increase was due to increased loan volume. Acquisitions accounted for approximately $216.3 million of the growth in average earning assets for the first six months of 1989 over the comparable six-month period, increasing average earning assets 6%. The net interest margin increased to 4.48% for the first six months of 1989 from 4.34% for the same period in 1988.

The provision for credit losses for the first six months of 1989 was $8.5 million compared to $7.0 million for the same period in 1988. The increase in the provision reflects loan growth experienced by the Corporation from the prior year. At June 30, 1989, the allowance for credit losses as a percentage of total loans was 1.86% compared to 1.80% at June 30, 1988. Net loan charge-offs for the first six months of 1989 declined $5.2 million to .59% of average loans outstanding compared with 1.13% for the comparable period in 1988. Net charge-offs in the first six months of 1988 include $7.2 million of charge-offs associated with the Corporation's sale of Brazilian debt.

At June 30, 1989, the Corporation had total LDC debt of $46.7 million of which $30.2 million was to Mexico. The Corporation's allowance for credit losses allocated to LDC debt was 47% of its total LDC debt at June 30, 1989. Total LDC debt on nonaccrual status was $6.9 million at June 30, 1989. Interest and principal payments are current for the Corporation's principal LDC debtor, Mexico.

At June 30, 1989, nonperforming assets totaled $51.6 million, or 1.63% of total loans outstanding, as compared to $35.0 million, or 1.31% of total loans outstanding, at June 30, 1988. The increase in nonperforming assets was due to a domestic commercial credit amounting to $16.0 million being placed on nonaccrual status in the first quarter of 1989.

Total other operating income for the first six months of 1989 was $33.9 million, an increase of 20% from $28.2 million for the same period in 1988. Service charges on deposits of $10.4 million increased $1.5 million, which was principally due to deposit growth and deposit charges associated with MNB's military banking contract. Other customer fees were $9.6 million, an increase

of $.9 million, which was principally due to fees associated with the Corporation's credit card portfolio. For the first six months of 1989, securities losses were $1.0 million versus securities gains of $.3 million for the first six months of 1988. Other operating income for the first six months of 1989 increased $3.4 million principally as a result of a $1.2 million gain on the sale of $73 million of mortgage servicing rights and increased fees pertaining to MNB's military banking contract.

Total other operating expenses for the first six months of 1989 were $83.1 million, an increase of 14% from $73.0 million for the same period in 1988. Excluding the effects of bank acquisitions in

1988, total operating expenses increased $6.1 million, or 8%, from the comparable period in 1988. Of this increase, salaries and employee benefits increased $2.7 million resulting from normal staff additions and merit increases. The remaining increase was principally due to expenses for professional fees, state taxes, supplies, and communications.

Income tax expense for the first six months of 1989 was $7.2 million compared to $3.9 million for the comparable six-month period in 1988. The increase in income tax expense primarily resulted from higher levels of taxable earnings generated for the first six months of 1989 compared to a year ago.

At June 30, 1989, the Corporation's shareholders' equity was $360.8 million compared to $322.0 million at June 30, 1988. The primary and total capital ratios of the Corporation at June 30, 1989, were 7.81% and 7.88%, respectively, compared to 7.52% and 7.64%, respectively, at June 30, 1988. Based on the Federal Reserve Board's risk-based capital standards which are being phased-in through 1992, the Corporation's Tier 1 and total capital ratios (based on 1992 capital guidelines) were 8.17% and 9.63%, respectively, at June 30, 1989.

HIGHLY LEVERAGED TRANSACTIONS

The Corporation has been involved to a limited extent with the financing of highly leveraged transactions ("HLTs") for several years. HLTs include leveraged buyouts, recapitalizations, mergers, acquisitions, significant stock buybacks and extraordinary cash dividends. The Corporation uses a benchmark of total debt to assets in excess of 75% as an indicator of high leverage, although other circumstances and facts relating to the transaction may affect that judgment. The Corporation limits its HLT activity to senior debt positions and does not participate in any subordinated debt financings or take equity positions. The Corporation engages in HLT activity for its own portfolio, rather than for the purpose of generating fee income that would result from selling HLT loan participations to others. The Corporation's HLT loans are made primarily by its lead bank, MNB.

The Corporation has policies providing aggregate and individual limits on the amount of HLT loans, as a percentage of total capital funds, as well as further limitations on the amounts of participations in HLT loans in which the Corporation has a limited role. As of June 30, 1989, the Corporation's HLT loan portfolio consisted of 30 credits in 28 separate industry groups. At June 30, 1989, the Corporation had HLT loans outstanding totaling $80.8 million (2.55% of total loans) and unfunded HLT loan commitments of $37.4 million. At June 30, 1989, there was one non-performing HLT loan in the amount of $293,000.

HLTs generally provide higher fees and/or higher interest rates than most other loans. Transaction fees recognized in the first six months of 1989 and for the year ended December 31,1988, for lending activities relating to HLTs were not material. A reduction in the Corporation's HLT lending activities would be insignificant to the Corporation's results of operations.

PENDING LITIGATION

The Corporation and its subsidiaries are parties to a number of lawsuits incidental to their businesses, some of which seek relief or damages in amounts which are substantial. A description of these lawsuits is set forth in the Corporation's Current Report on Form 8-K dated August 14, 1989. Due to the complex nature of some of these actions and proceedings, it may be a number of years before such matters are ultimately resolved. In the opinion of management, the ultimate outcome of these matters, to the extent such outcome is predictable with any degree of certainty, should not have a material effect on the Corporation's financial condition or results of operations.

For a discussion of a recently threatened legal proceeding and a grand jury investigation concerning the acquisition of property with the proceeds of a $1.2 million loan made by MNB in July 1988 and matters relating thereto, see the Corporation's Current Report on Form 8-K dated August 23, 1989.

10

DESCRIPTION OF NOTES

The Notes are to be issued under an Indenture (the "Indenture") to be dated as of October 1, 1989 between the Corporation and Manufacturers Hanover Trust Company, as Trustee (the "Trustee"), substantially in the form filed as an exhibit to the Registration Statement of which this Prospectus is a part. The following summaries do not purport to be complete. Capitalized terms used but not defined in these summaries have the meanings given in the Indenture. Section references appearing below are to the Indenture.

The Notes are to be issued under the Indenture and will represent unsecured general obligations of the Corporation, subordinate in right of payment to certain other obligations of the Corporation, as described below under "Subordination of Notes." The Notes will bear interest from October 1, 1989 at the rate shown by their title, payable on April 1 and October 1 in each year commencing April 1, 1990, to holders of record at the close of business on the preceding March 15 or September 15, as the case may be (unless such March 15 or September 15 is not a Business Day, in which case on the next preceding Business Day), subject to certain exceptions applicable to late payments of interest. (Section 2.03) The Notes mature on October 1, 1999. The Notes are not redeemable prior to their maturity and do not benefit from a sinking fund. Because the Corporation is a holding company, its right to participate in the assets distributed upon any liquidation or recapitalization of a Subsidiary will be subject to the prior claims of the Subsidiary's creditors (including depositors in the case of banking Subsidiaries), except to the extent the Corporation may itself be a creditor with recognized claims against the Subsidiary.

Principal of and interest on the Notes are payable, and the Notes may be presented for transfer and exchange, at an office or agency maintained by the Corporation in New York City, except, at the option of the Corporation, interest may be paid by check mailed to the registered holders of Notes. (Sections 2.03, 2.05, 4.01 and 4.02) Notes will be issued in denominations of $1,000 and integral multiples of $1,000. (Section 2.03) No service charge will be made for any exchange or registration of transfer of Notes, although the Corporation may require payment of an amount to cover any tax or governmental charge imposed in connection with the exchange or transfer. (Section 2.05)

SUBORDINATION OF NOTES

The payment of principal of and interest on the Notes will, to the extent set forth in the Indenture, be subordinated in right of payment to the prior payment in full of all Senior Indebtedness (as defined below). Upon any distribution of assets of the Corporation in any dissolution, winding up, liquidation, or reorganization of the Corporation, the holders of Senior Indebtedness are entitled to receive payment in full of principal, premium, if any, and interest before the holders of the Notes are entitled to receive any payment on account of the principal of or interest on the Notes, except, subject to payment of amounts due the Trustee, holders of the Notes may receive in a reorganization or readjustment of the Corporation securities of the Corporation or any other corporation subordinated to both the Senior Indebtedness and any securities received in the reorganization or readjustment by holders of Senior Indebtedness. (Section 3.03) The dissolution, winding up, liquidation or reorganization of the Corporation following a conveyance, transfer or lease of its properties and assets in compliance with the terms described below under "Consolidation, Merger and Sale of Assets" will not be deemed to be a dissolution, winding up, liquidation or reorganization for this purpose. After the occurrence of an event of default under any Senior Indebtedness arising out of a default in the payment of principal of or interest on the Senior Indebtedness, no payments may be made by the Corporation with respect to principal of or interest on the Notes until the event of default is cured or waived or ceases to exist. (Section 3.02) In addition, upon any other event of default under Senior Indebtedness permitting its acceleration by its holders and after certain notice to the Corporation and the Trustee, then the Corporation may not make any payments with respect to principal of or interest on the Notes for a period (a "payment blockage period") commencing on the date of receipt by the Trustee of the notice and ending on the earlier of (a) the date on which the default is cured or waived or ceases to exist or such Senior Indebtedness is discharged and (b) the 120th following day. (Section 3.02) In any event, no more than one payment blockage period may be commenced during any 360-day period. (Section 3.02)

11

By reason of this subordination, holders of Senior Indebtedness may receive more, ratably, and holders of the Notes may receive less, ratably, than other

creditors of the Corporation in the event of the Corporation's insolvency. However, such subordination will not prevent the occurrence of any Event of Default. (Section 3.12) As of June 30, 1989, Senior Indebtedness in an aggregate principal amount of $172.3 million was outstanding.

The Indenture does not restrict the incurrence of additional Senior Indebtedness. Although management considers from time to time the possibility of issuing Senior Indebtedness, and the Corporation may require additional Senior Indebtedness to finance possible future acquisitions or for other general corporate purposes, the Corporation has no specific plans to incur additional Senior Indebtedness at this time except for approximately $2 million in notes expected to be issued in connection with the pending acquisition of Commercial Bank & Trust Company, Alexandria, Indiana. See "Merchants National Corporation."

"Senior Indebtedness" means the principal of and premium (if any) and interest on the following, whenever incurred: (a) indebtedness of the Corporation for money borrowed by the Corporation (including purchase money obligations with an original maturity of in excess of one year) or evidenced by debentures, notes (other than the Notes) or other corporate debt securities or similar instruments issued by the Corporation; (b) indebtedness or obligations of the Corporation as lessee under any leases of real or personal property required to be capitalized under generally accepted accounting principles generally accepted at the time; (c) indebtedness or obligations incurred or assumed by the Corporation in connection with the acquisition by the Corporation or any Subsidiary of any property, including any business; (d) obligations under any agreement in respect of any interest rate or currency swap, interest rate cap, floor or collar, interest rate future, currency exchange or forward currency transaction that relates to Senior Indebtedness; (e) indebtedness or obligations of the Corporation constituting a guarantee of indebtedness or of obligations of others of the type referred to in the preceding clauses; or (f) renewals, extensions or refundings of any of the indebtedness or obligations referred to in the preceding clauses; except Senior Indebtedness does not include any particular indebtedness or obligation, renewal, extension or refunding if the express provisions of the instrument creating or evidencing the same, or pursuant to which the same is outstanding, provide that it is not superior in right of payment to the Notes. (Section 1.01)

EVENTS OF DEFAULT

The following are Events of Default under the Indenture: (a) default in payment of any principal of any of the Notes when due; (b) default for 30 days in payment of any interest on the Notes; (c) a default or an event of default under any instrument by which any indebtedness of the Corporation or any Subsidiary is issued, or under the instrument securing or evidencing any such indebtedness, where not less than $1,000,000 of such indebtedness shall be due, including by acceleration, and such default or acceleration is not discharged or cured within 15 days after written notice by the Trustee or the holders of at least 25% in aggregate principal amount of the outstanding Notes; (d) a final judgment(s) or order(s) for the payment of money in excess of $1,000,000 is entered against the Corporation or a Principal Constituent Bank and, within 90 days of entry, is not discharged or the execution thereof is not stayed pending appeal or within 90 days after the expiration of the stay, the judgment(s) or order(s) is not discharged; (e) default in the observance or performance of any other covenant in the Indenture for 90 days after notice by the Trustee or holders of at least 25% in aggregate principal amount of the outstanding Notes; or (f) certain events of bankruptcy, insolvency or reorganization of the Corporation or a Principal Constituent Bank. (Section 6.01)

In case an Event of Default shall occur and be continuing, the Trustee or the holders of not less than 25% in aggregate principal amount of the outstanding Notes may declare the principal of all the Notes to be due and payable. (Section 6.01) The Indenture provides that the Trustee shall within 90 days after the occurrence of a default under the Indenture, mail to the holders of the Notes notice of all uncured defaults known to it that have not been waived (the term defaults to include events specified above which after notice or lapse of time or both would become an Event of Default);

provided that, except in the case of default in the payment of principal of or interest on any of the Notes, the Trustee may withhold the notice if it in good faith determines that withholding the notice is in the interest of the holders of the Notes. (Section 6.08)

Subject to the provisions of the Indenture relating to the duties of the Trustee in case an Event of Default shall occur and be continuing, the Trustee is under no obligation to exercise any of the rights or powers under the

Indenture at the request, order or direction of any of the Noteholders, unless such Noteholders offer to the Trustee reasonable security or indemnity. (Section 7.02) Subject to certain limitations contained in the Indenture (including, among other limitations, that the Trustee will not be exposed to personal liability), the holders of a majority in aggregate principal amount of the outstanding Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee. (Section 6.07)

The Corporation is obligated to furnish to the Trustee annually a statement as to the performance by the Corporation of its obligations under the Indenture and as to any default in such obligations. (Section 4.05)

CERTAIN COVENANTS OF THE CORPORATION

Restrictions on Certain Dispositions of Voting Stock and Assets. Except as described below under "Consolidation, Merger and Sale of Assets," the Indenture prohibits the sale or other disposition of shares of, or securities convertible into or options, warrants or rights to subscribe for or purchase shares of, Voting Stock of a Principal Constituent Bank, the merger or consolidation of any Principal Constituent Bank with any other corporation, and the lease, sale or other disposition of all or substantially all the assets of any Principal Constituent Bank if, after giving effect to the transaction and to the issuance of Voting Stock issuable to Persons other than the Corporation or any Controlled Subsidiary upon the conversion or exercise of all such convertible securities, options, warrants or rights, the Corporation would no longer own (directly or indirectly) more than 80% of the shares of Voting Stock of such Principal Constituent Bank or its successor. The Indenture does not, however, prohibit any such sale or disposition of shares or securities, any such merger or consolidation or any such lease, sale or disposition of assets (i) if required by law or (ii) as a condition imposed by law to the acquisition by the Corporation, directly or indirectly, of any other corporation or entity if, thereafter, (a) the Corporation and its Controlled Subsidiaries would own more than 80% of the Voting Stock of such other corporation or entity (after giving effect to any potential dilution from exercise or conversion of securities owned by parties other than the Corporation and its Controlled Subsidiaries), (b) the Consolidated Net Banking Assets of the Corporation would not be decreased, and (c) the Corporation would still own more than 80% of the Voting Stock of MNB (after giving effect to such potential dilution). (Section 4.07) "Principal Constituent Bank" means a Subsidiary of the Corporation that is a Bank, the total assets of which equal more than 15% of the total assets of all Subsidiaries of the Corporation that are Banks. (Section 1.01) As of the date of this Prospectus, the Corporation's only Principal Constituent Bank is MNB.

Restrictions on Liens. The Indenture provides that the Corporation will not create, assume, incur or suffer to exist any pledge, encumbrance or lien, as security for indebtedness for borrowed money, upon any shares of, or securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Voting Stock of any Principal Constituent Bank owned by the Corporation, directly or indirectly, if, treating the pledge, encumbrance or lien as a transfer to the secured party, and after giving effect to any potential dilution referred to above, the Corporation would no longer own (directly or indirectly) more than 80% of the shares of Voting Stock of such Principal Constituent Bank. (Section 4.08)

CONSOLIDATION, MERGER AND SALE OF ASSETS

The Corporation may not consolidate with or merge into, or convey, transfer or lease its properties and assets substantially as an entirety to, any Person unless: (a) the successor is

organized under the laws of any domestic jurisdiction and assumes the Corporation's obligations on the Notes and under the Indenture; (b) after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time, would become an Event of Default, has occurred and is continuing; and (c) certain other conditions are met. (Section 11.01) In that event, the successor will be substituted for the Corporation and, except in the case of a lease, the Corporation will be relieved of its obligations under the Indenture and the Notes. (Section 11.02)

MODIFICATIONS AND WAIVERS

The Indenture contains provisions permitting the Corporation and the Trustee to modify the Indenture, with the consent of the holders of not less than 66 2/3% in aggregate principal amount of the outstanding Notes, except that, (a) without the consent of the holder of each Note affected thereby, no such modification may, among other things, change the maturity of the principal of or any installment of interest on any Note, or reduce the principal amount

of or interest on any Note or change any place of payment on any Note, or make any change in the subordination provisions of the Indenture that adversely affects the rights of any holder of a Note or (b) without the consent of the holder of each outstanding Note, no such modification may, among other things, reduce the percentage of holders of Notes required for certain consents from, or waivers by, holders of Notes or modify certain provisions relating to waivers by holders of Notes. (Section 10.02)

Prior to any acceleration of the Notes, the holders of a majority in aggregate principal amount of the outstanding Notes may waive any past default or Event of Default under the Indenture except a default under a covenant that cannot be modified without the consent of each holder of a Note affected thereby. (Section 6.07) In addition, the holders of a majority in aggregate principal amount of the outstanding Notes may rescind a declaration of acceleration of the Notes before any judgment has been obtained if (i) the Corporation pays the Trustee certain amounts due the Trustee plus all matured installments of principal of and interest on the Notes (other than installments due by acceleration) and interest on the overdue installments to the extent provided in the Indenture and (ii) all other defaults under the Indenture have been cured or waived. (Section 6.01)

GOVERNING LAW

The Indenture and each Note will be governed by the laws of the State of New York.

THE TRUSTEE

Manufacturers Hanover Trust Company will be the Trustee under the Indenture. The Corporation has no other material relationship with the Trustee.

The Indenture contains certain limitations on the right of the Trustee, as a creditor of the Corporation, to obtain payment of claims in certain cases or to realize on certain property received in respect of any such claim, as security or otherwise. (Section 7.13) The Trustee will be permitted to engage in transactions with the Corporation; except, if it acquires any conflicting interest set forth in the Indenture, it must eliminate the conflict or resign. (Section 7.08) The obligations of the Corporation to pay compensation to, and reimburse the expenses of, the Trustee are secured by a lien prior to that of the Notes on all funds held or collected by the Trustee as such, except funds held in Trust for the benefit of the holders of particular Notes. (Section 7.06)

UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement, Salomon Brothers Inc (the "Underwriter") has agreed to purchase, and the Corporation has agreed to sell, the Notes offered hereby.

The Corporation has been advised by the Underwriter that it proposes initially to offer the Notes to the public at the public offering price set forth on the cover page of this Prospectus and to certain

dealers at such price less a concession not in excess of .40% of the principal amount of the Notes. The Underwriter may allow and such dealers may reallow a concession not in excess of .25% of such principal amount. After the initial public offering, the public offering price and such concessions may be changed.

The Corporation has been advised by the Underwriter that it intends to make a market in the Notes, but that the Underwriter is not obligated to do so and may discontinue making a market at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes.

The Underwriting Agreement provides that the Corporation will indemnify the Underwriter against certain liabilities, including liabilities under the Securities Act, or contribute to payments the Underwriter may be required to make in respect thereof.

LEGAL OPINIONS

The legality of the Notes offered hereby will be passed upon for the Corporation by Barnes & Thornburg, 1313 Merchants Bank Building, 11 South Meridian Street, Indianapolis, Indiana 46204, special counsel for the Corporation. Certain legal matters will be passed upon for the Underwriter by Cravath, Swaine & Moore, Worldwide Plaza, 825 Eighth Avenue, New York, New York 10019.

EXPERTS

The consolidated balance sheets of Merchants National Corporation and subsidiaries as of December 31, 1988 and 1987, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years ended December 31, 1988, 1987, 1986, incorporated by reference into this Prospectus, have been audited by Deloitte Haskins & Sells, independent public accountants, as stated in their report, which is incorporated herein by reference, and has been so incorporated in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

With respect to the Corporation's unaudited interim financial information for the periods ended March 31, 1989 and 1988 and June 30, 1989 and 1988, incorporated by reference into this Prospectus, Deloitte Haskins & Sells have reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in each of the Corporation's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1989 and June 30, 1989, and incorporated by reference herein, states that 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. The accountants, Deloitte Haskins & Sells, 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 "parts" of the registration statement of which this Prospectus is a part prepared or certified by the accountants within the meaning of Sections 7 and 11 of the Securities Act.

15

NO DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CORPORATION OR BY THE UNDERWRITER. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CORPORATION SINCE THE DATE HEREOF. THIS PROSPECTUS DOES NOT CONSTITUTE ANY OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANYONE TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

$65,000,000

MERCHANTS NATIONAL CORPORATION

9 7/8% SUBORDINATED NOTES DUE 1999

TABLE OF CONTENTS

<TABLE>
<CAPTION>

SALOMON BROTHERS INC

SECOND SUPPLEMENTAL INDENTURE

SECOND SUPPLEMENTAL INDENTURE, dated as of December 31, 1992, among MERCHANTS NATIONAL CORPORATION, a Delaware corporation (the "Corporation"), NATIONAL CITY CORPORATION, a Delaware corporation (the "Surviving Corporation"), and CHEMICAL BANK, as Trustee (successor by merger to MANUFACTURERS HANOVER TRUST COMPANY), a corporation duly organized and existing under the laws of the State of New York (the "Trustee").

WITNESSETH:

WHEREAS, Merchants National Corporation, an Indiana corporation (predecessor in interest to the Corporation) and the Trustee have heretofore executed that certain Indenture (herein so called), dated as of October 1, 1989, pursuant to which 9 7/8% Subordinated Notes Due 1999 of Merchants National Corporation, an Indiana corporation (the "Securities") were issued; and

WHEREAS, the Corporation, Merchants National Corporation, an Indiana corporation, and the Trustee have heretofore executed a First Supplemental Indenture dated as of April 29, 1992 pursuant to which the Corporation assumed all of the obligations of Merchants National Corporation, an Indiana corporation, under the Indenture and the Securities; and

WHEREAS, the Corporation is a wholly-owned subsidiary of the Surviving Corporation, a multi-bank holding company with principal offices in Cleveland, Ohio; and

WHEREAS, pursuant to the terms of a Plan of Merger by and between the Corporation and the Surviving Corporation dated as of December 21, 1992, the Corporation will merge (the "Merger") with and into the Surviving Corporation, which will be the surviving corporation in the Merger; and

WHEREAS, Section 11.01 of the Indenture provides that the Corporation may not merge with or into another corporation unless, among other things, the surviving corporation (if not the Corporation) shall assume by supplemental indenture the due and punctual payment of the principal of and interest on the Securities and the performance of every covenant of the Indenture on the part of the Corporation to be performed or observed; and

WHEREAS, the Corporation desires and has requested the Trustee to join with it in the execution and delivery of this Second Supplemental Indenture for the purpose of having the Surviving Corporation assume all of the foregoing obligations of the Corporation under the Securities and the Indenture; and

WHEREAS, the Corporation has furnished the Trustee with an Officers' Certificate complying with the requirements of Section 11.01 of the Indenture and stating that, among other things, the Merger and this Second Supplemental Indenture comply with Article Eleven of the Indenture; and

WHEREAS, the Corporation has furnished the Trustee with an Opinion of Counsel complying with the requirements of Section 11.01 of the Indenture; and

WHEREAS, all things necessary to make this Second Supplemental Indenture a valid agreement of the Corporation, the Surviving Corporation and the Trustee and a valid amendment of and supplement to the Indenture have been done;

NOW, THEREFORE, the Corporation, the Surviving Corporation and the Trustee hereby agree as follows:

ARTICLE ONE

Section 1.01 Assumption of Obligations. Upon the Merger, the Surviving Corporation, as the surviving corporation of the Merger, hereby agrees to assume the due and punctual payment of the principal of and interest on the Securities and the performance of

every covenant of the Indenture on the part of the Corporation to be performed or observed. The Surviving Corporation shall execute and deliver such further instruments and documents and shall do such other things as the Trustee may reasonably require so as to more fully and certainly confirm that the Surviving Corporation has assumed all the foregoing obligations of the Corporation under the Securities and the Indenture.

Section 1.02. Vesting of Rights. By virtue of the Merger, the Surviving Corporation shall be vested with all of the rights, powers and benefits of the Corporation under the Securities and the Indenture.

Section 1.03. Successor. After the Merger, all references in the Indenture and/or the Securities to the "Corporation" or the "Company" shall mean the Surviving Corporation, a Delaware corporation, the successor corporation by merger to the Corporation, a Delaware corporation.

Section 1.04. No Event of Default. Immediately after giving effect to the Merger, no Event of Default and no event which, after notice or lapse of time, or both, would become an Event of Default has happened and is continuing.

ARTICLE TWO

Section 2.01. Defined Terms. All terms used in this Second Supplemental Indenture not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Section 2.02. Execution in Counterparts. This Second Supplemental Indenture may be executed in any number of counterparts. Each such counterpart shall be an original, but such counterparts shall together constitute one and the same instrument.

Section 2.03. Confirmation of Indenture. Except as amended and supplemented hereby, all of the provisions of the Indenture shall remain and continue in full force and effect and are hereby confirmed in all respects. The recitals contained herein shall be taken as the statements of the Corporation and the Surviving Corporation, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Second Supplemental Indenture or any notice to Holders given in connection herewith.

Section 2.04. Governing Law. THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THIS SECOND SUPPLEMENTAL INDENTURE.

Section 2.05 Notices. Any notice or communication under the Indenture shall be sufficiently given to the Surviving Corporation if in writing and delivered in person or mailed by first-class mail addressed as follows:

National City Corporation
1900 East 9th Street
Cleveland, Ohio 44114-3484
Attention: Chief Financial Officer

IN WITNESS WHEREOF, the parties hereby have caused this Second Supplemental Indenture to be duly executed and duly attested, all as of the day and year first above written.

<TABLE>
<S> <C>

MERCHANTS NATIONAL CORPORATION,
a Delaware corporation

By: _____
Vincent A. DiGirolamo, President
and Chief Executive Officer

ATTEST:

_____
Debra S. Easterday, Secretary
</TABLE>

<TABLE>
<S> <C>

NATIONAL CITY CORPORATION,
a Delaware corporation

By: _____
Name: David A. Daberko
Title: Deputy Chairman

ATTEST:

_____
Name: David L. Zoeller
Title: Secretary

CHEMICAL BANK

By: _____
Name: Glenn M. Booth
Title: Assistant Vice President

ATTEST:

_____
Name: Sal Lunetta
Title: Trust Officer

MFS/938
</TABLE>

FIRST SUPPLEMENTAL INDENTURE

FIRST SUPPLEMENTAL INDENTURE, dated as of April 29, 1992, among MERCHANTS NATIONAL CORPORATION, an Indiana corporation (the "Corporation"), NC ACQUISITION CORP., a Delaware corporation (the "Surviving Corporation"), and MANUFACTURERS HANOVER TRUST COMPANY, a corporation duly organized and existing under the laws of the State of New York (the "Trustee").

WITNESSETH:

WHEREAS, the Corporation and the Trustee have heretofore executed that certain Indenture (herein so called), dated as of October 1, 1989, pursuant to which 9 7/8% Subordinated Notes Due 1999 of the Corporation (the "Securities") were issued; and

WHEREAS, pursuant to the terms of an Agreement and Plan of Reorganization by and among the Corporation, the Surviving Corporation, a wholly-owned subsidiary of National City Corporation ("NCC"), and NCC dated as of October 30, 1991 and a related Plan of Merger by and among the Corporation, the Surviving Corporation, and NCC dated as of October 30, 1991, the Corporation will merge (the "Merger") with and into the Surviving Corporation, which will be the surviving corporation in the Merger, and such surviving corporation will be a wholly-owned subsidiary of NCC; and

WHEREAS, upon the effective date of the Merger, the Certificate

of Incorporation and By-laws of the Surviving Corporation, as the surviving corporation in the Merger, shall be amended to provide that its name shall be "Merchants National Corporation;" and

WHEREAS, Section 11.01 of the Indenture provides that the Corporation may not merge with or into another corporation unless, among other things, the surviving corporation (if not the Corporation) shall assume by supplemental indenture the due and punctual payment of the principal of and interest on the Securities and the performance of every covenant of the Indenture on the part of the Corporation to be performed or observed; and

WHEREAS, the Corporation desires and has requested the Trustee to join with it in the execution and delivery of this First Supplemental Indenture for the purpose of having the Surviving Corporation assume all of the foregoing obligations of the Corporation under the Securities and the Indenture; and

WHEREAS, the Corporation has furnished the Trustee with an Officers' Certificate complying with the requirements of Section 11.01 of the Indenture and stating that, among other things, the Merger and this First Supplemental Indenture comply with Article Eleven of the Indenture; and

21

WHEREAS, the Corporation has furnished the Trustee with an Opinion of Counsel complying with the requirements of Section 11.01 of the Indenture; and

WHEREAS, all things necessary to make this First Supplemental Indenture a valid agreement of the Corporation, the Surviving Corporation and the Trustee and a valid amendment of and supplement to the Indenture have been done;

NOW, THEREFORE, the Corporation, the Surviving Corporation and the Trustee hereby agree as follows:

ARTICLE ONE

Section 1.01 Assumption of Obligations. Upon the Merger, the Surviving Corporation, as the surviving corporation of the Merger, hereby agrees to assume the due and punctual payment of the principal of and interest on the Securities and the performance of every covenant of the Indenture on the part of the Corporation to be performed or observed. The Surviving Corporation shall execute and deliver such further instruments and documents and shall do such other things as the Trustee may reasonably require so as to more fully and certainly confirm that the Surviving Corporation has assumed all the foregoing obligations of the Corporation under the Securities and the Indenture.

Section 1.02. Vesting of Rights. By virtue of the Merger, the Surviving Corporation shall be vested with all of the rights, powers and benefits of the Corporation under the Securities and the Indenture.

Section 1.03. Successor. After the Merger, all references in the Indenture and/or the securities to the "Corporation" or the "Company" shall mean the Surviving Corporation, a Delaware corporation, the successor corporation by merger to the Corporation, an Indiana corporation.

Section 1.04. No Event of Default. Immediately after giving effect to the Merger, no Event of Default and no event which, after notice or lapse of time, or both, would become an Event of Default has happened and is continuing.

ARTICLE TWO

Section 2.01. Defined Terms. All terms used in this First Supplemental Indenture not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Section 2.02. Execution in Counterparts. This First Supplemental Indenture may be executed in any number of counterparts. Each such counterpart shall be an original, but such counterparts shall together constitute one and the same instrument.

Section 2.03. Confirmation of Indenture. Except as amended and supplemented hereby, all of the provisions of the Indenture shall remain and continue in full force and effect and are hereby confirmed in all respects. The recitals contained herein shall be taken as the statements of the Corporation and the Surviving Corporation and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture or any notice to Holders given in connection herewith.

Section 2.04. Governing Law. THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THIS FIRST SUPPLEMENTAL INDENTURE.

IN WITNESS WHEREOF, the parties hereby have caused this First Supplemental Indenture to be duly executed and duly attested, all as of the day and year first above written.

<TABLE>
<S> <C>

MERCHANTS NATIONAL CORPORATION,
an Indiana corporation

By: _____
Name: Otto N. Frenzel III
Title: Chairman of the Board

ATTEST:

_____
Name: David L. Zoeller
Title: Secretary

NC ACQUISITION CORP.,
a Delaware corporation

By: _____
Name: Robert G. Siefers
Title: Executive Vice President

ATTEST:

_____
Name: Robert T. Williams
Title: Secretary
</TABLE>

<TABLE>
<S> <C>

MANUFACTURERS HANOVER TRUST COMPANY

By: _____
Name: Glenn M. Booth
Title: Assistant Vice President

ATTEST:

_____
Name: James M. Foley
Title: Assistant Vice President

[4812K]
</TABLE>

24

MERCHANTS NATIONAL CORPORATION

and

MANUFACTURERS HANOVER TRUST COMPANY,
as Trustee

Indenture
Dated as of October 1, 1989

9 7/8% Subordinated Notes Due 1999

25

TIE-SHEET

of provisions of Trust Indenture Act of 1939 with Indenture dated as of October 1, 1989, between Merchants National Corporation and Manufacturers Hanover Trust Company, as Trustee:

Section of Act	Section of Indenture
310(a)(1) and (2)	7.09
310(a)(3) and (4)	Not applicable
310(b)	7.08 and 7.10(b)
310(c)	Not applicable
311(a) and (b)	7.13
311(c)	Not applicable
312(a)	5.01 and 5.02(a)
312(b) and (c)	5.02(b) and (c)
313(a)	5.04(a)
313(b)(1)	Not applicable
313(b)(2)	5.04(b)
313(c)	5.04(c)
313(d)	5.04(d)
314(a)	5.03
314(b)	Not applicable
314(c)(1) and (2)	14.05
314(c)(3)	Not applicable
314(d)	Not applicable
314(e)	14.05
314(f)	Not applicable
315(a),(c) and (d)	7.01
315(b)	6.08
315(e)	6.09
316(a)(1)	6.01 and 6.07
316(a)(2)	Omitted
316(a) last sentence	8.04
316(b)	6.04
317(a)	6.02
317(b)	4.04(a)
318(a)	14.07

This tie-sheet is not part of the Indenture as executed.

26

TABLE OF CONTENTS*

<TABLE>
<CAPTION>

</TABLE>

_____

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

27

<TABLE>
<CAPTION>

</TABLE>

32

INDENTURE dated as of October 1, 1989, between MERCHANTS NATIONAL CORPORATION, an Indiana corporation (such corporation and, subject to Article Eleven, its successors and assigns, the "Company"), and MANUFACTURERS HANOVER TRUST COMPANY, a corporation duly organized and existing under the laws of the State of New York (such corporation and, subject to Article Seven, its successors and assigns as Trustee under this Indenture, the "Trustee").

WITNESSETH:

WHEREAS for its lawful corporate purposes, the Company has duly authorized the issue of its 9 7/8% Subordinated Notes Due 1999 (the "Notes"), in an aggregate principal amount not to exceed $65,000,000 and, to provide the terms and conditions upon which the Notes are to be authenticated, issued and delivered, the Company has duly authorized the execution of this Indenture; and

WHEREAS the Notes and the certificate of authentication to be borne by the Notes are to be substantially in the following forms:

[FORM OF FACE OF NOTE]

THIS NOTE IS NOT A DEPOSIT AND
IS NOT INSURED BY A FEDERAL AGENCY.

No. $

MERCHANTS NATIONAL CORPORATION

9 7/8% SUBORDINATED NOTE DUE 1999

MERCHANTS NATIONAL CORPORATION, a corporation duly organized and existing under the laws of the State of Indiana (herein called the "Company"), for value received, hereby promises to pay to , or registered assigns, the principal sum of Dollars on October 1, 1999, at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest, semiannually on April 1 and October 1 of each year commencing April 1, 1990, on said principal sum at such office or agency, in like coin or currency. at the rate per annum specified in the title of this Note. Interest on this Note will accrue from the most recent date to which interest has been paid or duly provided for, unless no interest has been paid or duly provided for on this Note, in which case from October 1, 1989, until payment of the principal has been made or duly

33

2

provided for. Notwithstanding the foregoing, when there is no existing default in the payment of interest on the Notes, if the date of this Note is after the close of business on the record date (as defined below), and before the following April 1 or October 1, as the case may be, this Note shall bear interest from such April 1 or October 1; provided, however, that if the Company shall default in the payment of interest due on such April 1 or October 1 and a record date for such payment in default after such April 1 or October 1, as the case may be, is established pursuant to the Indenture, then this Note shall bear interest from the next preceding April 1 or October 1 to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for on the Notes, from October 1, 1989. The interest so payable on any April 1 or October 1 will, subject to certain exceptions provided in the Indenture referred to on the reverse of this Note, be paid to the person in whose name this Note (or one or more Predecessor Notes, as such term is defined in the Indenture) is registered at the close of business on the March 15 or September 15 next preceding such April 1 or October 1 or, if such March 15 or September 15 is not a Business Day, the next preceding day which is a Business Day (a "record date") and may, at the option of the Company, be paid by check mailed to the registered address of such person. As used in this Note, the term "Business Day" shall mean any day other than a Saturday or Sunday or a day on which banking organizations in the Borough of Manhattan, The City of New York, are authorized or obligated by law, regulation or executive order to close. Interest on this Note shall be calculated on the basis of a 360-day year

consisting of twelve 30-day months.

Reference is made to the further provisions of this Note set forth on the reverse of this Note, including, without limitation, provisions subordinating the payment if principal and interest on this Note to the prior payment in full of all Senior Indebtedness (as defined in the Indenture). Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication on this Note shall have been duly signed by the Trustee under the Indenture referred to on the reverse of this Note.

IN WITNESS WHEREOF, Merchants National Corporation has caused this instrument to be duly executed under its corporate seal.

Dated: MERCHANTS NATIONAL CORPORATION,

By _____

[SEAL]

Attest:

_____
Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Notes described in the within-mentioned Indenture.

MANUFACTURERS HANOVER
TRUST COMPANY, As Trustee

By _____
Authorized Officer

[FORM OF REVERSE OF NOTE]

MERCHANTS NATIONAL CORPORATION

9 7/8% SUBORDINATED NOTE DUE 1999

This Note is one of a duly authorized issue of Notes of the Company, designated as its 9 7/8% Subordinated Notes Due 1999 (herein called the "Notes"), limited (except as otherwise provided in the Indenture mentioned below) to the aggregate principal amount of $65,000,000, all issued or to be issued under and pursuant to an indenture dated as of October 1, 1989, as it may be amended or supplemented from time to time (herein called the "Indenture"), duly executed and delivered by the Company to Manufacturers Hanover Trust Company, as Trustee (herein called the "Trustee"), to which Indenture reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities under the Indenture of the Trustee, the Company and the holders of Notes.

The payment of principal of and interest on this Note is expressly subordinated and subject in right of payment, as provided in the Indenture, to the prior payment of any and all Senior Indebtedness of the Company, as defined in the Indenture, and this Note is issued subject to such provisions, and each holder of this Note, by accepting the same, (a) agrees, expressly for the benefit of the present and future holders of Senior Indebtedness, whether now or hereafter outstanding, to and will be bound by such provisions and (b) authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination so provided and appoints the Trustee his attorney-in-fact for any such purpose.

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of this Note may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than 66 2/3 percent in aggregate principal amount of the Notes at the time outstanding, evidenced in the manner provided in the Indenture, to execute supplemental indentures adding any

provision to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holders of the Notes; provided, however, that no such supplemental indenture shall (a) without the consent of the holder of each Note affected thereby, change the stated maturity of the principal of, or any instalment of interest on, any Note, or reduce the principal amount of any Note or the interest on any Note, or change any place of payment where, or the coin or currency in which, any Note or the interest on any Note is payable, or impair the right to institute suit for the enforcement of any such payment on or after its stated maturity, or modify certain other provisions of the Indenture, or (b) without the consent of the holders of all Notes then outstanding, reduce the percentage in principal amount of the Notes, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any waiver (of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences) provided for in the Indenture. It is also provided in the Indenture that, prior to any declaration that the principal of the Notes outstanding is due and payable, the holders of a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of the holders of all the Notes waive any past default or Event of Default under the Indenture and its consequences except a default under a covenant in the Indenture that cannot be modified without the consent of each holder of a Note affected thereby. Any such consent or waiver by the holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Note and any Notes which may be issued in exchange or substitution for this Note, irrespective of whether or not any notation of such consent or waiver is made upon this Note or such other Notes.

No reference in this Note to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the place, at the respective times, at the rate and in the coin or currency prescribed in this Note.

The Notes are issuable in registered form without coupons in denominations of $1,000 and any integral multiple of $1,000. At the office or agency of the Company in the Borough of Manhattan, The City of New York, and in the manner and subject

to the limitations provided in the Indenture, but without payment of any service charge, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations.

Upon due presentment for registration of transfer of this Note at the office or agency of the Company in the Borough of Manhattan, The City of New York, a new Note or Notes of authorized denominations for an equal aggregate principal amount will be issued to the transferee in exchange for this Note, subject to the limitations provided in the Indenture, without charge except for any tax or other governmental charge imposed in connection with such transfer.

Prior to due presentment for registration of transfer of this Note, the Company, the Trustee, any paying agent and any Note registrar may deem and treat the registered holder of this Note as the absolute owner of this Note (whether or not payment on this Note shall be overdue and notwithstanding any notation of ownership or other writing on this Note made by anyone other than the Company or any Note registrar), for the purpose of receiving payment of this Note, or on account of this Note, and for all other purposes, and neither the Company nor the Trustee nor any paying agent nor any Note registrar shall be affected by any notice to the contrary. All payments made to or upon the order of such registered holder shall, to the extent of the sum or sums paid, satisfy and discharge liability for monies payable on this Note.

No recourse for the payment of the principal of or interest on this Note, or for any claim based on this Note or otherwise in respect of this Note, and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any indenture supplemental to the Indenture or in this Note, or because of the creation of any indebtedness represented by this Note, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance of this Note and as part of the consideration for the issue of this Note, expressly waived and released.

This Note shall be deemed to be a contract made under the laws of the State

of New York, and for all purposes shall be construed in accordance with and governed by the laws of the State of New York.

ASSIGNMENT FORM

If you the holder want to assign this Note, fill in the form below and have your signature guaranteed:

I or we assign and transfer this Note to

_____

_____

(Insert assignee's social security or tax ID number)

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint
_____ agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

_____

Date: _____ Your Signature:_____
(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee:

_____

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Notes are, and are to be, authenticated, issued and delivered, and in consideration of the premises and the purchase and acceptance of the Notes by the holders thereof, the Company covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective holders from time to time of the Notes, as follows:

ARTICLE ONE

Definitions

SECTION 1.01. Definitions. The terms defined in this Section 1.01 (except as otherwise expressly provided in this Indenture or unless the context otherwise requires) for all purposes of this Indenture shall have the respective meanings specified in this Section 1.01. Except as otherwise expressly provided in this Indenture or unless the context otherwise requires, all other terms used in this

Indenture which are defined in the Trust Indenture Act of 1939 or which the Trust Indenture Act of 1939 defines by reference to the Securities Act of 1933, as amended, shall have the meanings assigned to such terms in such Trust Indenture Act and in such Securities Act as in force at the date of the execution of this Indenture.

Bank: The term "Bank" means (i) any institution organized under the laws of the United States, any State, the District of Columbia, Puerto Rico or any territory of the United States which (a) accepts deposits that the depositor has a legal right to withdraw on demand and (b) engages in the business of making commercial loans and (ii) any trust company organized under any of the foregoing laws.

Board of Directors: The term "Board of Directors" shall mean the board of directors of the Company or the executive committee of such board.

Business Day: The term "Business Day" shall mean any day other than a Saturday or Sunday or a day on which banking organizations in the Borough of

Manhattan, The City of New York, are authorized or obligated by law, regulation or executive order to close.

Company Request or Order: The terms "Company Request" and "Company Order" mean a written request or order signed in the name of the Company by its Chairman of the Board, its President or any of its Vice Presidents and its Treasurer or its Secretary, and delivered to the Trustee.

Consolidated Net Banking Assets: The term "Consolidated Net Banking Assets" means all net assets owned directly or indirectly by a Subsidiary that is a Bank as such net assets would be reflected on a consolidated balance sheet of the Company prepared in accordance with generally accepted accounting principles generally accepted at the time.

Constituent Bank: The term "Constituent Bank" means any Subsidiary that is a Bank.

Controlled Subsidiary: The term "Controlled Subsidiary" means any Subsidiary of which more than 80 percent of the aggregate voting power of the outstanding shares of the Voting Stock is at the time owned directly or indirectly by the Company or by one or more Controlled Subsidiaries or by the Company and one or more Controlled Subsidiaries, after giving effect to the issuance to any Person other than the Company or any Controlled Subsidiary of Voting Stock of the Subsidiary issuable on exercise of options, warrants or rights to subscribe for such Voting Stock or on conversion of securities convertible into such Voting Stock.

Event of Default: The term "Event of Default" shall mean any event specified in Section 6.01, continued for the period of time, if any, and after the giving of the notice, if any, designated in such Section.

Indenture: The term "Indenture" shall mean this instrument as originally executed or, if amended or supplemented as provided in this Indenture, as so amended or supplemented.

Note or Notes; Outstanding: The term "Note" or "Notes" shall mean any Note or Notes, as the case may be, authenticated and delivered under this Indenture.

The term "outstanding", when used with reference to Notes, shall, subject to the provisions of Section 8.04, mean, as of any particular time, all Notes authenticated and delivered by the Trustee under this Indenture, except

(a) Notes theretofore canceled by the Trustee or delivered to the Trustee for cancelation;

(b) Notes, or portions thereof, for the payment of which monies in the necessary amount shall have been deposited in trust with the Trustee or with any paying agent (other than the Company) or shall have been set aside and segregated in trust by the Company (if the Company shall act as its own paying agent); and

(c) Notes in lieu of or in substitution for which other Notes shall have been authenticated and delivered, or which have been paid, pursuant to the terms of Section 2.06 unless proof satisfactory to the Trustee is presented that any such Notes are held by bona fide holders in due course.

Noteholder: The term "Noteholder", "holder of Notes" or other similar terms, shall mean any person in whose name at the time a particular Note is registered on the books of the Company kept for that purpose in accordance with the terms of this Indenture.

Officers' Certificate: The term "Officers' Certificate", when used with respect to the Company, shall mean a certificate signed by the Chairman of the Board, the President or any Vice President and by the Controller, any Assistant Controller, the Treasurer or the Secretary of the Company. Each such certificate shall include the statements provided for in section 14.05.

Opinion of Counsel: The term "Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Company, and who shall be acceptable to the Trustee. Each such opinion shall include the statements provided for in Section 14.05.

Person: The term "Person" shall mean a corporation, an association, a partnership, an organization, a trust, an individual, a government or a political subdivision thereof or a governmental agency.

Predecessor Note: The term "Predecessor Note" of any particular Note means every previous Note evidencing all or a portion of the same debt that was evidenced by such particular Note, and, for the purposes of this definition, any Note authenticated and delivered under Section 2.06 in lieu of a mutilated, destroyed, lost or stolen Note shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Note.

Principal Constituent Bank: The term "Principal Constituent Bank" means any Constituent Bank the total assets of which as set forth in the most recent statement of condition of such Constituent Bank equal more than 15 percent of the total assets of all Constituent Banks as determined from the most recent statements of condition of the Constituent Banks.

Principal Office of the Trustee: The term "principal office of the Trustee" or any other similar term shall mean the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office is, at the date of this Indenture, located at 450 West 33rd Street, 15th Floor, New York, N.Y. 10001.

Responsible Officer: The term "Responsible Officer", when used with respect to the Trustee, shall mean the Chairman or Vice Chairman of its board of directors, the Chairman or Vice Chairman of the executive committee of the board of directors, the President, any Vice President, the Cashier, any Assistant Cashier, any senior trust officer, any trust officer, any assistant trust officer or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be the above-named officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

Senior Indebtedness: The term "Senior Indebtedness" shall mean the principal of and premium (if any) and interest on the following, whether outstanding on the date of execution of this Indenture or thereafter incurred or created: (a) indebtedness of the Company for money borrowed by the Company (including purchase money obligations with an original maturity of in excess of one year) or evidenced by debentures, notes (other than the Notes) or other corporate debt securities or similar instruments issued by the Company; (b) indebtedness or obligations of the Company as lessee under any leases of real or personal property required to be capitalized under generally accepted accounting principles generally accepted at the time; (c) indebtedness or obligations incurred or assumed by the

Company in connection with the acquisition by the Company or any Subsidiary of any property, including any business; (d) obligations under any agreement in respect of any interest rate or currency swap, interest rate cap, floor or collar, interest rate future, currency exchange or forward currency transaction that relates to Senior Indebtedness; (e) indebtedness or obligations of the Company constituting a guarantee of indebtedness or of obligations of others of the type referred to in the preceding clauses (a), (b), (c) and (d); or (f) renewals, extensions or refundings of any of the indebtedness or obligations referred to in the preceding clauses (a), (b), (c), (d) and (e); provided, however, that Senior Indebtedness shall not include any particular indebtedness or obligation, renewal, extension or refunding referred to in clause (a), (b), (c), (d), (e) or (f) if the express provisions of the instrument creating or evidencing the same, or pursuant to which the same is outstanding, provide that such indebtedness or other obligation or such renewal, extension or refunding is not superior in right of payment to the Notes.

Subsidiary: The term "Subsidiary" shall mean any corporation of which a majority of the aggregate voting power of the outstanding Voting Stock shall at the time be owned by the Company or by the Company and one or more Subsidiaries or by one or more Subsidiaries.

Trust Indenture Act of 1939: The term "Trust Indenture Act of 1939" shall mean the Trust Indenture Act of 1939 as it was in force at the date of execution of this Indenture, except as provided in Section 10.03.

Vice President: The term "vice president" or "Vice President", when used with respect to the Company or the Trustee, means any such officer whether or not designated by a number or a word or words added before or after such title.

Voting Stock: The term "Voting Stock" of a corporation or other entity means stock of the class or classes having general voting power in an election of the board of directors, managers or trustees of such corporation or other entity (irrespective of whether or not, at the time, stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

ARTICLE TWO

Issue, Description, Execution, Registration and Exchange of Notes

SECTION 2.01. Designation, Amount and Issue of Notes. The Notes shall be designated as set forth in the title of the form of Note set forth above. Notes not to exceed the aggregate principal amount of $65,000,000 (except as provided in Sections 2.05, 2.06 and 10.04) upon the execution of this Indenture, or from time to time thereafter, may be executed by the Company and delivered to the Trustee for

authentication, and the Trustee shall thereupon authenticate and deliver such Notes to the Company or upon the order of the Company set forth in a Company Order without any further action by the Company under this Indenture.

SECTION 2.02. Form of Notes. The Notes and the Trustee's certificate of authentication shall be substantially in the form as set forth above. There may be imprinted on any of the Notes such notations, legends or endorsements as the officers executing the same may approve (execution of the Notes to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Notes may be listed.

SECTION 2.03. Date and Denomination of Notes; Payment of Interest. The Notes shall be issuable in registered form without coupons in denominations of $1,000 and any integral multiple of $1,000 and shall be numbered, lettered or otherwise distinguished in such manner or in accordance with such plan as the officers of the Company executing the same may determine with the approval of the Trustee. Each Note shall be dated the date of its authentication and, except as provided in this Section 2.03, shall bear interest, payable semiannually on April 1 and October 1 of each year commencing April 1, 1990, from the April 1 or October 1, as the case may be, next preceding the date of such Note to which interest has been paid or duly provided for, unless no interest has been paid or duly provided for on the Notes, in which case from October 1, 1989, until payment of the principal sum has been made or duly provided for. Notwithstanding the foregoing, when there is no existing default in the payment of interest on the Notes, all Notes authenticated by the Trustee after the close of business on the record date (as defined below in this Section 2.03) for any interest payment date (April 1 or October 1, as the case may be) and prior to such interest payment date shall be dated the date of authentication but shall bear interest from such interest payment date; provided, however, that if and to the extent that the Company shall default in the interest due on such interest payment date and a record date for such payment in default after such April 1 or October 1, as the case may be, is established pursuant to the second following paragraph, then any such Note shall bear interest from the April 1 or October 1, as the case may be, next preceding the date of such Note to which interest has been paid or duly provided for, unless no interest has been paid or duly provided for on the Notes, in which case from October 1, 1989. At the option of the Company, interest on the Notes may be paid by check mailed to the registered address of the holders thereof.

Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The person in whose name any Note is registered at the close of business on any record date with respect to any interest payment date shall be entitled to receive the interest payable on such interest payment date notwithstanding the cancelation of such Note upon any transfer or exchange subsequent to the record date and prior to such interest payment date; provided, however, that if and to the extent the Company shall default in the payment of the interest due on such interest payment date, such defaulted interest shall be paid to the persons in whose names outstanding Notes are registered on a subsequent record date established by notice given by mail by or on behalf of the Company to the holders of Notes not less than 15 days preceding such subsequent record date or the Trustee may, in its discretion and with the consent of the Company, pay such interest in any other manner not inconsistent with applicable law. The term "record date" as used in this Section 2.03 with respect to any interest payment date shall mean the March 15 or September 15, as the case may be, next preceding such interest payment date or, if such day is not a Business Day, the next preceding day which is a Business Day.

SECTION 2.04. Execution of Notes. The Notes shall be signed in the name and on behalf of the Company by the facsimile signature of its Chairman of the Board, its President or, in lieu thereof, of any of its Vice Presidents or its Treasurer and attested by its Secretary, under its corporate seal (which may be printed, engraved or otherwise reproduced thereon, by facsimile or otherwise). For that purpose the Company may adopt and use the facsimile signature of any person who has been or is or shall be such officer. Only such Notes as shall bear thereon a certificate of authentication substantially in the form set forth above, executed by the Trustee, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee upon any Note executed by the Company shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered under this Indenture.

In case any officer of the Company who shall have signed any of the Notes shall cease to be such officer before the Notes so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Company, such Notes nevertheless may be authenticated and delivered or disposed of as though the person who signed such Notes had not ceased to be such officer of the Company; and any Note may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Note, shall be the proper officers of the Company, although at the date of the execution of this Indenture any such person was not such an officer.

SECTION 2.05. Exchange and Registration of Transfer of Notes. Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations. Notes to be exchanged shall be surrendered at the office or agency to be maintained by the Company in the Borough of Manhattan, The City of New

York, pursuant to Section 4.02 and the Company shall execute and register and the Trustee shall authenticate and deliver in exchange therefor the Note or Notes which the Noteholder making the exchange shall be entitled to receive.

The Company shall cause to be kept at such office or agency a Note register in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for registration of Notes and of transfer of Notes as in accordance with this Article Two. Each such register shall be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times such registers shall be open for inspection by the Trustee. Upon due presentment for registration of transfer of any Note at any such office or agency, the Company shall execute and register and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Note or Notes for an equal aggregate principal amount.

All Notes presented for registration of transfer or for exchange or payment shall (if so required by the Company or the Trustee) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and the Trustee duly executed by, the holder or his attorney duly authorized in writing.

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

SECTION 2.06. Mutilated, Destroyed, Lost or Stolen Notes. In case any temporary or definitive Note shall become mutilated or be destroyed, lost or stolen, the Company in its discretion may execute, and upon its request and in the absence of notice to the Company and the Trustee that such Note has been acquired by a bona fide purchaser, the Trustee shall authenticate and deliver a new Note, bearing a number not contemporaneously outstanding, in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. In every case the applicant for a substituted Note shall furnish to the Company and to the Trustee such security or indemnity as may be required by them to save each of them harmless, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company and to the Trustee evidence to their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

The Trustee may authenticate any such substituted Note and deliver the same upon the written request or authorization of any officer of the Company. Upon the issuance of any substituted Note, the Company may require the payment of a sum

sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Trustee) connected therewith. In case any Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Company may, instead of issuing a substitute Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note) if the applicant for such payment shall furnish to the Company and to the Trustee such security or indemnity as may be required by them to save each of them harmless and, in case of destruction, loss or theft, evidence satisfactory to the Company and the Trustee of the destruction, loss or theft of such Note and of the ownership of such Note.

Every substituted Note issued pursuant to the provisions of this Section 2.06 by virtue of the fact that any Note is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall be found at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued under this Indenture. All Notes shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

SECTION 2.07. Temporary Notes. Pending the preparation of definitive Notes, the Company may execute and the Trustee shall authenticate and deliver temporary Notes (printed or lithographed). Temporary Notes shall be issuable in any authorized denomination, and substantially in the form of the definitive Notes but with such omissions, insertions and variations as may be appropriate for temporary Notes, all as may be determined by the Company. Every such temporary Note shall be authenticated by the Trustee in substantially the same manner, and with the same effect, as the definitive Notes. Without unreasonable delay the Company will execute and deliver to the Trustee definitive Notes and thereupon any or all temporary Notes may be surrendered in exchange therefor at the principal office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Notes an equal aggregate principal amount of definitive Notes of authorized denominations. Such exchange shall be made at the Company's expense and without any charge. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits under this Indenture as definitive Notes authenticated and delivered under this Indenture.

SECTION 2.08. Cancelation of Notes Paid, etc. All Notes surrendered for the purpose of payment, exchange or registration of transfer shall, if surrendered to the Company or any paying agent or any Note registrar, be delivered to the Trustee and

promptly canceled by it, or, if surrendered to the Trustee, shall be promptly canceled by it, and no Notes shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee may destroy canceled Notes and, upon receipt of a Company Request, deliver a certificate of such destruction to the Company. If the Company shall acquire any of the Notes, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Notes unless and until the same are delivered to the Trustee for cancelation.

ARTICLE THREE

Subordination of Notes

SECTION 3.01. Agreement of Noteholders that Notes Subordinated to Extent Provided. The Company, for itself and its successors and assigns, covenants and agrees and each holder of the Notes by his acceptance of a Note likewise covenants and agrees that, subject to the provisions of Article Twelve, the payment of the principal of and interest on each of and all Notes is hereby expressly subordinated, to the extent and in the manner set forth in this Article Three, to the prior payment in full of all Senior Indebtedness. The provisions of this Article Three shall constitute a continuing offer to all persons who, in reliance upon such provisions, become holders of, or continue to hold, Senior Indebtedness, and such provisions are made for the benefit of the holders of Senior Indebtedness, and such holders are hereby made obligees under this Article Three the same as if their names were written in this Article Three as such, and they and/or each of them may proceed to enforce the provisions of this Article Three.

SECTION 3.02. Company Not to Make Payments with Respect to Notes in Certain Circumstances. (a) Upon the maturity of any Senior Indebtedness by lapse of

time, acceleration or otherwise, all principal of and premium, if any, and interest then due and payable on such Senior Indebtedness, shall first be paid in full, or such payment duly provided for in cash or in a manner satisfactory to the holder or holders of such Senior Indebtedness, before any payment is made on account of the principal of or interest on the Notes or to acquire any of the Notes.

(b) Upon the happening of an event of default with respect to any Senior Indebtedness, as such event of default is defined in such Senior Indebtedness or in the instrument under which it is outstanding, arising out of a default in the payment of principal of or interest on such Senior Indebtedness - then, unless and until such event of default shall have been cured or waived or shall have ceased to exist, no payment shall be made by the Company with respect to the principal of or interest on the Notes or to acquire any of the Notes.

(c) Upon (i) the happening of an event of default with respect to any class or series of Senior Indebtedness, as such event of default is so defined, permitting the holders to accelerate the maturity of such Senior Indebtedness and not arising out of a default in payment of principal of or interest on such Senior Indebtedness and (ii) after receipt by the Company and the Trustee of written notice of the event of default referred to in clause (i) by a representative of all the holders of such class or series - then no payment shall be made by the Company with respect to principal of or interest on the Notes or to acquire any of the Notes for a period commencing on the date of such receipt by the Trustee and ending on the earlier of (x) the date on which such event of default shall have been cured or waived or shall have ceased to exist or the Senior Indebtedness to which such event of default relates shall have been paid in full in cash or cash equivalent, or such period otherwise shall have been terminated by the holders of Senior Indebtedness and (y) the 120th day after the date of such receipt of such written notice (each such period, if any, hereinafter referred to as a "Payment Blockage Period"); provided, however, that no more than one Payment Blockage Period may be commenced during any 360-day period. For all purposes of this subsection (c), no such event of default that occurred and was continuing or otherwise existed on the date of commencement of any Payment Blockage Period shall be, or be made, the basis for the commencement of a subsequent Payment Blockage Period by any Person, whether or not there would be more than one Payment Blockage Period during any 360-day period, unless such event of default shall have been cured, or shall have ceased to exist, in either case for a period of not less than 100 consecutive days. Each of the Company and the Trustee shall promptly give notice of the date of its receipt of any notice referred to in clause (ii), above, to the Trustee and the Company, respectively.

(d) Subject to the last sentence of Section 7.06, in the event that notwithstanding the provisions of this Section 3.02 the Company shall make any payment to the Trustee on account of the principal of or interest on the Notes prohibited by subsection (a), (b) or (c) of this Section 3.02 and if such fact shall have been made known to the Trustee prior to such payment - then, unless and until such payment is thereafter permitted under subsections (a), (b) and (c) of this Section 3.02, such payment (subject to the provisions of Sections 3.06 and 3.07) shall be held by the Trustee in trust for the benefit of, and shall be paid forthwith over and delivered to, the holders of Senior Indebtedness (pro rata as to each of such holders on the basis of the respective amounts of Senior Indebtedness held by them) or their representative or the trustee under the indenture or other agreement (if any) pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear, for application to the payment of all Senior Indebtedness remaining unpaid to the extent necessary to pay all Senior Indebtedness in full in accordance with the terms of such Senior

Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness.

(e) The provisions of this Section 3.02 shall not apply to any payment with respect to which Section 3.03 shall apply.

SECTION 3.03. Notes Subordinated to Prior Payment of All Senior Indebtedness on Dissolution, Liquidation or Reorganization of Company. Upon any distribution of assets of the Company Upon any dissolution, winding up, liquidation or reorganization of the Company (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise):

(a) The holders of all Senior Indebtedness shall first be entitled to receive payment in full of the principal thereof, premium, if any, and interest

due on Senior Indebtedness before the holders of the Notes are entitled to receive any payment on account of the principal of or interest on the Notes (other than payment in shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment, which stock and securities are subordinated to the payment of all Senior Indebtedness and securities received in lieu thereof which may at the time be outstanding).

(b) Any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (other than shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment, which stock and securities are subordinated to the payment of all Senior Indebtedness and securities received in lieu thereof which may at the time be outstanding), to which the holders of the Notes would be entitled except for the provisions of this Section 3.03, shall be paid by the liquidating trustee or agent or other person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or other trustee or agent, directly to the holders of Senior Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued. to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution or provision for such Senior Indebtedness to the holders of such Senior Indebtedness.

(c) Subject to the last sentence of Section 7.06, in the event that notwithstanding the foregoing provisions of this Section 3.03, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (other than shares of stock of the Company as reorganized

or readjusted, or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment, which stock and securities are subordinated to the payment of all Senior Indebtedness and securities received in lieu thereof which may at the time be outstanding), shall be received by the Trustee or the holders of the Notes on account of principal or interest on the Notes before all Senior Indebtedness is paid in full, or effective provision made for its payment, such payment or distribution (subject to the provisions of Sections 3.06 and 3.07) shall be received and held in trust for and shall be paid over to the holders of the Senior Indebtedness remaining unpaid or unprovided for or their representative or representatives, or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, for application to the payment of such Senior Indebtedness until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution or provision for such Senior Indebtedness to the holders of such Senior Indebtedness.

(d) The consolidation of the Company with, or the merger of the Company into, another Person or the dissolution, winding up, liquidation or reorganization of the Company following the conveyance, transfer or lease of its properties and assets substantially as an entirety to another Person upon the terms and conditions set forth in Article Eleven shall not be deemed a dissolution, winding up, liquidation or reorganization of the Company for the purposes of this Section 3.03 if the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance, transfer or lease such properties and assets substantially as an entirety, as the case may be, shall, as a part of such consolidation. merger, conveyance, transfer or lease, comply with the conditions set forth in Article Eleven.

SECTION 3.04. Noteholders to Be Subrogated to Rights of Holders of Senior Indebtedness. Subject to the payment in full of all Senior Indebtedness, the holders of the Notes shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Company applicable to the Senior Indebtedness until all amounts owing on the Notes shall be paid in full, and for the purpose of such subrogation no payments or distributions to the holders of the Senior Indebtedness by or on behalf of the Company or by or on behalf of the holders of the Notes by virtue of this Article Three which otherwise would have been made to the holders of the Notes shall, as between the Company and the holders of the Notes, be deemed to be payment by the Company to or on account of the Senior Indebtedness.

SECTION 3.05. Obligation of the Company Unconditional, etc. The provisions of this Article Three are and are intended solely for the purpose of defining the relative rights of the holders of the Notes, on the one hand, and the holders of the

Senior Indebtedness, on the other hand. Nothing contained in this Article Three or elsewhere in this Indenture or in the Notes is intended to or shall impair as between the Company and the holders of the Notes, the obligation of the Company, which is absolute and unconditional, to pay to the holders of the Notes the principal of and interest on the Notes as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the holders of the Notes and creditors of the Company other than the holders of the Senior Indebtedness, nor shall anything in this Article Three or elsewhere in this Indenture prevent the Trustee or the holder of any Note from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article Three of the holders of Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy. Nothing contained in this Article Three is intended to alter the rights between the holders of the Notes and the Company's creditors other than the holders of the Notes and the holders of Senior Indebtedness. Upon any payment or distribution of assets of the Company referred to in this Article Three, the Trustee, subject to the provisions of Section 7.01, and the holders of the Notes shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which any dissolution, winding up, liquidation or reorganization proceedings are pending, or a certificate of the liquidating trustee or agent or other person making any distribution to the Trustee or to the holders of the Notes, for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of, the amounts of, the amounts payable on, the amount or amounts paid or distributed on and all other facts pertinent to the Senior Indebtedness and other indebtedness of the Company and all other facts pertinent to this Article Three.

SECTION 3.06. Trustee Entitled to Assume Payments Not Prohibited in Absence of Notice. The Company shall give prompt written notice to a Responsible Officer of the Trustee located at its principal office of any fact known to the Company which would prohibit the making of any payment to or by the Trustee with respect to the Notes. Notwithstanding the provisions of Section 3.01 or 3.02 or any other provision of this Indenture, the Trustee shall not at any time be charged with knowledge of the existence of any facts which would prohibit the making of any payment of monies to or by the Trustee, unless and until the Trustee shall have received at the principal office of the Trustee, Attention: Corporate Trust Administration, written notice of such facts from the Company or from one or more holders of Senior Indebtedness or from any trustee for such holders; and, prior to the receipt of any such written notice, the Trustee, subject to the provisions of Section 7.01, shall be entitled to assume conclusively that no such facts exist.

The Trustee shall not be required to rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness (or a trustee or other representative on behalf of such holder) unless such written notice is accompanied by an Officer's Certificate certifying as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article Three, and, if such Officer's Certificate is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

SECTION 3.07. Application by Trustee of Monies Deposited with It. Anything in this Indenture (except Section 6.03) to the contrary notwithstanding, any deposit of monies by the Company with the Trustee (whether or not in trust) for the payment of the principal of or interest on any Notes shall be subject to the provisions of Sections 3.01, 3.02, 3.03 and 3.04 except that, if not less than three Business Days prior to the date on which by the terms of this Indenture any such monies may become payable for any purpose (including, without limitation, the payment of either the principal of or the interest on any Note and any amounts immediately due and payable upon the execution of any instrument acknowledging satisfaction and discharge of this Indenture, as provided in Article Twelve) the Trustee shall not have received with respect to such monies the notice provided for in Section 3.06, then, anything contained in this Article Three to the contrary notwithstanding, the Trustee shall have full power and authority to receive such monies and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it during or after such three Business Day period.

SECTION 3.08. Article Applicable to Paying Agents. In case at any time any paying agent other than the Trustee shall have been appointed by the Company

and be then acting under this Indenture, the term "Trustee" as used in this Article Three shall (unless the context otherwise requires) be construed as extending to and including such paying agent within its meaning as fully for all intents and purposes as if such paying agent were named in this Article Three in addition to or in place of the Trustee; provided, however, that Section 3.10 shall not apply to any paying agent.

SECTION 3.09. Subordination Rights Not Impaired by Acts or Omissions of Company or Holders of Senior Indebtedness. No right of any present or future holders of any Senior Indebtedness to enforce subordination as provided in this Article Three shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge of such act,

failure to act or noncompliance which any such holder may have or be otherwise charged with.

SECTION 3.10. Noteholders Authorize Trustee to Effectuate Subordination of Notes. Each holder of the Notes by his acceptance of a Note authorizes and expressly directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article Three and appoints the Trustee his attorney-in-fact for such purpose, including, in the event of any dissolution, winding up, liquidation or reorganization of the Company (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise) tending towards liquidation of the business and assets of the Company, the immediate filing of a claim for the unpaid balance of its or his Notes in the form required in such proceedings and cause such claim to be approved. If the Trustee does not file a proper claim or proof of debt in the form required in such proceeding prior to 30 days before the expiration of the time to file such claim or claims, then the holder or holders of Senior Indebtedness are hereby authorized to and have the right to file and are hereby authorized to file an appropriate claim for and on behalf of the holders of such Notes.

SECTION 3.11. Right of Trustee to Hold Senior Indebtedness. The Trustee shall be entitled to all the rights set forth in this Article Three in respect of any Senior Indebtedness at any time held by it to the same extent as any other holder of Senior Indebtedness, and nothing in Section 7.13 or elsewhere in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder.

SECTION 3.12. Article Three Not to Prevent Events of Default. The failure to make a payment on account of principal or interest by reason of any provision in this Article Three shall not be construed as preventing the occurrence of an Event of Default under Section 6.01.

SECTION 3.13. Trustee Not Fiduciary for Holders of Senior Indebtedness. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and shall not be liable to any such holders if it shall in good faith mistakenly pay over or distribute to holders of Notes or to the Company or to any other Person cash, property or securities to which any holders of Senior Indebtedness shall be entitled by virtue of this Article Three or otherwise.

ARTICLE FOUR

Particular Covenants of the Company

SECTION 4.01. Payment of Principal and Interest. The Company covenants and agrees that it will duly and punctually pay or cause to be paid the principal of

and interest on each of the Notes at the places, at the respective times and in the manner provided in this Indenture and in the Notes.

SECTION 4.02. Offices for Notices and Payments, etc. So long as any of the Notes remain outstanding, the Company will maintain in the Borough of Manhattan, The City of New York, an office or agency where the Notes may be presented for payment, an office or agency where the Notes may be presented for registration of transfer and for exchange as in this Indenture provided and an office or agency where notices and demands to or upon the Company in respect of the Notes or of this Indenture may be served. The Company will give to the

Trustee prompt written notice of the location of each such office or agency and of any change of location thereof. In case the Company shall fail to maintain any such office or agency or shall fail to give such notice of the location or of any change in the location thereof, presentations and demands may be made and notices may be served at the principal office of the Trustee, and the Company hereby initially appoints the Trustee its agent to receive all such presentations and demands.

SECTION 4.03. Appointments to Fill Vacancies in Trustee's Office. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 7.10, a Trustee, so that there shall at all times be a Trustee under this Indenture.

SECTION 4.04. Provision as to Paying Agent. (a) If the Company shall appoint a paying agent other than the Trustee, it will prior to each due date of principal or interest deposit with such paying agent a sum sufficient to pay the principal or interest so becoming due, such sum to be held in trust for the benefit of the persons entitled to such principal or interest and the Company will notify the Trustee of its making of, or failure to make, any such payment. The Company shall also cause such paying agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 4.04.

(1) that it will hold all sums held by it as such agent for the payment of the principal of or interest on the Notes (whether such sums have been paid to it by the Company or by any other obligor on the Notes) in trust for the benefit of the Persons entitled thereto;

(2) that it will give the Trustee notice of any failure by the Company (or by any other obligor on the Notes) to make any payment of the principal of or interest on the Notes when the same shall be due and payable; and

(3) that it will at any time during the continuance of an Event of Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held by it as such agent.

(b) If the Company shall act as its own paying agent, it will, on or before each due date of the principal of or interest on the Notes, set aside, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay such principal or interest so becoming due and will notify the Trustee of any failure to take such action and of any failure by the Company (or by any other obligor under the Notes) to make any payment of the principal of or interest on the Notes when the same shall become due and payable.

(c) Anything in this Section 4.04 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture, or for any other reason, pay or by Company Order direct any paying agent to pay to the Trustee all sums held in trust by the Company or any paying agent under this Indenture, such sums to be held by the Trustee upon the trusts contained in this Indenture.

(d) Anything in this Section 4.04 to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section 4.04 is subject to Sections 12.03 and 12.04.

SECTION 4.05. Statement as to Compliance. The Company will deliver to the Trustee, within 120 days after the end of each calendar year, a written statement signed by the Chairman of the Board, the President or a Vice President of the Company and by the Treasurer of the Company, stating, as to each signer of such statement, that:

(1) a review of the activities of the Company during the year and of performance under this Indenture has been made under his supervision;

(2) to the best of his knowledge, based on such review, the Company has fulfilled all its obligations under this Indenture throughout such year, or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to him and the nature and status of such default; and

(3) such certificate sets forth as of the end of such year a list of all Principal Constituent Banks.

SECTION 4.06. Notice of Certain Defaults. The Company will deliver to the Trustee within five days after the occurrence thereof written notice of any event which with the giving of notice or the lapse of time or both would be an Event of Default under clause (c) or clause (d) of Section 6.01.

SECTION 4.07. Limitation on Certain Dispositions and on Merger and Sale of Assets. Except as otherwise provided in Article Eleven, the Company will not:

55

(a) sell, assign, transfer or otherwise dispose of any shares of, or securities convertible into or options, warrants or rights to subscribe for or purchase shares of, Voting Stock of a Principal Constituent Bank, and will not permit a Principal Constituent Bank to issue any shares of, or securities convertible into or options, warrants or rights to subscribe for or purchase shares of, such Voting Stock if, in each case, after giving effect to any such transaction, the Principal Constituent Bank would cease to be a Controlled Subsidiary, or

(b) permit a Principal Constituent Bank to

(i) merge or consolidate with any other corporation, unless the surviving corporation is, or upon consummation of the merger or consolidation will become, a Controlled Subsidiary; or

(ii) lease, sell or transfer all or substantially all its properties and assets to any corporation or other Person, except to a Controlled Subsidiary or a Person that, upon such lease, sale or transfer, will become a Controlled Subsidiary.

Notwithstanding the foregoing, any such sale, assignment, transfer or other disposition of securities, any such merger or consolidation or any such lease, sale or transfer of properties and assets shall not be prohibited if required (i) by any law or any rule, regulation or order of any governmental agency or authority or (ii) as a condition imposed by any law or any rule, regulation or order of any governmental agency or authority to the acquisition by the Company, directly or indirectly, through purchase of stock or assets, merger, consolidation or otherwise, of any Person; provided that, after giving effect to such acquisition, (A) such Person will be a Controlled Subsidiary, (B) the Consolidated Net Banking Assets of the Company will be at least equal to the Consolidated Net Banking Assets of the Company prior thereto, and (C) Merchants National Bank & Trust Company of Indianapolis, a national banking association, and any successor or successors thereto, will be a Controlled Subsidiary.

SECTION 4.08. Limitation on Creation of Liens. So long as any of the Notes shall be outstanding, the Company will not create, assume, incur or suffer to be created, assumed or incurred or to exist any pledge, encumbrance or lien, as security for indebtedness for borrowed money, upon any shares of, or securities convertible into or options, warrants or rights to subscribe for or purchase shares of, Voting Stock of a Principal Constituent Bank now or hereafter owned by the Company, directly or indirectly, if, treating such pledge, encumbrance or lien as a transfer of the shares of, or securities convertible into or options, warrants or rights to subscribe for or purchase shares of, Voting Stock subject thereto to the secured party, the Principal Constituent Bank would not be a Controlled Subsidiary.

56

SECTION 4.09. Corporate Existence. Except as otherwise provided in Article Eleven, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Company shall not be required to preserve any right or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Noteholders.

ARTICLE FIVE

Noteholders Lists and Reports by the Company and the Trustee

SECTION 5.01. Noteholders Lists. The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee, semiannually, within five Business Days after each record date in each year beginning with March 15, 1990, and at such other times as the Trustee may request in writing, within 30 days after receipt by the Company of any such request, a list in such form as the Trustee may reasonably require of the names and addresses of the holders of Notes as of a date not more than 15 days prior to the time such information is furnished, except that no such list need be furnished so long as the Trustee is acting as Note registrar.

SECTION 5.02. Preservation and Disclosure of Lists. (a) The Trustee shall

preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of Notes contained in the most recent list furnished to it as provided in Section 5.01. The Trustee may destroy any list furnished to it as provided in Section 5.01 upon receipt of a new list so furnished.

(b) In case three or more holders of Notes (hereinafter referred to as "applicants") apply in writing to the Trustee and furnish to the Trustee reasonable proof that each such applicant has owned a Note for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other holders of Notes with respect to their rights under this Indenture or under the Notes and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five business days after the receipt of such application, at its election, either

(1) afford such applicants access to the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 5.02 or

(2) inform such applicants as to the approximate number of holders of Notes whose names and addresses appear in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 5.02, and as to the approximate cost of mailing to such Noteholders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Noteholder whose name and address appear in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 5.02 a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing unless within five days after such tender, the Trustee shall mail to such applicants and file with the Securities and Exchange Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the holders of Notes or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If said Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, said Commission shall find, after notice and opportunity for hearing, that all objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Noteholders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Each and every holder of the Notes, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any paying agent nor the Note registrar shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the holders of Notes in accordance with the provisions of subsection (b) of this Section 5.02, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under subsection (b) of this Section 5.02.

SECTION 5.03. Reports by the Company. (a) The Company covenants and agrees to file with the Trustee, within 15 days after the Company is required to file the same with the Securities and Exchange Commission, copies of the annual reports and of the information, documents and other reports (or copies of such

portions of any of the foregoing as said Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with said Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and said Commission, in accordance with rules and regulations prescribed from time to time by said Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security

listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations.

(b) The Company covenants and agrees to file with the Trustee and the Securities and Exchange Commission, in accordance with the rules and regulations prescribed from time to time by said Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Indenture as may be required from time to time by such rules and regulations.

(c) The Company covenants and agrees to transmit by mail to all holders of Notes, within 30 days after the filing thereof with the Trustee, in the manner provided in subsection (c) of Section 5.04 with respect to reports pursuant to subsections (a) and (b) thereof, respectively, such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (a) and (b) of this Section 5.03 as may be required by rules and regulations prescribed from time to time by the Securities and Exchange Commission.

SECTION 5.04. Reports by the Trustee. (a) On or before July 15, 1990, and on or before July 15 in every year thereafter, so long as any Notes are outstanding under this Indenture, the Trustee shall transmit to the Noteholders a brief report dated as of the preceding May 15 with respect to:

(1) its eligibility under Section 7.09, and its qualification under Section 7.08, or in lieu thereof, if to the best of its knowledge it has continued to be eligible and qualified under such Sections, a written statement to such effect;

(2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Notes, on any property or funds held or collected by it as Trustee, except

that the Trustee shall not be required (but may elect) to state such advances if such advances so remaining unpaid aggregate not more than one-half of one percent of the principal amount of the Notes outstanding on the date of such report;

(3) the amount, interest rate and maturity date of all other indebtedness owing by the Company (or by any other obligor on the Notes) to the Trustee in its individual capacity, as of the date of such report, with a brief description of any property held as collateral security therefor, except any indebtedness based upon a creditor relationship arising in any manner described in paragraph (2), (3), (4) or (6) of subsection (b) of Section 7.13;

(4) the property and funds, if any, physically in the possession of the Trustee, as such, on the date of such report;

(5) any additional issue of Notes which the Trustee has not previously reported; and

(6) any action taken by the Trustee in the performance of its duties under this Indenture which it has not previously reported and which in its opinion materially affects the Notes, except action in respect of a default, notice of which has been or is to be withheld by it in accordance with the provisions of Section 6.08.

(b) The Trustee shall transmit to the Noteholders a brief report with respect to the character and amount of any advances (and, if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) since the date of the last report transmitted pursuant to the provisions of subsection (a) of this Section 5.04 (or, if no such report has yet been so transmitted, since the date of execution of this Indenture), for the reimbursement of which it claims or may claim a lien or charge prior to that of the Notes on property or funds held or collected by it as Trustee, and which it has not previously reported pursuant to this subsection (b), except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate ten percent or less of the principal amount of Notes outstanding at such time, such report to be transmitted within 90 days after such time.

(c) Reports pursuant to this Section 5.04 shall be transmitted by mail (i) to all holders of Notes as the names and addresses of such holders appear upon the Note register; (ii) to such holders of Notes as have, within the two years

preceding such transmission, filed their names and addresses with the Trustee for that purpose; and (iii) except in the case of reports pursuant to subsection (b) of this Section 5.04, to each Noteholder whose name and address is preserved at the time by the Trustee, as provided in Section 5.02(a).

(d) A copy of each such report shall, at the time of such transmission to Noteholders, be filed by the Trustee with each stock exchange upon which the Notes are listed and also with the Securities and Exchange Commission. The Company will notify the Trustee when and as the Notes become listed on any stock exchange.

ARTICLE SIX

Remedies of the Trustee and Noteholders on Event of Default

SECTION 6.01. Events of Default. In case one or more of the following Events of Default shall have occurred and be continuing:

(a) default in the payment of any instalment of interest upon any of the Notes as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or

(b) default in the payment of the principal of any of the Notes as and when the same shall become due and payable at maturity, by declaration or otherwise: or

(c) a default or event of default as defined or designated in any mortgage, indenture, loan agreement or instrument under which there may be issued or borrowed, or by which there may be secured or evidenced, any indebtedness of the Company or any Subsidiary (other than the Notes), whether such indebtedness now exists or shall hereafter be created, shall happen and not less than $1,000,000 of such indebtedness shall be due under such mortgages, indenture, loan agreement or instrument or such default shall result in not less than $1,000,000 of such indebtedness becoming or being declared due and payable, and such indebtedness or such declaration, as the case may be, shall not have been discharged or rescinded or annulled within 15 days after the date on which written notice thereof is given to the Company by the Trustee or to the Company and the Trustee by the holders of at least 25 percent in aggregate principal amount of the Notes then outstanding; or

(d) a final judgment or judgments or order or orders for the payment of money in excess of $1,000,000 shall be entered against the Company or one or more Principal Constituent Banks and within 90 days after entry thereof such judgment or judgments or order or orders shall not have been discharged or the execution thereof stayed pending appeal or within 90 days after the expiration of any such stay such judgment or judgments or order or orders shall not have been discharged; or

(e) failure on the part of the Company duly to observe or perform any other of the covenants or agreements on the part of the Company in the Notes or in this Indenture continued for a period of 90 days after the date on which written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Trustee, or to the Company and the Trustee by the holders of at least 25 percent in aggregate principal amount of the Notes at the time outstanding; or

(f) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Company or a Principal Constituent Bank in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or a Principal Constituent Bank or for any substantial part of its property, or ordering the winding up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(g) the Company or a Principal Constituent Bank shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Company or a Principal Constituent Bank or for any substantial part of its

property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of any of the foregoing;

then and in each and every such case, unless the principal of all the Notes shall have already become due and payable, either the Trustee or the holders of not less than 25 percent in aggregate principal amount of the Notes then outstanding under this Indenture, by notice in writing to the Company (and to the Trustee if given by Noteholders), may declare the principal of all the Notes to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Notes contained to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of the Notes shall have been so declared due and payable, and before any judgment or decree for the payment of the monies due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all matured instalments of interest on all the Notes and the principal of any and all Notes which shall have become due otherwise than by acceleration (with interest on overdue instalments of interest (to the extent that payment of such interest is enforceable under

applicable law) and on such principal at the rate borne by the Notes, to the date of such payment or deposit) and all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any and all defaults under this Indenture, other than the nonpayment of principal of and accrued interest on Notes which shall have become due by acceleration, shall have been cured or waived as provided in Section 6.07 -- then and in every such case the holders of a majority in aggregate principal amount of the Notes then outstanding, by written notice to the Company and to the Trustee, may waive all defaults and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default, or shall impair any right consequent thereon.

In case the Trustee or any Noteholder shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of such rescission or annulment or for any other reason or shall have been determined adversely to the Trustee or any Noteholder, then and in every such case the Company, the Trustee and such Noteholders shall, subject to any determination in such proceeding, be restored respectively to their several positions and rights under this Indenture, and all rights, remedies and powers of the Company, the Trustee and such Noteholders shall continue as though no such proceeding had been taken.

SECTION 6.02. Payment of Notes on Default; Suit Therefor. The Company covenants that (a) in case default shall be made in the payment of any instalment of interest upon any of the Notes as and when the same shall become due and payable, and such default shall have continued for a period of 30 days, or (b) in case default shall be made in the payment of the principal of any of the Notes as and when the same shall have become due and payable whether at maturity of the Notes, by declaration or otherwise, then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the Notes, the whole amount that then shall have become due and payable on all such Notes for principal or interest, or both, as the case may be, with interest upon the overdue principal and (to the extent that payment of such interest is enforceable under applicable law) upon the overdue instalments of interest at the rate borne by the Notes; and, in addition, such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation, expenses, disbursements and advances of the Trustee, its agents, attorneys and counsel.

In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action

or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company or any other obligor on the Notes and collect in the manner provided by law out of the property of the Company or any other obligor on the Notes wherever situated the monies adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy or for the

reorganization of the Company or any other obligor on the Notes under Title 11 of the United States Code or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Company or such other obligor, or in the case of any other similar judicial proceedings relative to the Company or other obligor upon the Notes, or to the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Notes shall then be due and payable as expressed in the Notes or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 6.02, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Notes, and, in case of any judicial proceedings, (i) to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Noteholders allowed in such judicial proceedings relative to the Company or any other obligor on the Notes, its or their creditors, or its or their property, and (ii) to collect and receive any monies or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the Noteholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Noteholders, to pay to the Trustee any amount due it for reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel and any other amounts due the Trustee under Section 7.06. To the extent that such payment of reasonable compensation, expenses and counsel fees out of the trust estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, monies, securities and other property which the holders of the Notes may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

Nothing contained in this Section 6.02 shall be deemed to authorize the Trustee to authorize or consent to or adopt on behalf of any Noteholder any plan of reorganization or arrangement, affecting the Notes or the rights of any Noteholder,

or to authorize the Trustee to vote in respect of the claim of any Noteholder in any such proceeding.

All rights of action and of asserting claims under this Indenture, or under any of the Notes, may be enforced by the Trustee without the possession of any of the Notes, or the production thereof in any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the holders of the Notes.

SECTION 6.03. Application of Monies Collected by Trustee. Any monies collected by the Trustee pursuant to Section 6.02 shall be applied in the following order, at the date or dates fixed by the Trustee for the distribution of such monies, upon presentation of the several Notes, and stamping thereon the payment, if only partially paid, and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts then due the Trustee under Section 7.06;

SECOND: Subject to the provisions of Article Three, in case the principal of the outstanding Notes shall not have become due and be unpaid, to the payment of interest on the Notes in the order of the maturity of the instalments of such interest, with interest (to the extent enforceable under applicable law) upon the overdue instalments of interest at the rate borne by the Notes, such payments to be made ratably to the persons entitled thereto; and

THIRD: In case the principal of the outstanding Notes shall have become due, by declaration or otherwise, to the payment of the whole amount then owing and unpaid upon the Notes for principal and interest, with interest on the overdue principal and (to the extent enforceable under applicable law) upon overdue instalments of interest at the rate borne by the Notes; and in case such monies shall be insufficient to pay in full the whole amounts so due and unpaid upon the Notes, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal or of any instalment of interest over any other instalment of interest, or of any Note over any other Note,

ratably to the aggregate of such principal and accrued and unpaid interest.

SECTION 6.04. Proceedings by Noteholders. No holder of any Note shall have any right to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture or for the appointment of a receiver or trustee, or for any other remedy under this Indenture, unless such holder previously shall have

65

given to the Trustee written notice of default and of the continuance thereof, as provided in Section 6.01, and unless also the holders of not less than 25 percent in aggregate principal amount of the Notes then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee under this Indenture and shall have offered to the Trustee such reasonable indemnity as the Trustee may require against the costs, expenses and liabilities to be incurred in compliance with such request, the Trustee for 60 days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding and no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of a majority in principal amount of the outstanding Notes, it being understood and intended, and being expressly covenanted by each Person who acquires and holds a Note with every other such Person, that no one or more holders of Notes shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other holder of such Notes, or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce any right under this Indenture, except in the manner provided in this Section 6.04 and for the equal, ratable and common benefit of all holders of Notes.

Notwithstanding any other provision in this Indenture, however, the right of any holder of any Note to receive payment of the principal of and (subject to Section 2.03) interest on such Note, on or after the respective due dates expressed in such Note, or to institute suit for the enforcement of any such payment on or after such respective dates against the Company shall not be impaired or affected without the consent of such holder.

SECTION 6.05. Proceedings by Trustee. In case of an Event of Default under this Indenture the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Noteholders by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other proper remedy or legal or equitable right vested in the Trustee by this Indenture or by law.

SECTION 6.06. Remedies Cumulative and Continuing; Delay or Omission Not Waiver. All rights, powers and remedies conferred upon or reserved to the Trustee or to the Noteholders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other rights, powers and remedies available to the Trustee or the holders of the Notes, now or hereafter existing, by judicial proceedings or otherwise, to enforce the performance or observance of the

66

covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any holder of any of the Notes to exercise any such right, power or remedy shall impair any such right, power or remedy, or shall be construed to be a waiver of any default or an acquiescence in such default; and, subject to the provisions of Section 6.04, every power and remedy conferred upon or reserved to the Trustee or to the Noteholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Noteholders. The assertion of any right, power or remedy shall not prevent the concurrent assertion of any other right, power or remedy.

SECTION 6.07. Direction of Proceedings and Waiver of Defaults by Majority of Noteholders. (a) The holders of a majority in aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 8.04 shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided, however, that such direction may not be in conflict with law or this Indenture or expose the Trustee to personal liability or be unduly prejudicial to the holders of the Notes not joining in the direction, and the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with this Indenture and such direction.

(b) Prior to any declaration that the principal of the Notes outstanding is due and payable, the holders of a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of the holders of all the Notes waive any past default or Event of Default under this Indenture and its consequences except a default under a covenant in this Indenture that, pursuant to Section 10.02, cannot be modified without the consent of each holder of a Note affected thereby. Upon any such waiver the Company, the Trustee and the holders of the Notes shall be restored to their former positions and rights under this Indenture, respectively; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon. Whenever any default or Event of Default under this Indenture shall have been waived as permitted by this Section 6.07, such default or Event of Default shall for all purposes of the Notes and this Indenture be deemed to have been cured and to be not continuing.

SECTION 6.08. Notice of Defaults. The Trustee shall, within 90 days after the occurrence of a default, mail to all Noteholders, in the manner provided in subsection (c) of Section 5.04 with respect to reports pursuant to subsections (a) and (b) thereof, respectively, notice of all defaults known to the Trustee, unless such defaults shall have been cured or waived before the giving of such notice (the term "defaults" for the purpose of this Section 6.08 being hereby defined to be the events which after notice or lapse of time or both would become an Event of Default); and provided that, except in the case of default in the payment of the principal of or

interest on any of the Notes, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Noteholders.

SECTION 6.09. Undertaking to Pay Costs. All parties to this Indenture agree, and each holder of any Note by his acceptance of a Note shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; provided, however, that the provisions of this Section 6.09 shall not apply to any suit instituted by the Trustee, to any suit instituted by any Noteholder, or group of Noteholders, holding in the aggregate more than ten percent in principal amount of the Notes outstanding, or to any suit instituted by any Noteholder for the enforcement of the payment of the principal of or interest on any Note on or after the due date expressed in such Note.

ARTICLE SEVEN

Concerning the Trustee

SECTION 7.01. Duties and Responsibilities of the Trustee. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct, except that:

(a) except during the continuance of an Event of Default;

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness

of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but, in the case of any such certificates or opinions which by any provisions of this Indenture are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the Notes at the time outstanding (determined as provided in Section 8.04) relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Whether or not expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 7.01.

SECTION 7.02. Reliance on Documents, Opinions, etc. Except as otherwise provided in Section 7.01,

(a) the Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties:

(b) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company;

(c) the Trustee may consult with counsel and any advice or Opinion of Counsel shall be full and complete authorization and protection in respect of

any action taken or omitted by it under this Indenture in good faith and in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Noteholders, pursuant to the provisions of this Indenture, unless such Noteholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby;

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

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture, coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Company to the extent reasonably necessary to verify such facts or matters; and

(g) the Trustee may execute any of the trusts or powers under this Indenture or perform any duties under this Indenture either directly or by

or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care under this Indenture.

SECTION 7.03. No Responsibility for Recitals, etc. The recitals contained in this Indenture and in the Notes (except in the Trustee's certificate of authentication) shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Notes. The Trustee shall not be accountable for the use or application by the Company of any Notes or the proceeds of any Notes authenticated and delivered by the Trustee.

SECTION 7.04. Trustee, Paying Agents or Registrar May Own Notes. Subject to Sections 7.08 and 7.13, the Trustee or any paying agent or Note registrar, in its individual or any other capacity, may become the owner or pledgee of Notes with the same rights it would have if it were not Trustee, paying agent or Note registrar.

SECTION 7.05. Monies to Be Held in Trust. Subject to the provisions of Sections 12.03 and 12.04, all monies received by the Trustee shall, until used or

applied as herein provided, be held in trust for the purposes for which they were received. Monies held by the Trustee need not be segregated from other funds except as provided by law. The Trustee shall be under no liability for interest on any money received by it under this Indenture provided the Trustee shall pay to the Persons entitled thereto all such monies when due and payable.

SECTION 7.06. Compensation and Expenses of Trustee. The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it under this Indenture (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and the Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may be attributable to its negligence or bad faith. The Company also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee and arising out of or in connection with the acceptance or administration of this trust, including the reasonable costs and expenses of defending itself against any claim of liability in connection with the exercise or performance of any of its powers under this Indenture. The obligations of the Company under this Section 7.06 shall constitute additional indebtedness under this Indenture. Such additional indebtedness shall be secured by a lien prior to that of the Notes upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the holders of particular Notes. The obligations of the Company under this Section 7.06 and such lien for additional indebtedness shall not be subordinated to the payment of Senior Indebtedness pursuant to Article Three.

SECTION 7.07. Officers' Certificate as Evidence. Except as otherwise provided in Section 7.01, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action under this Indenture, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such Certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken or omitted by it under the provisions of this Indenture upon the faith of such Officers' Certificate.

SECTION 7.08. Conflicting Interest of Trustee. (a) If the Trustee has or shall acquire any conflicting interest, as defined in this Section 7.08, it shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in Section 7.10.

(b) In the event that the Trustee shall fail to comply with the provisions of subsection (a) of this Section 7.08, the Trustee shall, within ten days after the expiration of such 90-day period, transmit notice of such failure to

the holders of Notes in the manner provided in subsection (c) of Section 5.04 with respect to reports pursuant to subsections (a) and (b) thereof, respectively.

(c) For the purpose of this Section 7.08, the Trustee shall be deemed to have a conflicting interest if:

(1) the Trustee is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the Company are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of Notes issued under this Indenture; provided that there shall be excluded from the operation of this paragraph any other indenture or indentures under which other securities, or certificates of interest or participation in other securities of the Company, are outstanding if (i) this Indenture and such other indenture or indentures are wholly unsecured and such other indenture or indentures are hereafter qualified under the Trust Indenture Act of 1939, unless the Securities and Exchange Commission shall have found and declared by order pursuant to subsection (b) of Section 305 or subsection (c) of Section 307 of the Trust Indenture Act of 1939 that differences exist between the provisions of this Indenture and the provisions of such other indenture or indentures which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture and such other indenture or indentures or (ii) the Company shall have sustained the burden of proving, on application to the Securities and Exchange Commission and after opportunity for hearing thereon, that trusteeship under this Indenture and such other indenture is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under one of such indentures;

(2) the Trustee or any of its directors or executive officers is an obligor upon the Notes issued under this Indenture or an underwriter for the Company;

(3) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with the Company or an underwriter for the Company;

(4) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee or representative of the Company, or of an underwriter (other than the Trustee itself) for the Company who is currently engaged in the business of underwriting, except that (A) one individual may be a director and/or an executive officer of the Trustee and a director and/or an executive officer of the Company, but may not be at the same time an executive officer of both the Trustee and the Company; (B) if and so long as the number of directors of the Trustee in office is more than nine, one additional individual may be a director and/or an executive officer of the Trustee and a director of the Company; and (C) the Trustee may be designated by the Company or by an underwriter for the Company to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent or depositary, or in any other similar capacity, or, subject to the provisions of paragraph (1) of this subsection (c), to act as trustee whether under an indenture or otherwise;

(5) ten percent or more of the voting securities of the Trustee is beneficially owned by the Company or by any director, partner or executive officer thereof, or 20 percent or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or ten percent or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Company or by any director, partner or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(6) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, (A) five percent or more of the voting securities, or ten percent or more of any other class of security, of the Company, not including the Notes issued under this Indenture and securities issued under any other indenture under which the Trustee is also trustee or (B) ten percent or more of any class of security of an underwriter for the Company;

(7) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, five percent or more of the voting securities of any person who, to the knowledge of the Trustee, owns

ten percent or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Company;

(8) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, ten percent or more of any class of security of

any person who, to the knowledge of the Trustee, owns 50 percent or more of the voting securities of the Company; or

(9) the Trustee owns on May 15 in any calendar year, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25 percent or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7) or (8) of this subsection (c). As to any such securities of which the Trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply, for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25 percent of such voting securities or 25 percent of any such class of security. Promptly after May 15 in each calendar year, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15. If the Company fails to make payment in full of principal of or interest on any of the Notes when and as the same become due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period and, after such date, notwithstanding the foregoing provisions of this paragraph (9), all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of paragraphs (6), (7) and (8) of this subsection (c).

The specifications of percentages in paragraphs (5) to (9), inclusive, of this subsection (c) shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this subsection (c).

For the purposes of paragraphs (6), (7), (8) and (9) of this subsection (c) only, (A) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay monies lent to a person by one or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (B) an obligation shall be deemed to be in default when a default in payment of principal shall have continued for 30 days or more and shall not have been cured; and (C) the Trustee shall not be deemed to be the owner or holder of (i) any security which it

holds as collateral security (as trustee or otherwise) for an obligation which is not in default as defined in clause (B) above, or (ii) any security which it holds as collateral security under this Indenture, irrespective of any default under this Indenture, or (iii) any security which it holds as agent for collection, or as custodian, escrow agent or depositary, or in any similar representative capacity.

Except as provided in the next preceding paragraph, the word "security" or "securities" as used in this Indenture shall mean any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, pre-organization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral rights, or, in general, any interest or instrument commonly known as a "security" or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

(d) For the purposes of this Section 7.08:

(1) The term "underwriter" when used with reference to the Company

shall mean every person who, within three years prior to the time as of which the determination is made, has purchased from the Company with a view to, or has offered or sold for the Company in connection with, the distribution of any security of the Company outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

(2) The term "director" shall mean any director of a corporation or any individual performing similar functions with respect to any organization whether incorporated or unincorporated.

(3) The term "person" shall mean an individual, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization or a government or political subdivision thereof. As used in this paragraph, the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(4) The term "voting security" shall mean any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or

holder of such security are presently entitled to vote in the direction or management of the affairs of a person.

(5) The term "Company" shall mean any obligor upon the Notes.

(6) The term "executive officer" shall mean the president, every vice president, every trust officer, the cashier, the secretary and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

The percentages of voting securities and other securities specified in this Section 7.08 shall be calculated in accordance with the following provisions:

(A) A specified percentage of the voting securities of the Trustee, the Company or any other person referred to in this Section 7.08 (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(B) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(C) The term "amount", when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares and the number of units if relating to any other kind of security.

(D) The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

(i) Securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(ii) Securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(iii) Securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise; and

(iv) Securities held in escrow if placed in escrow by the issuer thereof;

provided, however, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(E) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges; provided, however, that, in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes; and provided further, that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

SECTION 7.09. Eligibility of Trustee. The Trustee under this Indenture shall at all times be a corporation organized and doing business under the laws of the United States or any State thereof or of the District of Columbia authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000 and subject to supervision or examination by Federal, State or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 7.09, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.09, the Trustee shall resign immediately in the manner and with the effect specified in Section 7.10.

SECTION 7.10. Resignation or Removal of Trustee. (a) The Trustee may at any time resign by giving written notice of such resignation to the Company and by mailing notice of such resignation to the holders of Notes at their addresses as they shall appear on the registry books of the Company.

(b) In case at any time any of the following shall occur:

(1) the Trustee shall fail to comply with the provision of subsection (a) of Section 7.08 after written request therefor by the Company or by any Noteholder who has been a bona fide holder of a Note or Notes for at least six months, or

(2) the Trustee shall cease to be eligible in accordance with the provisions of Section 7.09 and shall fail to resign after written request therefor by the Company or by any such Noteholder, or

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

then, in any such case, the Company may remove the Trustee by written instrument, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee (with written notice of such removal mailed to the holders of Notes at their addresses as they shall appear on the registry books of the Company), or, subject to the provisions of Section 6.09, any Noteholder who has been a bona fide holder of a Note or Notes for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee.

(c) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Company shall promptly appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the retiring Trustee and one copy to the successor Trustee. If, within one year after such resignation, removal or incapability or the occurrence of such vacancy, a successor trustee shall be appointed by the holders of a majority in principal amount of the Notes at the time outstanding

by instrument or instruments delivered to the Company and the retiring Trustee, the successor trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Company. If no successor trustee shall have been so appointed by the Company or the Noteholders and accepted appointment in the manner provided in Section 7.11 within 60 days after notice of the resignation or removal of the Trustee is mailed to the Noteholders, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Noteholder who has been a bona fide holder of a Note or Notes for at least six months may, subject to the provisions of Section 6.09, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor trustee.

(d) The holders of a majority in aggregate principal amount of the Notes at the time outstanding may at any time remove the Trustee.

(e) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 7.10 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 7.11.

SECTION 7.11. Acceptance by Successor Trustee. Any successor trustee appointed as provided in Section 7.10 shall execute, acknowledge and deliver to the Company and to its predecessor Trustee an instrument accepting such appointment under this Indenture, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor under this Indenture, with like effect as if originally named as trustee in this Indenture; but, nevertheless, on the written request of the Company or of the successor Trustee, the trustee ceasing to act shall, upon payment of any amounts then due it pursuant to the provisions of Section 7.06, execute and deliver an instrument transferring to such successor Trustee all the rights and powers of the trustee so ceasing to act and shall transfer, assign and deliver to such successor all property and money held by such retiring trustee under this Indenture. Upon request of any such successor Trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 7.06.

No successor trustee shall accept appointment as provided in this Section 7.11 unless at the time of such acceptance such successor trustee shall be qualified under the provisions of Section 7.08 and eligible under the provisions of Section 7.09.

Upon acceptance of appointment by a successor trustee as provided in this Section 7.11, the Company shall mail notice of the succession of such Trustee under this Indenture to the holders of Notes at their addresses as they shall appear on the registry books of the Company. If the Company fails to mail such notice within ten days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Company.

SECTION 7.12. Succession by Merger, etc. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor to the Trustee under this Indenture without the execution or filing of any paper or any further act on the part of any of the parties to this Indenture provided such corporation shall be otherwise eligible under this Article Seven.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated;

and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor trustee under this Indenture or in the name of the successor Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the

certificate of the Trustee shall have; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or authenticate Notes in the name of any predecessor Trustee shall apply only to its successor or successors by mergers, conversion or consolidation.

SECTION 7.13. Limitation of Rights of Trustee as a Creditor. (a) Subject to the provisions of subsection (b) of this Section 7.13, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company within four months prior to a default, as defined in subsection (c) of this Section 7.13, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the holders of the Notes and the holders of other indenture securities (as defined in paragraph (2) of subsection (c) of this Section 7.13):

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such four-month period and valid as against the Company and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this subsection, or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against the Company upon the date of such default; and

(2) all property received by the Trustee in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such four-month period, or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of the Company and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of Trustee

(A) to retain for its own account (i) payments made on account of any such claim by any person (other than the Company) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third person, and (iii) distributions made in cash, securities or other property in respect of claims filed against the Company in bankruptcy or receivership or in

proceedings for reorganization pursuant to Title 11 of the United States Code or applicable State law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such four-month period;

(C) to realize, for its own account, but only to the extent of the claim mentioned in this paragraph (C), upon any property held by it as security for any such claim, if such claim was created after the beginning of such four-month period and such property was received as security therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default, as defined in subsection (c) of this Section 7.13, would occur within four months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in paragraph (B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C) and (D), property substituted after the beginning of such four-month period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned between the Trustee, the Noteholders and the holders of other indenture securities in such manner that the Trustee, the Noteholders and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11 of the

United States Code or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the Company of the funds and property in such special account and before crediting to the respective claims of the Trustee, the Noteholders and the holders of other indenture securities dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11 of the United States Code or applicable State law, but after crediting thereon receipts on account of the

indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11 of the United States Code or applicable State law, whether such distribution is made in cash, securities or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership or proceeding for reorganization is pending shall have jurisdiction (i) to apportion between the Trustee, the Noteholders and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and the proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the Trustee, the Noteholders and the holders of other indenture securities with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee who has resigned or been removed after the beginning of such four-month period shall be subject to the provisions of this subsection (a) as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning of such four-month period, it shall be subject to the provisions of this subsection (a) if and only if the following conditions exist:

(i) the receipt of property or reduction of claim which would have given rise to the obligation to account, if such Trustee had continued as trustee, occurred after the beginning of such four-month period; and

(ii) such receipt of property or reduction of claim occurred within four months after such resignation or removal.

(b) There shall be excluded from the operation of subsection (a) of this Section 7.13 a creditor relationship arising from:

(1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction, or by this Indenture, for the purpose of preserving any property which shall at any time be subject to the lien of this Indenture or of discharging

tax liens or other prior liens or encumbrances thereon, if notice of such advances and of the circumstances surrounding the making thereof is given to the Noteholders at the time and in the manner provided in Section 5.04 with respect to reports pursuant to subsections (a) and (b) thereof, respectively;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction as defined in subsection (c) of this Section 7.13;

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Company; or

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper as defined in subsection (c) of this Section 7.13.

(c) As used in this Section 7.13:

(1) The term "default" shall mean any failure to make payment in full of the principal of or interest upon any of the Notes or upon the other indenture securities when and as such principal or interest becomes due and payable;

(2) The term "other indenture securities" shall mean securities upon which the Company is an obligor (as defined in the Trust Indenture Act of 1939) outstanding under any other indenture (A) under which the Trustee is also trustee, (B) which contains provisions substantially similar to the provisions of subsection (a) of this Section 7.13, and (C) under which a default exists at the time of the apportionment of the funds and property held in such special account;

(3) The term "cash transaction" shall mean any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand;

(4) The term "self-liquidating paper" shall mean any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Company for the purpose of financing the purchase, processing, manufacture, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of or a lien upon, the goods, wares

or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security; provided that the security is received by the Trustee simultaneously with the creation of the creditor relationship with the Company arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation; and

(5) The term "Company" shall mean any obligor upon the Notes.

ARTICLE EIGHT

Concerning the Noteholders

SECTION 8.01. Action by Noteholders. Whenever in this Indenture it is provided that the holders of a specified percentage in aggregate principal amount of the Notes may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action) the fact that at the time of taking any such action the holders of such specified percentage have joined in such action may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Noteholders in person or by agent or proxy appointed in writing, or (b) by the record of the holders of Notes voting in favor of such action at any meeting of Noteholders duly called and held in accordance with the provisions of this Article Eight, or (c) by a combination of such instrument or instruments and any such record of such a meeting of Noteholders.

SECTION 8.02. Proof of Execution by Noteholders. Subject to the provisions of Sections 7.01, 7.02 and 9.05, proof of the execution of any instrument by a Noteholder or his agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The ownership of Notes shall be proved by the registers of such Notes or by a certificate of the Note registrar.

The record of any Noteholders' meeting shall be proved in the manner provided in Section 9.06.

SECTION 8.03. Who Are Deemed Absolute Owners. Prior to due presentment for registration of transfer of a Note, the Company, the Trustee, any paying agent and any Note registrar may deem the person in whose name such Note shall be registered upon the books of the Company to be, and may treat him as, the absolute owner of such Note (whether or not such Note shall be overdue and

notwithstanding any notation of ownership or other writing on such Note made by anyone other than the Company or any Note registrar) for the purpose of receiving payment of or on account of the principal of and interest on such Note and for all other purposes; and neither the Company nor the Trustee nor any paying agent nor any Note

registrar shall be affected by any notice to the contrary. All such payments so made to any holder for the time being, or upon his order, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for monies payable upon any such Note.

SECTION 8.04. Company Owned Notes Disregarded. In determining whether the holders of the requisite aggregate principal amount of Notes have concurred in any direction, consent, waiver or other action under this Indenture, Notes which are owned by the Company or any other obligor on the Notes or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any other obligor on the Notes shall be disregarded and deemed not to be outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent, waiver or other action, only Notes which the Trustee knows are so owned shall be so disregarded.

SECTION 8.05. Revocation of Consents; Future Holders Bound. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01, of the taking of any action by the holders of the percentage in aggregate principal amount of the Notes specified in this Indenture in connection with such action, any holder of a Note the serial number of which is shown by the evidence to be included in the Notes, the holders of which have consented to such action may, by filing written notice with the Trustee at its principal office and upon proof of holding as provided in Section 8.02, revoke such action so far as concerns such Note. Except as provided in this Section 8.05, any such action taken by the holder of any Note shall be conclusive and binding upon such holder and upon all future holders and owners of such Note, irrespective of whether or not any notation in regard thereto is made upon such Note or any Note issued in exchange or substitution for such Note.

ARTICLE NINE

Noteholders' Meetings

SECTION 9.01. Purposes of Meetings. A meeting of Noteholders may be called at any time and from time to time pursuant to the provisions of this Article Nine for any of the following purposes:

(1) to give any notice to the Company or to the Trustee, or to give any directions to the Trustee, or to consent to the waiving of any default under this Indenture and its consequences, or to take any other action authorized to be taken by Noteholders pursuant to any of the provisions of Article Six;

(2) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article Seven;

(3) to consent to the execution of an indenture or indentures supplemental to this Indenture pursuant to the provisions of Section 10.02; or

(4) to take any other action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of the Notes under any other provision of this Indenture or under applicable law.

SECTION 9.02. Call of Meetings by Trustee. The Trustee may at any time call a meeting of Noteholders to take any action specified in Section 9.01, to be held at such time and at such place in the Borough of Manhattan, The City of New York, as the Trustee shall determine. Notice of every meeting of the Noteholders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be mailed to holders of Notes at their addresses as they shall appear on the registry books of the Company. Such notice shall be mailed not less than 20 nor more than 90 days prior to the date fixed for the meeting.

Any meeting of Noteholders shall be valid without notice if the holders of all Notes then outstanding are present in person or by proxy or if notice is waived before or after the meeting by the holders of all Notes outstanding, and

if the Company and the Trustee are either present by duly authorized representatives or have, before or after the meeting, waived notice.

SECTION 9.03. Call of Meetings by Company or Noteholders. In case at any time the Company, pursuant to a resolution of its Board of Directors, or the holders of at least ten percent in aggregate principal amount of the Notes then outstanding, shall have requested the Trustee to call a meeting of Noteholders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have mailed the notice of such meeting within 20 days after receipt of such request, then the Company or such Noteholders may determine the time and the place in the Borough of Manhattan, The City of New York, for such meeting and may call such meeting to take any action authorized in Section 9.01, by mailing notice of such meeting as provided in Section 9.02.

SECTION 9.04. Qualifications for Voting. To be entitled to vote at any meeting of Noteholders a person shall (a) be a holder of one or more Notes as set forth in the Note register or (b) be a person appointed by an instrument in writing as proxy by a holder of one or more Notes as set forth in the Note register. The only persons who shall be entitled to be present or to speak at any meeting of Noteholders shall be the persons entitled to vote at such meeting and their counsel and any

representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

SECTION 9.05. Regulations. Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Noteholders, in regard to proof of the holding of Notes and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Noteholders as provided in Section 9.03, in which case the Company or the Noteholders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the holders of a majority in principal amount of the Notes represented at the meeting and entitled to vote.

Subject to the provisions of Section 8.04, at any meeting each Noteholder or proxy shall be entitled to one vote for each $1,000 principal amount of Notes held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Note challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Notes held by him or instruments in writing duly designating him as the person to vote on behalf of other Noteholders. Any meeting of Noteholders duly called pursuant to the provisions of Section 9.02 or 9.03 may be adjourned from time to time by a majority of those present and the meeting may be held as so adjourned without further notice.

SECTION 9.06. Voting. The vote upon any resolution submitted to any meeting of Noteholders shall be by written ballots on which shall be subscribed the signatures of the holders of Notes or of their representatives by proxy and the principal amount of the Notes held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Noteholders shall be prepared by the secretary of the meeting and there shall be attached to such record the original reports of the inspectors of votes on any vote by ballot taken at such meeting and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that such notice was mailed as provided in Section 9.02 or 9.03. The record shall

show the principal amount of the Notes voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and the permanent secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee.

Any record so signed and verified shall be conclusive evidence of the matters stated in such record.

SECTION 9.07. No Delay of Rights by Meeting. Nothing in this Article Nine shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Noteholders or any rights expressly or impliedly conferred under this Article Nine to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Noteholders under any of the provisions of this Indenture or of the Notes.

ARTICLE TEN

Supplemental Indentures

SECTION 10.01. Supplemental Indentures Without Consent of Noteholders. The Company, when authorized by the resolutions of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental to this Indenture for one or more of the following purposes:

(a) to evidence the succession of another corporation to the Company or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Company pursuant to Article Eleven;

(b) to add to the covenants of the Company such further covenants, restrictions or conditions for the protection of the holders of the Notes as the Board of Directors and the Trustee shall consider to be for the protection of the holders of Notes, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions or conditions a default or an Event of Default permitting the enforcement of all or any of the several remedies set forth in this Indenture; provided, however, that in respect of any such additional covenant, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default; or

(c) to cure any ambiguity or to correct or supplement any provision contained in this Indenture or in any supplemental indenture which may be defective or inconsistent with any other provision contained in this Indenture or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture which shall not adversely affect the interests of the holders of the Notes.

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be contained in such supplemental indenture and to accept the conveyance, transfer and assignment of any property under such supplemental indenture, but the Trustee shall not be obligated to, but may in its discretion, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section 10.01 may be executed by the Company and the Trustee without the consent of the holders of any of the Notes at the time outstanding, notwithstanding any of the provisions of Section 10.02.

SECTION 10.02. Supplemental Indentures with Consent of Noteholders. With the consent (evidenced as provided in Section 8.01) of the holders of not less than 66 2/3 percent in aggregate principal amount of the Notes at the time outstanding, the Company, when authorized by the resolutions of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental to this Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the holders of the Notes; provided, however, that no such supplemental indenture shall (a) without the consent of the holder of each Note affected thereby, change the stated maturity of the principal of, or any instalment of interest on, any Note, or reduce the principal amount of any Note or the interest on any Note, or change any place of payment where, or the coin or currency in which, any Note or the interest on any Note is payable, or impair the right to institute suit for the enforcement of any such payment on or after its stated maturity, or make any change in Article III that adversely affects the rights of any Noteholder, or (b) without the consent of the holders of all Notes then outstanding, reduce the percentage in principal amount of the

Notes, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults under this Indenture and their consequences) provided for in this Indenture, or (c) without the consent of the holders of all Notes then outstanding, modify the penultimate sentence of Section 6.01 or any of the provisions of this Section 10.02 or subsection (b) of

89

58

Section 6.07, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived.

Upon the request of the Company, accompanied by a copy of the resolutions of the Board of Directors certified by its Secretary or Assistant Secretary authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Noteholders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Noteholders under this Section 10.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

SECTION 10.03. Compliance with Trust Indenture Act; Effect of Supplemental Indentures. Any supplemental indenture executed pursuant to the provisions of this Article Ten shall comply with the Trust Indenture Act of 1939 as then in effect. Upon the execution of any supplemental indenture pursuant to the provisions of this Article Ten, this Indenture shall be and be deemed to be modified and amended in accordance with such supplemental indenture and the respective rights, limitation of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the holders of Notes shall thereafter be determined, exercised and enforced under this Indenture subject in all respects to such modifications and amendments and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 10.04. Notation on Notes. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article Ten may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Notes so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may be prepared and executed by the Company, authenticated by the Trustee and delivered in exchange for the Notes then outstanding, upon surrender of such Notes then outstanding.

SECTION 10.05. Evidence of Compliance of Supplemental Indenture to Be Furnished Trustee. The Trustee, subject to the provisions of Sections 7.01 and 7.02, may receive an Officers' Certificate and an Opinion of Counsel as conclusive

90

59

evidence that any supplemental indenture executed pursuant to this Article Ten complies with the requirements of this Article Ten.

ARTICLE ELEVEN

Consolidation, Merger, Sale, Conveyance and Lease

SECTION 11.01. Company May Consolidate, etc., on Certain Terms. The Company shall not consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless:

(1) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer or which leases the properties and assets of the Company substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and shall expressly assume, by a supplemental indenture executed and delivered to the Trustee in form satisfactory to the Trustee, the due and punctual payment of the principal of and interest on the Notes and the performance of every covenant of this Indenture on the part of the Company

to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and

(3) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and supplemental indenture comply with this Article Eleven and that all conditions precedent provided for in this Indenture relating to such transaction have been complied with.

SECTION 11.02. Successor Corporation Substituted. Upon any consolidation by the Company with or merger by the Company into any other corporation or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 11.01, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company in this Indenture, and thereafter, except in the case of a lease, the predecessor corporation shall be relieved of all obligations and covenants under this Indenture and the Notes.

Such successor corporation may cause to be signed, and may issue either in its own name or in the name of the Company prior to such succession, any of or all the Notes issuable under this Indenture which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor corporation instead of upon the order of the Company, and subject to all the terms, conditions and limitations in this Indenture, the Trustee shall authenticate and shall deliver any Notes which previously shall have been signed and delivered by the officers of the Company to the Trustee for authentication and any Notes which such successor corporation thereafter shall cause to be signed and delivered to the Trustee on its behalf for that purpose. All the Notes so issued shall in all respects have the same legal rank and benefit under this Indenture as the Notes theretofore or thereafter issued in accordance with the terms of this Indenture as though all such Notes had been issued at the date of the execution of this Indenture.

ARTICLE TWELVE

Satisfaction and Discharge of Indenture

SECTION 12.01. Discharge of Indenture. When (a) the Company shall deliver to the Trustee for cancelation all Notes theretofore authenticated (other than any Notes which shall have been destroyed, lost or stolen and in lieu of or in substitution for which other Notes shall have been authenticated and delivered) and not theretofore canceled, or (b) all the Notes not theretofore canceled or delivered to the Trustee for cancelation shall have become due and payable, or are by their terms to become due and payable within one year, and the Company shall deposit with the Trustee, in trust, funds (which thereupon shall become immediately due and payable to the holders of Notes) sufficient to pay at maturity all the Notes (other than any Notes which shall have been mutilated, destroyed, lost or stolen which have been replaced or paid as provided in Section 2.06) not theretofore canceled or delivered to the Trustee for cancelation, including principal and interest due or to become due to such date of maturity but excluding, however, the amount of any monies for the payment of principal of or interest on the Notes (1) theretofore deposited with the Trustee and repaid by the Trustee to the Company in accordance with the provisions of Section 12.04, or (2) paid to any State or the District of Columbia pursuant to its unclaimed property or similar laws, and if in either case the Company shall also pay or cause to be paid all other sums payable under this Indenture by the Company - then this Indenture shall cease to be of further effect, and the Trustee, on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel as required by Section 14.05 and at the cost and expense of the Company, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture. The obligations of the Company to the Trustee under Section 7.06 shall survive the termination of this Indenture.

The Trustee shall notify the Noteholders, at the expense of the Company, of the immediate availability of the amount referred to in clause (b) of this Section 12.01 by mailing a notice, first class postage prepaid, to the holders of Notes at their addresses as they appear on the Note register.

SECTION 12.02. Deposited Monies to Be Held in Trust by Trustee. Subject to Article Three and to Section 12.04, all monies deposited with the Trustee pursuant to Section 12.01 shall be held in trust and applied by it to the payment, either directly or through any paying agent (including the Company if acting as its own paying agent), to the holders of the particular Notes for the payment of which such monies have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest.

SECTION 12.03. Paying Agent to Repay Monies Held. Upon the satisfaction and discharge of this Indenture all monies then held by any paying agent of the Notes (other than the Trustee) shall, upon demand of the Company, be repaid to it or paid to the Trustee, and thereupon such paying agent shall be released from all further liability with respect to such monies.

SECTION 12.04. Return of Unclaimed Monies. Any monies deposited with or paid to the Trustee or any paying agent for payment of the principal of or interest on Notes, or then held by the Company in trust for the payment of the principal of or interest on Notes, and not applied but remaining unclaimed by the holders of Notes for two years after the date upon which the principal of or interest on such Notes, as the case may be, shall have become due and payable, shall be repaid to the Company by the Trustee on demand or, if then held by the Company, shall be discharged from such trust, and all liability of the Trustee shall thereupon cease: and the holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment of such Note, and all liability of the Trustee or such paying agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such paying agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper of general circulation in The City of New York customarily published on each Business Day (whether or not published on Saturdays, Sundays or holidays), or mail to each such holder, or both, notice that such money remains unclaimed and that, after a date specified in such notice, which shall not be less than 30 days from the date of such publication or mailing, any unclaimed balance of such money then remaining will be repaid to the Company.

ARTICLE THIRTEEN

Immunity of Incorporators, Stockholders, Officers and Directors

SECTION 13.01. Indenture and Notes Solely Corporate Obligations. No recourse for the payment of the principal of or interest on any Note, or for any claim based on any Note or otherwise in respect of any Note, and no recourse under or upon any obligation, covenant or agreement of the Company in this Indenture or in any supplemental indenture or in any Note, or because of the creation of an) indebtedness represented by any Note, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Notes.

ARTICLE FOURTEEN

Miscellaneous Provisions

SECTION 14.01. Provisions Binding on Company's Successors. All the covenants, stipulations, promises and agreements in this Indenture contained by the Company shall bind its successors and assigns whether so expressed or not.

SECTION 14.02. Official Acts by Successor Corporation. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at the time be the lawful sole successor of the Company.

SECTION 14.03. Addresses for Notices, etc. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the holders of Notes on the Company may be given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed (until another address is filed by the Company with the Trustee) to Merchants National Corporation, Attention: Senior Executive Vice President. One Merchants Plaza, Suite 415-E, Indianapolis, Indiana 46255, with a copy to it at One Merchants Plaza, Suite 845-E, Indianapolis, Indiana

46255, Attention: Legal Department. Any notice, direction, request or demand by any Noteholder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or made in writing at the principal office of the Trustee, Attention: Corporate Trust Administration.

94

SECTION 14.04. Governing Law. THIS INDENTURE AND EACH NOTE SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 14.05. Evidence of Compliance with Conditions Precedent. Upon any application or request by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture shall include (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinion contained in such certificate or opinion is based; (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 14.06. Legal Holidays. In any case where the date of maturity of interest on or principal of the Notes will not be a Business Day, payment of such interest on or principal of the Notes need not be made on such date but may be made on the next following Business Day with the same force and effect as if made on the date of maturity and, if such interest or principal is duly paid on such next following Business Day, no interest shall accrue for the period from and after such date of maturity to such next following Business Day.

SECTION 14.07. Trust Indenture Act to Control. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with another provision included in this Indenture which is required to be included in this Indenture by any of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, such required provision shall control.

SECTION 14.08. No Security Interest Created. Nothing in this Indenture or in the Notes, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or similar legislation, as now or hereafter

95

enacted and in effect, in any jurisdiction where property of the Company or its Subsidiaries is located.

SECTION 14.09. Benefits of Indenture. Nothing in this Indenture or in the Notes, express or implied, shall give to any person, other than the parties to this Indenture, any paying agent, any Note registrar and their successors under this Indenture, the holders of Notes and, to the extent provided in this Indenture, the holders of Senior Indebtedness, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 14.10. Table of Contents, Headings, etc. The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions of this Indenture.

SECTION 14.11. Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

96

Manufacturers Hanover Trust Company hereby accepts the trusts in this Indenture declared and provided, upon the terms and conditions set forth above

in this Indenture.

IN WITNESS WHEREOF, MERCHANTS NATIONAL CORPORATION has caused this Indenture to be signed and acknowledged by its Senior Executive Vice President, Chief Financial Officer and Treasurer, and its corporate seal to be affixed hereunto, and the same to be attested by its Secretary, and MANUFACTURERS HANOVER TRUST COMPANY has caused this Indenture to be signed and acknowledged by J. M. Foley, and has caused its corporate seal to be affixed hereunto and the same to be attested by Glenn Booth, as of the day and year first written above.

<TABLE>
<S> <C>

MERCHANTS NATIONAL CORPORATION,

by /s/ Robert L. Fesler

Senior Executive Vice President,
Chief Financial Officer and Treasurer

[SEAL]

Attest:

/s/
_____
Secretary

MANUFACTURERS HANOVER TRUST COMPANY,

by /s/

Title: Assistant Vice President

[SEAL]

Attest:

/s/
_____
Title: Assistant Vice President
</TABLE>

STATE OF INDIANA)
)ss.:
COUNTY OF MARION)

On the 3rday of October, 1989, before me personally came Robert L. Fesler, to me known, who, being by me duly sworn did depose and say that he resides at 7602 Candlewood Lane, Indianapolis, Indiana 46250; that be is the Senior Executive Vice President, Chief Financial Officer and Treasurer of Merchants National Corporation, one of the corporations described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by the authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

/s/ Debra K. Klopsch
_____
Notary Public

[NOTARIAL SEAL]

STATE OF NEW YORK)
)ss.:
COUNTY OF NEW YORK)

On the 4 day of October, 1989, before me personally came J. M. Foley, to me known, who, being by me duly sworn did depose and say that he resides at 10 Stuyvesant Oval, New York, New York, that he is a Assistant Vice President of Manufacturers Hanover Trust Company, one of the corporations described in and which executed the above instrument; that he knows the corporate seal of

said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by the authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

/s/ Gloria G. Stillman

Notary Public

<TABLE>
<S> <C>
[NOTARIAL SEAL] GLORIA G. STILLMAN, NOTARY PUBLIC
State of New York, No. 4712617
Qualified in Bronx County
Cert. Filed in New York County
Commission Expires August 31, 1990
</TABLE>