

# SECURITIES AND EXCHANGE COMMISSION

## FORM S-3

Registration statement for specified transactions by certain issuers

Filing Date: **1994-05-17**  
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### FILER

#### **LUKENS INC /DE/**

CIK: **60860** | IRS No.: **232451900** | State of Incorporation: **DE** | Fiscal Year End: **1225**  
Type: **S-3** | Act: **33** | File No.: **033-53681** | Film No.: **94529159**  
SIC: **3312** Steel works, blast furnaces & rolling mills (coke ovens)

#### Mailing Address

*50 SOUTH FIRST AVENUE  
COATESVILLE PA 19320-0911*

#### Business Address

*50 SOUTH FIRST AVENUE  
COATESVILLE PA 19320-0911  
(610)383-2000*

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933  
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LUKENS INC.  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

-----  
DELAWARE  
(STATE OF INCORPORATION) 23-2451900  
(I.R.S. EMPLOYER IDENTIFICATION NO.)

-----  
50 SOUTH FIRST AVENUE  
COATESVILLE, PENNSYLVANIA 19320-0911  
(610) 383-2000  
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF  
REGISTRANT'S EXECUTIVE OFFICES)

-----  
WILLIAM D. SPRAGUE, ESQ.  
VICE PRESIDENT, GENERAL COUNSEL & SECRETARY  
LUKENS INC.  
50 SOUTH FIRST AVENUE  
COATESVILLE, PENNSYLVANIA 19320-0911  
(610) 383-2000  
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,  
OF AGENT FOR SERVICE)

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COPIES TO:

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JOEL S. KLAPERMAN, ESQ.  
SHEARMAN & STERLING  
599 LEXINGTON AVENUE  
NEW YORK, NEW YORK 10022  
(212) 848-4000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to  
time after the effective date of the Registration Statement.

If the only securities being registered on this Form are being offered

pursuant to dividend or interest reinvestment plans, please check the following box. [ ]

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

CALCULATION OF REGISTRATION FEE

<TABLE>
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Table with 5 columns: TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED, AMOUNT TO BE REGISTERED, PROPOSED MAXIMUM OFFERING PRICE PER UNIT (1), PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1), AMOUNT OF REGISTRATION FEE. Row 1: Debt Securities, \$100,000,000, 100%, \$100,000,000, \$34,483.

(1) Estimated solely for purposes of determining the registration fee in accordance with Rule 457.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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

PROSPECTUS SUPPLEMENT
(To Prospectus Dated May , 1994)

U.S. \$100,000,000

("LOGO OF "LUKENS" APPEARS HERE")

Medium-Term Notes, Series A

Due from Nine Months to 30 Years from Date of Issue

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Lukens Inc. (the "Company") may offer from time to time its Medium-Term Notes, Series A (the "Notes") in an aggregate principal amount not to exceed \$100,000,000 (or, if any Notes are to be Original Issue Discount Notes, Foreign Currency Notes or Indexed Notes (as each such term is defined under "Description of Notes"), such principal amount as shall result in an initial aggregate offering price equivalent to no more than \$100,000,000), subject to reduction as a result of the sale of other Securities under the Registration Statement of which this Prospectus Supplement and the accompanying Prospectus form a part; provided, however, that the Company may increase the foregoing maximum principal amount if in the future it determines that it may wish to sell additional Notes. See "Description of Notes" and "Plan of Distribution of Notes". Unless otherwise specified in the applicable Pricing Supplement, each Note will mature from nine months to 30 years from its date of original issuance ("Issue Date"), as selected by the initial purchaser and agreed to by the Company (the "Stated Maturity"), which maturity date may be subject to extension at the option of the Company. The Notes may be subject to optional redemption, or obligate the Company to redeem or purchase the Notes pursuant to sinking fund or analogous provisions or at the option of the Holder thereof, in each case as indicated in the applicable Pricing Supplement. Unless otherwise indicated in the applicable Pricing Supplement, the Notes will be issued in fully registered form in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof or, in the case of Foreign Currency Notes, in such minimum denominations not less than the equivalent of \$100,000 and such other denomination or denominations in excess thereof as shall be set forth in the applicable Pricing Supplement. See "Special Provisions Relating to Foreign Currency Notes".

The interest rate or interest rate formula, if any, currency or currency unit, issue price, Stated Maturity, redemption provisions, if any, and other terms for each Note will be established by the Company at the date of issuance of such Note and will be indicated in a Pricing Supplement. Each interest-bearing Note will bear interest at either (a) a fixed rate (a "Fixed Rate Note") or (b) a variable rate determined by reference to an interest rate formula (a "Floating Rate Note"), which may be adjusted by adding or subtracting the Spread or multiplying by the Spread Multiplier, unless otherwise indicated in the applicable Pricing Supplement. Unless otherwise indicated in the applicable Pricing Supplement, the interest rate formula will be the Commercial Paper Rate, the Prime Rate, the CD Rate, the Federal Funds Rate, LIBOR or the Treasury Rate. A Fixed Rate Note may pay a level amount in respect of both principal and interest amortized over the life of such Note (an "Amortizing Note"). Interest rates, or interest rate formulas, are subject to change by the Company from time to time, but no such change will affect any Note already issued or as to which an offer to purchase has been accepted by the Company.

Notes may be represented either by a certificate issued in definitive form (a "Certificated Note") or by a permanent global Note or Notes, registered in the name of The Depository Trust Company, as Depository, or a nominee of the Depository (a "Book-Entry Note"), as specified in the applicable Pricing Supplement. Beneficial interests in Book-Entry Notes will only be evidenced by, and transfers thereof will only be effected through, records maintained by the Depository and its participants. Except as described under "Description of Notes--Book-Entry Notes", owners of beneficial interests in a Book-Entry Note will not be entitled to receive physical delivery of Notes in definitive form and will not be considered the Holders thereof.

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

OFFENSE.

<TABLE>  
<CAPTION>

	Price to Public(1)	Distributors' Commissions or Discounts (2)	Proceeds to Company(2) (3)
<S>	<C>	<C>	<C>
Per Note	100%	.125%-.750%	99.250%-99.875%
Total(4)	\$100,000,000	\$125,000-\$750,000	\$99,250,000-\$99,875,000

- (1) Unless otherwise indicated in the applicable Pricing Supplement, each Note will be issued at 100% of its principal amount. If so indicated in the applicable Pricing Supplement, Notes may be resold by the Distributors, acting as principals at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.
- (2) Unless otherwise specified in the applicable Pricing Supplement, the Company will pay a commission (or grant a discount) to CS First Boston Corporation and J.P. Morgan Securities Inc. (the "Distributors") of .125% to .750% of the principal amount of any Note, depending on its Stated Maturity, sold through any such Distributor, acting as agent (or sold to the Distributor as principal in circumstances in which no other discount is agreed).
- (3) Before deducting other expenses payable by the Company estimated at \$ .
- (4) Or the equivalent thereof in other currencies or currency units.

The Notes are being offered on a continuing basis by the Company through the Distributors, each of which has agreed to use reasonable efforts to solicit offers to purchase the Notes. The Company also may sell Notes to any Distributor on its own behalf at negotiated discounts. The Company reserves the right to sell Notes directly on its own behalf and accept (but not solicit) offers to purchase Notes through additional distributors on substantially the same terms and conditions (including commission rates) as would apply to purchases of Notes by or through the Distributors. The Company also reserves the right to withdraw, cancel or modify the offer made hereby without notice. The Company or any Distributor may reject any offer to purchase Notes, in whole or in part. The Notes will not be listed on any securities exchange, unless otherwise indicated in the applicable Pricing Supplement, and there can be no assurance that the Notes offered by this Prospectus Supplement will be sold or that there will be a secondary market for the Notes. See "Plan of Distribution of Notes".

CS First Boston

J.P. Morgan Securities Inc.

The date of this Prospectus Supplement is , 1994.

IN CONNECTION WITH THIS OFFERING, THE DISTRIBUTORS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES 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.

IMPORTANT CURRENCY EXCHANGE INFORMATION

Unless otherwise indicated in the applicable Pricing Supplement, purchasers are required to pay for Foreign Currency Notes in the currency or currency unit specified in the applicable Pricing Supplement (the "Specified Currency"). At the present time, there are limited facilities in the United States for the conversion of U.S. dollars into foreign currencies or currency units and vice versa, and banks do not generally offer non-U.S. dollar checking or savings account facilities in the United States. If requested on or prior to the fifth Market Day preceding the date of delivery of the Notes, or by such other day as determined by the Distributor who presented such offer to purchase Notes to the Company, such Distributor is prepared to arrange for the conversion of U.S. dollars into the Specified Currency to enable the purchasers to pay for the Notes. Each such conversion will be made by such Distributor on such terms and subject to such conditions, limitations and charges as such Distributor may from time to time establish in accordance with its regular foreign exchange practices. All costs of exchange will be borne by the purchasers of the Foreign Currency Notes.

References herein to "U.S. dollars" or "U.S. \$" or "\$" are to the currency of the United States of America.

#### DESCRIPTION OF NOTES

The following description of the particular terms of the Notes offered hereby supplements, and to the extent inconsistent therewith, replaces, the description of the general terms and conditions of Debt Securities set forth under the heading "Description of Debt Securities" in the Prospectus, to which description reference is hereby made. Capitalized terms not defined under this heading or in the Glossary contained in this Prospectus Supplement have the meanings assigned to them in the Prospectus or the Indenture.

#### GENERAL

The Notes offered hereby will be issued under the Indenture referred to in the accompanying Prospectus between the Company and Continental Bank, National Association, as Trustee (the "Trustee"). The Notes constitute a single series for purposes of the Indenture, limited to an aggregate principal amount not to exceed \$100,000,000 (or, if any Notes are to be Original Issue Discount Notes or are to be denominated in one or more foreign currencies or currency units ("Foreign Currency Notes") or with amounts payable in respect of principal of or any premium or interest on the Notes to be determined by reference to the value, rate or price of one or more specified indices ("Indexed Notes"), such principal amount as shall result in an aggregate initial offering price equivalent to no more than \$100,000,000). The foregoing limit may be increased by the Company if in the future it determines that it may wish to sell additional Notes. The Notes offered hereby may be reduced by an amount equal to the aggregate initial offering price of any other Debt Securities (as defined in the accompanying Prospectus) sold by the Company (including any other series of medium-term notes). See "Plan of Distribution of Notes". For a description of the rights attaching to different series of Securities (including the Notes) under the Indenture, see "Description of Debt Securities" in the Prospectus.

Unless otherwise specified in the applicable Pricing Supplement, each Note will mature from nine months to 30 years from its Issue Date, as selected by the initial purchaser and agreed to by the Company (the "Stated Maturity"), which maturity date may be subject to extension at the option of the Company.

The Notes will be issuable only in fully registered form and, unless otherwise indicated in the applicable Pricing Supplement, only in denominations

of \$100,000 and integral multiples of \$1,000 in excess thereof, or, in the case of Foreign Currency Notes, in such minimum denomination not less than the equivalent of \$100,000 and such other denomination or denominations in excess thereof as shall be set forth in the applicable Pricing Supplement. See "Special Provisions Relating to Foreign Currency Notes".

Notes will initially be represented either by a Certificated Note or by a Book-Entry Note, as indicated in the applicable Pricing Supplement. See "Description of Notes--Book-Entry Notes" below.

Unless otherwise indicated in the applicable Pricing Supplement, the Notes will be denominated in U.S. dollars and payments of principal of and any premium and interest on the Notes will be made in U.S. dollars in the manner indicated in the accompanying Prospectus and this Prospectus Supplement. If any of the Notes are to be denominated in one or more currencies or currency units other than U.S. dollars, additional information pertaining to the terms of such Notes and other matters relevant to the Holders thereof will be described in the applicable Pricing Supplement. See "Payment Currency" below and "Special Provisions Relating to Foreign Currency Notes".

In addition, Notes may be issued as Original Issue Discount Notes, as Indexed Notes or as Amortizing Notes. See "Original Issue Discount Notes", "Indexed Notes" and "Amortizing Notes" below.

The applicable Pricing Supplement will indicate either that a Note cannot be redeemed prior to its Stated Maturity or that a Note will be redeemable at the option of the Company on or after a specified date prior to its Stated Maturity at a specified price or prices (which may include a premium), together with accrued interest to the date of redemption or repayment. In addition, the applicable Pricing Supplement will indicate either that the Company will not be obligated to redeem a Note pursuant to any sinking fund or analogous provisions or at the option of the Holder thereof or that the Company will be so obligated. If the Company will be so obligated, the applicable Pricing Supplement will indicate the period or periods within which and the price or prices at which the applicable Notes will be redeemed, in whole or in part, pursuant to such obligation and the other detailed terms and provisions of such obligation. The applicable Pricing Supplement will also indicate whether a Note is subject to an optional extension beyond its Stated Maturity as described under "Extension of Maturity".

Payments of principal of, and any premium and interest on, Book-Entry Notes will be made to the Depositary, or its nominee, as Holder thereof, in accordance with arrangements then in effect between the Trustee and the Depositary. Unless otherwise indicated in an applicable Pricing Supplement, payments of principal of, and any premium and interest due at Maturity on Certificated Notes denominated and payable in U.S. dollars will be made in immediately available funds at the Corporate Trust Office of Continental Bank, National Association in Chicago, Illinois or at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, provided that the Note is presented to the Paying Agent in time for the Paying Agent to make such payments in such funds in accordance with its normal procedures. At the option of the Company, payment of interest on such Certificated Notes, other than interest at Maturity, may be made by check mailed to the address of the person entitled thereto as such address shall appear in the Security Register or by wire transfer to an account maintained by such Holder with a bank located in the United States, provided such Holder shall have provided in writing to the Trustee, on or prior to the relevant Regular Record Date, appropriate payment instructions. Notwithstanding the foregoing, a Holder of \$10,000,000 or more in aggregate principal amount of Certificated Notes denominated and payable in U.S. dollars and having the same Interest Payment Date shall be entitled to receive such interest payments by wire transfer of immediately payable funds to an account maintained by such Holder with a bank located in the United States; provided that the Holder shall

have provided in writing to the Trustee, at least 15 days prior to the relevant Regular Record Date, appropriate payment instructions. With respect to payments on Foreign Currency Notes, see "Payment Currency".

S-3

Certificated Notes may be presented for registration of transfer or exchange at the Corporate Trust Office of Continental Bank, National Association in Chicago, Illinois or at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York. No service charge will be made for any registration of transfer or exchange of Certificated 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 therewith. With respect to registration of transfer and exchange of Book-Entry Notes, see "Description of Notes--Book-Entry Notes" below and "Description of Debt Securities--Global Securities" in the accompanying Prospectus.

Interest rates, interest rate bases and various other variable terms of the Notes described herein are subject to change by the Company from time to time, but no such change will affect any Note already issued or as to which an offer to purchase has been accepted by the Company.

Unless otherwise indicated in the applicable Pricing Supplement, Fixed Rate Notes denominated and payable in U.S. dollars will be subject to the provisions of the Indenture described in the Prospectus under "Description of Debt Securities--Defeasance and Covenant Defeasance".

#### PAYMENT CURRENCY

The Company is obligated to make payments of principal of and any premium and interest on Foreign Currency Notes in the Specified Currency (or, if such Specified Currency is not at the time of such payment legal tender for the payment of public and private debts, in such other coin or currency of the country which issued such Specified Currency as at the time of such payment is legal tender for the payment of such debts). Any such amounts paid by the Company will, unless otherwise specified in the applicable Pricing Supplement, be converted by the Exchange Rate Agent to U.S. dollars for payment to Holders. Principal of, and any premium and interest on, a Foreign Currency Note paid in U.S. dollars will be paid in the manner specified in the accompanying Prospectus and this Prospectus Supplement for interest on Notes denominated and payable in U.S. dollars.

Unless otherwise specified in the applicable Pricing Supplement, any U.S. dollar amount to be received by a Holder of a Foreign Currency Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 a.m., New York City time, on the second Market Day preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for U.S. dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all Holders of Foreign Currency Notes scheduled to receive U.S. dollar payments and at which the applicable dealer commits to execute a contract. If three such bid quotations are not available, payments will be made in the Specified Currency. All currency exchange costs will be borne by the Holder of the Foreign Currency Note by deductions from such payments.

Notwithstanding the foregoing, unless otherwise specified in the applicable Pricing Supplement, a Holder of a Foreign Currency Note may elect to receive payment of the principal of and any premium and interest on such Note in the Specified Currency by transmitting a written request for such payment to the

Trustee at its Corporate Trust Office in Chicago, Illinois or at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, on or prior to the Regular Record Date in the case of an interest payment or at least 15 days prior to Maturity in the case of a principal or premium payment. Such request may be in writing (mailed or hand delivered) or by cable, telex or other form of facsimile transmission. A Holder of a Foreign Currency Note may elect to receive payment in the Specified Currency for all principal and any premium and interest payments and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the relevant Regular Record Date or at least 15 days prior to Maturity, as the case may be. Holders of Foreign Currency Notes whose

S-4

Notes are to be held in the name of a broker or nominee should contact such broker or nominee to determine whether and how an election to receive payments in the Specified Currency may be made.

Unless otherwise specified in the applicable Pricing Supplement, a beneficial owner of Book-Entry Notes denominated in a Specified Currency electing to receive payments of principal or any premium or interest in the Specified Currency must notify the participant through which its interest is held on or prior to the applicable Regular Record Date, in the case of a payment of interest, and on or prior to the fifteenth day prior to Maturity, in the case of a payment of principal or premium, of such beneficial owner's election to receive all or a portion of such payment in a Specified Currency. Such participant must notify the Depository of such election on or prior to the third Market Day after such Regular Record Date. The Depository will notify the Paying Agent of such election on or prior to the fifth Market Day after such Regular Record Date. If complete instructions are received by the participant and forwarded by the participant to the Depository, and by the Depository to the Paying Agent, on or prior to such dates, the beneficial owner will receive payments in the Specified Currency.

Interest on a Foreign Currency Note paid in the Specified Currency will be paid by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register. All checks in a Specified Currency will be drawn on a bank located outside the United States. Payments at Maturity of principal of and any premium and interest on Foreign Currency Notes in the Specified Currency will be made by wire transfer to an account with a bank located in the country of the Specified Currency (or, in the case of European Currency Units ("ECUs"), Brussels), as shall have been designated at least 15 days prior to Maturity by the Holder; provided that the Note is presented at the Corporate Trust Office of the Trustee in Chicago, Illinois or at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in time for such Paying Agent to make such payments in such funds in accordance with its normal procedures.

If a Specified Currency is not available for the payment of principal or any premium or interest with respect to a Foreign Currency Note due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to Holders of Foreign Currency Notes by making such payment in U.S. dollars on the basis of the Market Exchange Rate on the second Market Day prior to such payment, or if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate or as otherwise specified in the applicable Pricing Supplement. See "Foreign Currency Risks--Exchange Rates and Exchange Controls" in the accompanying Prospectus. Any payment made under such circumstances in U.S. dollars where the required payment is in other than U.S. dollars will not constitute an Event of Default under the Indenture.

If payment in respect of a Note is required to be made in any currency unit (e.g., ECU), and such currency unit is unavailable due to the imposition of exchange controls or other circumstances beyond the Company's control, then the Company will be entitled, but not required, to make any payments in respect of such Note in U.S. dollars until such currency unit is again available. The amount of each payment in U.S. dollars shall be computed on the basis of the equivalent of the currency unit in U.S. dollars, which shall be determined by the Company or its agent on the following basis. The component currencies of the currency unit for the purpose (the "Component Currencies" or, individually, a "Component Currency") shall be the currency amounts that were components of the currency unit as of the last day on which the currency unit was used. The equivalent of the currency unit in U.S. dollars shall be calculated by aggregating the U.S. dollar equivalents of the Component Currencies. The U.S. dollar equivalent of each of the Component Currencies shall be determined by the Company or such agent on the basis of the most recently available Market Exchange Rate for each such Component Currency, or as otherwise indicated in the applicable Pricing Supplement.

If the official unit of any Component Currency is altered by way of combination or subdivision, the number of units of the currency as a Component Currency shall be divided or multiplied in the same proportion. If two or more Component Currencies are consolidated into a single currency, the amounts of

S-5

those currencies as Component Currencies shall be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated Component Currencies expressed in such single currency. If any Component Currency is divided into two or more currencies, the amount of the original Component Currency shall be replaced by the amounts of such two or more currencies, the sum of which shall be equal to the amount of the original Component Currency.

All determinations referred to above made by the Company or its agent (including the Exchange Rate Agent) shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holders of Notes.

#### INTEREST

Each interest-bearing Note will bear interest from and including its Issue Date or from and including the most recent Interest Payment Date with respect to which interest on such Note (or any predecessor Note) has been paid or duly provided for to, but excluding, the relevant Interest Payment Date at the fixed rate per annum, or at the rate per annum determined pursuant to the interest rate formula, stated therein and in the applicable Pricing Supplement until the principal thereof is paid or made available for payment. Interest payments, if any, will be in the amount of interest accrued from and including the next preceding Interest Payment Date in respect of which interest has been paid or duly provided for (or from and including the date of issue, if no interest has been paid with respect to such Note) to, but excluding, the applicable Interest Payment Date.

Interest, if any, will be payable on each Interest Payment Date and at Maturity; see "Description of Notes--General". Interest will be payable generally to the person (which, in the case of a Book-Entry Note, shall be the Depository) in whose name a Note (or any predecessor Note) is registered at the close of business on the Regular Record Date next preceding each Interest Payment Date; provided, however, that interest payable at Maturity will be payable to the person (which, in the case of a Book-Entry Note, shall be the Depository) to whom principal shall be payable. Unless otherwise indicated in the applicable Pricing Supplement, the first payment of interest on any Note

originally issued between a Regular Record Date and an Interest Payment Date will be made on the second Interest Payment Date following the date of issue of such Note to the registered owner on the Regular Record Date immediately preceding such Interest Payment Date. With respect to payments of interest on Book-Entry Notes, see "Description of Notes--Book-Entry Notes".

#### FIXED RATE NOTES

The applicable Pricing Supplement relating to a Fixed Rate Note will designate a fixed rate of interest per annum payable on such Note. Unless otherwise indicated in the applicable Pricing Supplement, the Interest Payment Date with respect to Fixed Rate Notes other than Amortizing Notes shall be May 1 and November 1 of each year and at Maturity and the Regular Record Dates for such Notes shall be the April 15 and October 15 next preceding the relevant Interest Payment Dates. Unless otherwise indicated in the applicable Pricing Supplement, interest on Fixed Rate Notes will be computed on the basis of a 360-day year of twelve 30-day months.

If any Interest Payment Date or the Maturity of a Fixed Rate Note falls on a day that is not a Market Day, the related payment of principal, premium, if any, or interest will be made on the next succeeding Market Day as if made on the date such payment was due, and no additional interest will accrue as a result of such delayed payment.

#### FLOATING RATE NOTES

The applicable Pricing Supplement relating to a Floating Rate Note will designate an interest rate basis for such Floating Rate Note. Such basis may be: (a) the Commercial Paper Rate, in which case such Note

S-6

will be a Commercial Paper Rate Note, (b) the Prime Rate, in which case such Note will be a Prime Rate Note, (c) the CD Rate, in which case such Note will be a CD Rate Note, (d) the Federal Funds Rate, in which case such Note will be a Federal Funds Rate Note, (e) LIBOR, in which case such Note will be a LIBOR Note, (f) the Treasury Rate, in which case such Note will be a Treasury Rate Note, or (g) such other interest rate basis or formula as may be agreed to between the Company and the purchaser and set forth in the applicable Pricing Supplement. In addition, a Floating Rate Note may bear interest at the lowest or highest or average of two or more interest rate formulae. The applicable Pricing Supplement for a Floating Rate Note also will specify the Spread or Spread Multiplier, if any, and the maximum or minimum interest rate limitation, if any, applicable to each Note. In addition, such Pricing Supplement will define or particularize for each Floating Rate Note the following terms, if applicable: Calculation Agent, Calculation Dates, Initial Interest Rate, Interest Payment Dates, Regular Record Dates, Index Maturity, Interest Determination Dates and Interest Reset Dates with respect to such Note. See "Glossary" for definitions of certain terms used in this Prospectus Supplement.

The rate of interest on a Floating Rate Note in effect on any date will be (a) if such day is an Interest Reset Date with respect to such Floating Rate Note, the interest rate on such Floating Rate Note determined as of the Interest Determination Date pertaining to such Interest Reset Date, or (b) if such day is not an Interest Reset Date with respect to such Floating Rate Note, the interest rate on such Floating Rate Note determined as of the Interest Determination Date pertaining to the immediately preceding Interest Reset Date with respect to such Floating Rate Note; provided, however, that the interest rate in effect from the Issue Date of a Floating Rate Note (or that of a predecessor Note) to but excluding the first Interest Reset Date with respect to such Floating Rate Note will be the Initial Interest Rate (as set forth in the applicable Pricing Supplement). Subject to applicable provisions of law and

except as described herein, the rate of interest on a Floating Rate Note on any Interest Reset Date with respect thereto will be the rate of interest determined with respect to the Interest Determination Date pertaining to such Interest Reset Date as determined in accordance with the applicable provisions described below.

The rate of interest on each Floating Rate Note will be reset daily, weekly, monthly, quarterly, semiannually or annually (each an "Interest Reset Date"), as specified in the applicable Pricing Supplement. Unless otherwise specified in the applicable Pricing Supplement, the Interest Reset Date will be, in the case of Floating Rate Notes which reset daily, each Market Day; in the case of Floating Rate Notes (other than Treasury Rate Notes) which reset weekly, the Wednesday of each week; in the case of Treasury Rate Notes which reset weekly, except as provided in the following paragraph, the Tuesday of each week; in the case of Floating Rate Notes which reset monthly, the third Wednesday of each month; in the case of Floating Rate Notes which reset quarterly, the third Wednesday of March, June, September and December; in the case of Floating Rate Notes which reset semiannually, the third Wednesday of two months of each year, as indicated in the applicable Pricing Supplement; and in the case of Floating Rate Notes which reset annually, the third Wednesday of one month of each year, as indicated in the applicable Pricing Supplement. If any Interest Reset Date for any Floating Rate Note would otherwise be a day that is not a Market Day with respect to such Note, such Interest Reset Date shall be the next succeeding Market Day with respect to such Note, except that if such Note is a LIBOR Note and the next succeeding Market Day falls in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Market Day.

The Interest Determination Date pertaining to an Interest Reset Date for a Commercial Paper Rate Note (the "Commercial Paper Interest Determination Date"), a Prime Rate Note (the "Prime Rate Interest Determination Date"), a CD Rate Note (the "CD Rate Interest Determination Date") or a Federal Funds Rate Note (the "Federal Funds Interest Determination Date") will be the second Market Day preceding the Interest Reset Date with respect to such Note. The Interest Determination Date pertaining to an Interest Reset Date for a LIBOR Note (the "LIBOR Interest Determination Date") will be the second London Market Day preceding such Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date for a Treasury Rate Note (the "Treasury Interest Determination Date") will be the day on which Treasury bills are auctioned for the week in which such Interest Reset Date falls, or if no auction is held for

S-7

such week, the Monday of such week (or if Monday is a legal holiday, the next succeeding Market Day) and the Interest Reset Date will be the Market Day immediately following such Treasury Interest Determination Date. Treasury bills are usually sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that such auction may be held on the preceding Friday. If an auction for such week is held on Monday or the preceding Friday, such Monday or preceding Friday shall be the Treasury Interest Determination Date for such week, and the Interest Reset Date for such week shall be the Tuesday of such week (or, if such Tuesday is not a Market Day, the next succeeding Market Day). If the auction for such week is held on any day of such week other than Monday, then such day shall be the Treasury Interest Determination Date and the Interest Reset Date for such week shall be the next succeeding Market Day.

A Floating Rate Note may have either or both of the following: (a) a maximum numerical interest rate limitation, or ceiling, on the rate of interest which may accrue during any interest period; and (b) a minimum numerical interest rate limitation, or floor, on the rate of interest which may accrue during any

interest period. In addition to any maximum interest rate which may be applicable to any Floating Rate Note, the interest rate on such Floating Rate Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. Under present New York law, the maximum rate of interest, with certain exceptions, is 25% per annum on a simple interest basis. The limit may not apply to Notes in which \$2,500,000 or more has been invested.

Unless otherwise indicated in the applicable Pricing Supplement and except as provided below, the Interest Payment Date will be, in the case of Floating Rate Notes which reset daily, weekly or monthly, the third Wednesday of each month or the third Wednesday of March, June, September and December of each year (as indicated in the applicable Pricing Supplement); in the case of Floating Rate Notes which reset quarterly, the third Wednesday of March, June, September and December of each year; in the case of Floating Rate Notes which reset semiannually, the third Wednesday of the two months of each year specified in the applicable Pricing Supplement; and in the case of Floating Rate Notes which reset annually, the third Wednesday of the month specified in the applicable Pricing Supplement. If, pursuant to the preceding sentence, an Interest Payment Date with respect to any Floating Rate Note (other than an Interest Payment Date at Maturity) would otherwise be a day that is not a Market Day with respect to such Note, such Interest Payment Date shall be the next succeeding Market Day with respect to such Note, except that if such Note is a LIBOR Note and the next succeeding Market Day falls in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding Market Day. If the Maturity of a Floating Rate Note falls on a day that is not a Market Day, the payment of principal, premium, if any, and interest will be made on the next succeeding Market Day, and no interest on such payment shall accrue from and after such Maturity. Unless otherwise indicated in the applicable Pricing Supplement, the Regular Record Date with respect to Floating Rate Notes shall be the date 15 calendar days prior to each Interest Payment Date, whether or not such date shall be a Market Day.

Unless otherwise specified in the applicable Pricing Supplement, the interest accrued from and including the date of issue, or from and including the last date to which interest has been paid or duly provided for, is calculated by multiplying the face amount of such Floating Rate Note by an accrued interest factor. Such accrued interest factor is computed by adding the interest factor calculated for each day in such period from and including the date of issue, or from and including the last date to which interest has been paid or duly provided for, to but excluding the date for which accrued interest is being calculated. Unless otherwise specified in the Note and the applicable Pricing Supplement, the interest factor (expressed as a decimal rounded upwards, if necessary, as described below) for each such day is computed by dividing the interest rate (expressed as a decimal rounded upwards, if necessary, as described below) applicable to such date by 360 (or, in the case of Treasury Rate Notes, by the actual number of days in the year). The interest factor for Notes for which two or more interest rate formulae are applicable will be calculated in each period in the same manner as if only the lowest, highest or average of, as the case may be, such interest rate formulae applied.

S-8

Unless otherwise specified in a Pricing Supplement, all percentages resulting from any calculation on Floating Rate Notes will be rounded, upwards if necessary, to the nearest one-hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655) and 9.876544% (or .09876544) being rounded to 9.87654% (or .0987654)), and all dollar amounts used in or resulting from such calculation on Floating Rate Notes will be rounded to the nearest cent or, in the case of Foreign Currency Notes, the nearest unit (with one-half cent or five one-thousandths of a unit being rounded upwards).

Upon the request of the Holder of any Floating Rate Note, the Calculation Agent will provide the interest rate then in effect, and, if determined, the interest rate which will become effective as a result of a determination made on the most recent Interest Determination Date with respect to such Floating Rate Note.

Commercial Paper Rate Notes. Each Commercial Paper Rate Note will bear interest at the interest rate (calculated with reference to the Commercial Paper Rate and the Spread or Spread Multiplier, if any) specified on the face of such Commercial Paper Rate Note and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, "Commercial Paper Rate" means, with respect to any Commercial Paper Interest Determination Date, the Money Market Yield (calculated as described below) or the rate on such date for commercial paper having the Index Maturity specified in the applicable Pricing Supplement as published in H.15(519) under the heading "Commercial Paper". In the event that such rate is not published prior to 3:00 p.m., New York City time, on the Calculation Date pertaining to such Commercial Paper Interest Determination Date, then the Commercial Paper Rate shall be the Money Market Yield of the rate on such Commercial Paper Interest Determination Date for commercial paper having the Index Maturity specified in the applicable Pricing Supplement as published in Composite Quotations under the heading "Commercial Paper". If by 3:00 p.m., New York City time, on such Calculation Date such rate is not yet published in either H.15(519) or Composite Quotations, the Commercial Paper Rate for that Commercial Paper Interest Determination Date shall be the Money Market Yield of the arithmetic mean, as calculated by the Calculation Agent on such Calculation Date, of the offered rates, as of 11:00 a.m., New York City time, on that Commercial Paper Interest Determination Date, of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent (which may include any Distributor or its affiliates) for commercial paper having the Index Maturity specified in the applicable Pricing Supplement placed for an industrial issuer whose bond rating is "AA", or the equivalent, from a nationally recognized rating agency; provided, however, that if fewer than three dealers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Commercial Paper Rate will be the Commercial Paper Rate in effect on such Commercial Paper Interest Determination Date.

"Money Market Yield" shall be a yield (expressed as a percentage rounded upwards, if necessary, to the next higher one-hundred thousandth of a percentage point) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal; and "M" refers to the actual number of days in the interest period for which interest is being calculated.

Prime Rate Notes. Prime Rate Notes will bear interest at the interest rates (calculated with reference to the Prime Rate as described below, and then applying the Spread and/or Spread Multiplier, if any, which is applicable to the Interest Reset Period) specified in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, "Prime Rate" means, with respect to any Interest Determination Date relating to a Prime Rate Note, the rate set forth on such date in H.15(519)

under the heading "Bank Prime Loan". In the event that such rate is not published prior to 3:00 p.m., New York City time, on the Calculation Date pertaining to such Interest Determination Date, then the Prime Rate will be determined by the Calculation Agent and will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen NYMF Page as such bank's prime rate or base lending rate as in effect for that Interest Determination Date. If fewer than four such rates appear on the Reuters Screen NYMF Page for the Interest Determination Date, the Prime Rate will be determined by the Calculation Agent and will be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Interest Determination Date by at least two of three major money center banks in The City of New York selected by the Calculation Agent after consultation with the Company. If fewer than two such rates are quoted as aforesaid, the Prime Rate will be determined by the Calculation Agent on the basis of the rates furnished in The City of New York by one or two, as the case may be, substitute banks or trust companies organized and doing business under the laws of the United States, or any State thereof, having total equity capital of at least U.S. \$500,000,000 and being subject to supervision or examination by federal or state authority, selected by the Calculation Agent (after consultation with the Company) to provide such rate or rates; provided, however, that if the banks selected as aforesaid are not quoting as set forth above, the Prime Rate will remain the Prime Rate then in effect on such Interest Determination Date.

CD Rate Notes. Each CD Rate Note will bear interest at the interest rate (calculated with reference to the CD Rate and the Spread or Spread Multiplier, if any) specified on the face of such CD Rate Note and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, "CD Rate" means, with respect to any CD Rate Interest Determination Date, the rate on such date for negotiable certificates of deposit having the Index Maturity specified in the applicable Pricing Supplement as published in H.15(519) under the heading "CDs (Secondary Market)". In the event that such rate is not published prior to 3:00 p.m., New York City time, on the Calculation Date pertaining to such CD Rate Interest Determination Date, then the CD Rate shall be the rate on such CD Rate Interest Determination Date for negotiable certificates of deposit having the Index Maturity specified in the applicable Pricing Supplement as published in Composite Quotations under the heading "Certificates of Deposit". If by 3:00 p.m., New York City time, on such Calculation Date such rate is not yet published in either H.15(519) or Composite Quotations, the CD Rate for that CD Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean (rounded upwards, if necessary, to the next higher one-hundred thousandth of a percentage point) of the secondary market offered rates, as of 10:00 a.m., New York City time, on that CD Rate Interest Determination Date, of three leading nonbank dealers of negotiable U.S. dollar certificates of deposit in The City of New York selected by the Calculation Agent (which may include any Distributor or its affiliates) for negotiable certificates of deposit of major United States money market banks with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Supplement in a denomination of \$5,000,000; provided, however, that if fewer than three dealers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the CD Rate will be the CD Rate in effect on such CD Rate Interest Determination Date.

Federal Funds Rate Notes. Each Federal Funds Rate Note will bear interest at the interest rate (calculated with reference to the Federal Funds Rate and the Spread or Spread Multiplier, if any) specified on the face of such Federal Funds Rate Note and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, "Federal

Funds Rate" means, with respect to any Federal Funds Interest Determination Date, the rate on such date for Federal Funds having the Index Maturity specified in the applicable Pricing Supplement as published in H.15(519) under the heading "Federal Funds (Effective)". In the event that such rate is not published prior to 3:00 p.m., New York City time, on the Calculation Date pertaining to such Federal Funds Interest Determination Date, then the Federal Funds Rate will be the rate on such Federal Funds Interest Determination Date as published in Composite Quotations under the heading "Federal Funds/Effective Rate". If by 3:00 p.m., New York City

S-10

time, on such Calculation Date such rate is not yet published in either H.15(519) or Composite Quotations, the Federal Funds Rate for that Federal Funds Interest Determination Date shall be the arithmetic mean, as calculated by the Calculation Agent on such Calculation Date, of the rates, prior to 9:00 a.m., New York City time, on that Federal Funds Interest Determination Date, for the last transaction in overnight Federal Funds arranged by three leading brokers of Federal Funds transactions in The City of New York (which may include any Distributor or its affiliates) selected by the Calculation Agent; provided, however, that if fewer than three brokers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Federal Funds Rate will be the Federal Funds Rate in effect on such Federal Funds Interest Determination Date.

LIBOR Notes. Each LIBOR Note will bear interest at the interest rate (calculated with reference to LIBOR and the Spread or Spread Multiplier, if any) specified on the face of such LIBOR Note and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, LIBOR will be determined by the Calculation Agent in accordance with the following provisions: On each LIBOR Interest Determination Date, LIBOR will be determined on the basis of the offered rate for deposits in U.S. dollars having the Index Maturity specified in the applicable Pricing Supplement, commencing on the second London Market Day immediately following such LIBOR Interest Determination Date, which appears on the Telerate Page 3750 as of 11:00 a.m., London time, on that LIBOR Interest Determination Date. If such rate does not so appear on the Telerate Page 3750, the rate in respect of such LIBOR Interest Determination Date will be determined on the basis of the rates at which deposits in U.S. dollars are offered by four major banks in the London interbank market (selected by the Calculation Agent) at approximately 11:00 a.m., London time, on the LIBOR Interest Determination Date next preceding the relevant Interest Reset Date to prime banks in the London interbank market for a period of the Index Maturity commencing on that Interest Reset Date and in a principal amount equal to an amount not less than \$1,000,000 that is representative for a single transaction in such market at such time. In such case, the Calculation Agent will request the principal London office of each of the aforesaid major banks to provide a quotation of such rate. If at least two such quotations are provided in respect of such LIBOR Interest Determination Date, the rate for that Interest Reset Date will be the arithmetic mean of the quotations, and, if fewer than two quotations are provided as requested in respect of such LIBOR Interest Determination Date, the rate for that Interest Reset Date will be the arithmetic mean of the rates quoted by three major banks in The City of New York, selected by the Calculation Agent (which may include any Distributor or its affiliates), at approximately 11:00 a.m., New York City time, on that LIBOR Interest Determination Date for loans in U.S. dollars to leading European banks for a period of the Index Maturity commencing on that Interest Reset Date and in a principal amount equal to an amount not less than \$1,000,000 that is representative for a single transaction in such market at such time; provided, however, if the aforesaid rate cannot be determined by the Calculation Agent, LIBOR in respect of such LIBOR Interest Determination Date

will be LIBOR then in effect on such LIBOR Interest Determination Date.

Treasury Rate Notes. Each Treasury Rate Note will bear interest at the interest rate (calculated with reference to the Treasury Rate and the Spread or Spread Multiplier, if any) specified on the face of such Treasury Rate Note and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, "Treasury Rate" means, with respect to any Treasury Interest Determination Date, the rate for the most recent auction of direct obligations of the United States ("Treasury bills") having the Index Maturity specified in the applicable Pricing Supplement as published in H.15(519) under the heading, "U.S. Government Securities/Treasury Bills--Auction Average (Investment)" or, if not so published by 3:00 p.m., New York City time, on the Calculation Date pertaining to such Treasury Interest Determination Date, the auction average rate (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) for such auction as otherwise announced by the United States Department of the Treasury. In the event that the results of the auction of Treasury bills having the Index Maturity specified in the applicable Pricing Supplement are not published or

S-11

reported as provided above by 3:00 p.m., New York City time, on such date, or if no such auction is held in a particular week, then the Treasury Rate shall be the rate as published in H.15(519) under the heading "U.S. Government Securities/Treasury Bills/Secondary Market". In the event that such rate is not so published by 3:00 p.m., New York City time, on its Calculation Date, then the Treasury Rate shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean, as calculated by the Calculation Agent on such Calculation Date, of the secondary market bid rates as of approximately 3:30 p.m., New York City time, on such Treasury Interest Determination Date, of three leading primary United States government securities dealers in The City of New York selected by the Calculation Agent (which may include any Distributor or its affiliates), for the issue of Treasury bills with a remaining maturity closest to the specified Index Maturity; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate will be the Treasury Rate in effect on such Treasury Interest Determination Date.

#### ORIGINAL ISSUE DISCOUNT NOTES

Notes may be issued as Original Issue Discount Notes. An Original Issue Discount Note is a Note which is issued at a price lower than the principal amount thereof and which provides that upon redemption or acceleration of the Maturity thereof an amount less than the principal thereof shall become due and payable. In the event of redemption or acceleration of the Maturity of an Original Issue Discount Note, the amount payable to the Holder of such Note upon such redemption or acceleration will be determined in accordance with the terms of the Note, but will be an amount less than the amount payable at the Stated Maturity of such Note. In addition, a Note issued at a discount may, for United States Federal income tax purposes, be considered an original issue discount note, regardless of the amount payable upon redemption or acceleration of Maturity of such Note. See "United States Taxation--Original Issue Discount".

#### INDEXED NOTES

Notes may be issued as Indexed Notes, of which the principal amount payable at Maturity and/or on which the amount of interest payable on an Interest

Payment Date will be determined by reference to currencies, currency units, commodity prices, financial or non-financial indices or other factors as indicated in the applicable Pricing Supplement. Holders of Indexed Notes may receive a principal amount at Maturity that is greater than or less than the face amount of such Notes depending upon the fluctuation of the relative value, rate or price of the specified index. Specific information pertaining to the method for determining the principal amount payable at Maturity, a historical comparison of the relative value, rate or price of the specified index and the face amount of the Indexed Note and certain additional tax considerations will be described in the applicable Pricing Supplement.

#### AMORTIZING NOTES

The Company may from time to time offer Amortizing Notes. Unless otherwise specified in the applicable Pricing Supplement, interest on each Amortizing Note will be computed on the basis of a 360-day year of twelve 30-day months. Payments of principal and interest on Amortizing Notes, which are securities for which payments of principal and interest are made in equal installments over the life of the security, will be made either quarterly on each February 1, May 1, August 1 and November 1 or semiannually on each May 1 and November 1, and on the Stated Maturity, unless otherwise specified in an applicable Pricing Supplement. Payments with respect to Amortizing Notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof. Further information concerning additional terms and conditions of any issue of Amortizing Notes will be provided in the applicable Pricing Supplement. A table setting forth repayment information in respect of each Amortizing Note will be included in the applicable Pricing Supplement and set forth in such Notes.

S-12

#### EXTENSION OF MATURITY

The Pricing Supplement relating to each Note will indicate whether the Company has the option to extend the Stated Maturity of such Note for one or more periods of whole years (each an "Extension Period") up to but not beyond the date (the "Final Maturity") set forth in such Pricing Supplement.

The Company may exercise such option with respect to a Note by notifying the Trustee for such Note at least 45 but not more than 60 days prior to the Stated Maturity of such Note in effect prior to the exercise of such option (the "Original Stated Maturity"). Not later than 40 days prior to the Original Stated Maturity of such Note, the Trustee for such Note will mail to the Holder of such Note a notice (the "Extension Notice"), first class, postage prepaid. The Extension Notice will set forth (i) the election of the Company to extend the Stated Maturity of such Note; (ii) the new Stated Maturity; (iii) in the case of a Fixed Rate Note, the interest rate applicable to the Extension Period or, in the case of a Floating Rate Note, the Spread or Spread Multiplier applicable to the Extension Period; and (iv) the provisions, if any, for redemption during the Extension Period, including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur during the Extension Period. Upon the mailing by such Trustee of an Extension Notice to the Holder of a Note, the Stated Maturity of such Note shall be extended automatically, and, except as modified by the Extension Notice and as described in the next paragraph, such Note will have the same terms as prior to the mailing of such Extension Notice.

Notwithstanding the foregoing, not later than 20 days prior to the Original Stated Maturity of such Note, the Company may, at its option, revoke the interest rate (in the case of a Fixed Rate Note) or the Spread or Spread Multiplier (in the case of a Floating Rate Note) provided for in the Extension

Notice for such Note and establish a higher interest rate (in the case of a Fixed Rate Note) or a higher Spread or Spread Multiplier (in the case of a Floating Rate Note) for the Extension Period, by causing the Trustee for such Note to mail notice of such higher interest rate or higher Spread or higher Spread Multiplier, as the case may be, first class, postage prepaid, to the Holder of such Note. Such notice shall be irrevocable. All Notes with respect to which the Stated Maturity is extended will bear such higher interest rate (in the case of Fixed Rate Notes) or higher Spread or Spread Multiplier (in the case of Floating Rate Notes) for the Extension Period, whether or not tendered for repayment.

If the Company extends the Stated Maturity of a Note, the Holder of such Note will have the option to elect repayment of such Note by the Company on the Original Stated Maturity at a price equal to the principal amount thereof, plus interest accrued to such date. In order for a Note to be repaid on the Original Stated Maturity once the Company has extended the Stated Maturity thereof, the Holder thereof must follow the procedures set forth below under "Redemption--Redemption (Option of Holder)" for optional repayment, except that the period for delivery of such Note or notification to the Trustee for such Note shall be at least 25 but not more than 35 days prior to the Original Stated Maturity and except that a Holder who has tendered a Note for repayment pursuant to an Extension Notice may, by written notice to the Trustee for such Note, revoke any such tender for repayment until 5:00 p.m., New York City time on the tenth day before the Original Stated Maturity.

#### REDEMPTION

Redemption (Option of Company). If one or more Redemption Dates (or range of Redemption Dates) is specified in the applicable Pricing Supplement, the Notes described therein will be subject to redemption, in whole or in part, as specified in such Pricing Supplement, on any such date (or during any such range of dates) at the option of the Company upon not less than 30 days' or more than 60 days' notice, at the Redemption Price or Prices specified in the applicable Pricing Supplement, together with interest accrued to the Redemption Date; provided, however, that interest installments due prior to the date fixed for redemption will be payable to the Holder of record at the close of business on the Regular Record Date. If less than the entire principal amount of a Note is redeemed, the principal amount of such Note that remains outstanding after such redemption shall be an authorized denomination (which shall not be less than the minimum

S-13

authorized denomination) for the Notes. If less than all Notes of like tenor are to be redeemed, the Notes to be redeemed shall be selected by the Trustee by such method as the Trustee shall deem fair and appropriate.

Redemption (Option of Holder). If one or more Redemption Dates (Option of Holder) (or range of such dates) is specified in the applicable Pricing Supplement, the Notes described therein will be subject to redemption, in whole, or from time to time in part, as specified in such Pricing Supplement, on any such date (or during any such range) or, if such date is not a Market Day, on the first Market Day following such date, at the election of Holder at the Redemption Price determined as set forth in the applicable Pricing Supplement, together with interest accrued to the Redemption Date; provided, however, that interest installments due on or prior to the date fixed for redemption will be payable to the Holder of record at the close of business on the Regular Record Date.

Unless otherwise specified in the applicable Pricing Supplement, in order to exercise such an election, a Holder must, unless a different notice period is specified in the applicable Pricing Supplement, give to the Trustee not less

than 30 days' nor more than 60 days' notice. Unless otherwise specified in the applicable Pricing Supplement, any such notice shall consist of either (i) the Note with the form entitled "Option to Elect Redemption" duly completed, or (ii) a telegram, facsimile transmission or a letter from a member of a national securities exchange, or of the National Association of Securities Dealers, Inc., or a commercial bank or trust company in the United States, setting forth the name of the Holder, the principal amount of the Note, the principal amount of the Note to be redeemed, the certificate number or a description of the tenor and terms of the Note, a statement that the option to elect redemption is being exercised thereby and a guarantee that such Note, together with the duly completed form entitled "Option to Elect Redemption", will be received by the Trustee not later than the fifth Business Day after the date of such telegram, facsimile transmission or letter; provided, however, that such telegram, facsimile transmission or letter shall only be effective if such Note and such form, duly completed, are received by the Trustee by such fifth Business Day.

Unless otherwise specified in the applicable Pricing Supplement, exercise of a redemption option by a Holder will be irrevocable (except pursuant to an Extension Notice). Such option may be exercised with respect to less than the entire principal amount of a Note; provided that the portion remaining Outstanding after such redemption is an authorized denomination.

If a Note is represented by a Book-Entry Note the Depository's nominee will be the Holder thereof entitled to exercise a right to redemption. In order to ensure that the Depository's nominee will timely exercise a right to repayment with respect to a particular Note, the beneficial owner of an interest in such Note must instruct the broker or other direct or indirect participant through which it holds an interest in such Note to notify the Depository of its desire to exercise a right to repayment. Different firms have different cut-off times for accepting instructions from their customers and, accordingly, each such beneficial owner should consult the broker or other direct or indirect participant through which it holds an interest in a Book-Entry Note in order to ascertain the cut-off time by which such an instruction must be given in order for timely notice to be delivered to the Depository.

#### REPURCHASE

The Company may at any time purchase Notes at any price in the open market or otherwise. Notes so purchased by the Company may, at its discretion, be held, resold or surrendered to the Trustee for cancellation.

#### BOOK-ENTRY NOTES

Upon issuance, all Book-Entry Notes of like tenor and having the same Issue Date will be represented by one or more fully registered securities in permanent global form (each a "Global Note"). Each Global Note representing Book-Entry Notes will be deposited with, or on behalf of, The Depository Trust Company, as Depository (the "Depository"), located in the Borough of Manhattan, The City of New York, and will be

S-14

registered in the name of the Depository or a nominee of the Depository. Notwithstanding any provision of the Indenture or any Note described herein, no Global Note may be exchanged in whole or in part for Notes registered, and no transfer of a Global Note in whole or in part may be registered, in the name of any Person other than the Depository for such Global Security or any nominee of such Depository unless (i) the Depository has notified the Company that it is unwilling or unable to continue as Depository for such Global Note or has ceased to be qualified to act as such as required by the Indenture or, (ii) there shall have occurred and be continuing an Event of Default with respect to the Notes represented by such Global Note. All Notes issued in exchange for a

Global Note or any portion thereof will be registered in such names as the Depository may direct. See "Description of Debt Securities--Global Securities" in the Prospectus. Unless otherwise indicated in the applicable Pricing Supplement, the Depository will only accept the deposit of a Global Note denominated in U.S. dollars.

Ownership of beneficial interests in a Global Note representing Book-Entry Notes will be limited to institutions that have accounts with the Depository or its nominee ("participants") or persons that may hold interests through participants. The Company has been advised by the Depository that upon the issuance of a Global Note representing Book-Entry Notes, and the deposit of such Global Note with the Depository, the Depository will immediately credit, on its book-entry registration and transfer system, the respective principal amounts of the Book-Entry Notes represented by such Global Note to the accounts of participants. The accounts to be credited shall be designated by the soliciting Distributor or, to the extent that the Book-Entry Notes are offered and sold directly, by the Company.

The Company has been advised by the Depository that upon receipt of any payment of principal of or any premium or interest in respect of a Global Note, the Depository will immediately credit, on its book-entry registration and transfer system, accounts of participants with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of the Depository. Payments by participants to owners of beneficial interests in a Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name", and will be the sole responsibility of such participants.

The Depository has advised the Company as follows: the Depository is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. The Depository was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions, such as transfers and pledges, among its participants in such securities through electronic computerized book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. The Depository's participants include securities brokers and dealers (including the Distributors), banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own the Depository. Access to the Depository's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

#### SPECIAL PROVISIONS RELATING TO FOREIGN CURRENCY NOTES

##### GENERAL

The following provisions, which apply to Foreign Currency Notes, supplement the description of general terms and conditions of (a) Debt Securities set forth under the heading "Description of Debt Securities" in the accompanying Prospectus and (b) Notes set forth above under the heading "Description of Notes" in this Prospectus Supplement.

THIS PROSPECTUS SUPPLEMENT, THE ACCOMPANYING PROSPECTUS AND ANY PRICING SUPPLEMENT DO NOT DESCRIBE ALL RISKS OF AN INVESTMENT IN FOREIGN CURRENCY NOTES THAT RESULT FROM SUCH NOTES BEING DENOMINATED IN A FOREIGN CURRENCY OR CURRENCY UNIT EITHER AS SUCH RISKS EXIST AT THE DATE OF THIS PROSPECTUS SUPPLEMENT OR AS SUCH RISKS MAY CHANGE FROM TIME TO TIME. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN FINANCIAL AND LEGAL ADVISORS AS TO THE RISKS ENTAILED IN AN INVESTMENT IN FOREIGN CURRENCY NOTES AND AS TO ANY MATTERS THAT MAY AFFECT THE PURCHASE OR HOLDING OF A FOREIGN CURRENCY NOTE OR THE RECEIPT OF PAYMENTS OF PRINCIPAL OF AND ANY PREMIUM AND INTEREST ON A FOREIGN CURRENCY NOTE IN A SPECIFIED CURRENCY. FOREIGN CURRENCY NOTES ARE NOT AN APPROPRIATE INVESTMENT FOR INVESTORS WHO ARE UNSOPHISTICATED WITH RESPECT TO FOREIGN CURRENCY TRANSACTIONS.

Unless otherwise indicated in the applicable Pricing Supplement, a Foreign Currency Note will not be sold in, or to a resident of, the country of the Specified Currency in which such Note is denominated.

The authorized denominations of Foreign Currency Notes will be indicated in the applicable Pricing Supplement.

Specific information pertaining to the foreign currency or currency unit in which a particular Foreign Currency Note is denominated, including historical exchange rates and a description of the currency and any exchange controls, will be described in the applicable Pricing Supplement. Such information contained therein shall be furnished as a matter of information only and should not be regarded as indicative of the range of or trends in fluctuations in currency exchange rates that may occur in the future.

#### EXCHANGE RATES AND EXCHANGE CONTROLS

An investment in Foreign Currency Notes entails significant risks that are not associated with a similar investment in a security denominated in U.S. dollars. Such risks include, without limitation, the possibility of significant changes in the rate of exchange between the U.S. dollar and the currency or currency unit designated by the Company at the time of offering (the "Specified Currency") and the possibility of the imposition or modification of foreign exchange controls by either the United States or foreign governments. Such risks generally depend on economic and political events and the supply of and demand for the relevant currencies over which the Company has no control. In recent years, rates of exchange between the U.S. dollar and certain foreign currencies have been highly volatile and such volatility may be expected in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in the rate that may occur during the term of any Foreign Currency Notes. Depreciation of the Specified Currency applicable to a Foreign Currency Note against the U.S. dollar would result in a decrease in the U.S. dollar-equivalent yield of such Note, in the U.S. dollar-equivalent value of the principal repayable at Maturity of such Note and, generally, in the U.S. dollar-equivalent market value of such Note.

Governments have imposed from time to time exchange controls and may in the future impose or revise exchange controls at or prior to a Foreign Currency Note's Maturity. Even if there are no exchange controls, it is possible that the Specified Currency for any particular Foreign Currency Note would not be available to the Company at an Interest Payment Date for, or at Maturity of, such Note due to other circumstances beyond the control of the Company.

#### GOVERNING LAW AND JUDGMENTS

The Debt Securities will be governed by and construed in accordance with the law of the State of New York. In the event an action based on Foreign Currency Notes were commenced in a court of the United

States, it is likely that such court would grant judgment relating to such Notes only in U.S. dollars. It is not clear, however, whether, in granting such judgment, the rate of conversion into U.S. dollars would be determined with reference to the date of default, the date judgment is rendered or some other date. Holders of Foreign Currency Notes would bear the risk of exchange rate fluctuations between the time the amount of the judgment is calculated and the time the Trustee converts U.S. dollars to the Specified Currency for payment of the judgment.

The information set forth in this Prospectus Supplement is directed to prospective purchasers of Notes who are United States residents, and the Company disclaims any responsibility to advise prospective purchasers who are residents of countries other than the United States with respect to any matters that may affect the purchase or holding of, or receipt of payments of principal, premium or interest in respect of, Notes. Such persons should consult their own advisors with regard to such matters.

#### UNITED STATES TAXATION

The following is a summary of the principal United States Federal tax consequences resulting from the beneficial ownership of Notes by certain persons. This summary does not purport to consider all the possible tax consequences of the purchase, ownership or disposition of the Notes and is not intended to reflect the individual tax position of any beneficial owner. It deals only with Notes and currencies or composite currencies other than U.S. dollars ("Foreign Currency") held as capital assets. Moreover, except as expressly indicated, it deals only with initial purchasers, and it does not deal with beneficial owners with a special tax status or special tax situations, such as financial institutions, insurance companies, dealers in securities or currencies, persons holding Notes (or Foreign Currency) as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment comprised of a Note and one or more other investments, or persons whose functional currency is not the U.S. dollar. In the event the Company intends to issue Indexed Notes, the applicable Pricing Supplement will describe the material Federal income tax consequences. Except to the extent discussed below under "Non-U.S. Holders", this summary may not be applicable to non-United States persons not subject to United States Federal income tax on their worldwide income. The summary is based upon the United States Federal tax laws and regulations as now in effect and as currently interpreted and does not take into account possible changes in such tax laws or such interpretations, which may be applied retroactively. It does not include any description of the tax laws of any state, local or foreign governments that may be applicable to the Notes or holders thereof. Persons considering the purchase of Notes should consult their own tax advisors concerning the application of the United States Federal tax laws to their particular situations as well as any consequences to them under the laws of any other taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of a Note that is for United States Federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, or (iii) an estate or trust the income of which is subject to United States Federal income taxation regardless of its source. As used herein, the term "Non-U.S. Holder" means a holder of a Note that is not a U.S. Holder.

#### U.S. HOLDERS

## Payments of Interest

In general, interest on a Note, whether payable in U.S. dollars or a Foreign Currency (other than certain payments on a Discount Note, as defined and described below under "Original Issue Discount"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. If an interest payment is denominated in or determined by reference to a Foreign Currency, then special rules, described below under "Foreign Currency Notes", apply.

S-17

### Original Issue Discount

The following discussion summarizes the United States Federal income tax consequences to holders of Notes issued with original issue discount ("OID"). The basic rules for reporting OID are contained in the Internal Revenue Code of 1986, as amended (the "Code"). On February 4, 1994, the Treasury Department issued final regulations (the "OID Regulations"), which expand and illustrate the rules provided by the Code.

Special rules apply to OID on a Discount Note, as defined below, that is denominated in Foreign Currency. See "Foreign Currency Notes--Foreign Currency Discount Notes".

General. A Note will be treated as issued with OID (a "Discount Note") if the excess of the Note's "stated redemption price at maturity" over its "issue price" is greater than a de minimis amount (set forth in the Code and the OID Regulations). Generally, the "issue price" of a Note (or any Note that is part of an issue of Notes) will be the first price at which a substantial amount of Notes that are part of such issue of Notes are sold. Under the OID Regulations, the "stated redemption price at maturity" of a Note is the sum of all payments provided by the Note that are not payments of "qualified stated interest". A "qualified stated interest" payment includes any stated interest payment on a Note that is unconditionally payable in cash or property (other than debt instruments of the Company) at least annually at a single fixed rate (or at certain floating rates) that appropriately takes into account the length of the interval between stated interest payments. The Pricing Supplement will state whether a particular issue of Notes will constitute Discount Notes.

In general, if the excess of a Note's stated redemption price at maturity over its issue price is de minimis, then such excess constitutes "de minimis OID". Under the OID Regulations, unless the election described below under "Election to Treat All Interest as Original Issue Discount" is made, such a Note will not be treated as issued with OID (in which case the following paragraphs under "Original Issue Discount" will not apply) and a U.S. Holder of such a Note will recognize capital gain with respect to such de minimis OID as stated principal payments on the Note are made. The amount of such gain with respect to each such payment will equal the product of the total amount of the Note's de minimis OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the Note.

In the case of Discount Notes, the inclusion of interest in income for Federal income tax purposes may vary from the actual cash payments of interest made on such Notes, generally accelerating income for cash method taxpayers. Under the OID Regulations, a Note may be a Discount Note where (i) a Floating Rate Note provides for a maximum interest rate or a minimum interest rate that is not fixed throughout the term of the Note and it is reasonably expected as of the issue date to cause the yield on the debt instrument to be significantly less, in the case of a maximum rate, or more, in the case of a minimum rate, than the expected yield determined without the maximum or minimum rate, as the

case may be; (ii) a Floating Rate Note provides for significant front-loading or back-loading of interest; or (iii) a Note bears interest at a floating rate in combination with one or more floating or fixed rates. Notice will be given in the applicable Pricing Supplement if the Company determines that a particular Note will be a Discount Note.

A U.S. Holder of a Discount Note having a maturity of more than one year from its date of issue must include OID in income for United States Federal income tax purposes as it accrues under a constant yield method in advance of receipt of cash payments attributable to such income, regardless of such holder's method of accounting for tax purposes. Under this method, a U.S. Holder of a Discount Note generally will have to include in income increasingly greater amounts of OID over the life of the Note. The Company will report annually to the Internal Revenue Service (the "IRS") and to holders of Notes the OID accrued with respect to each Note. Prospective holders are advised to consult their tax advisers with respect to the particular original issue discount characteristics of the Note that is being purchased.

Acquisition Premium. A U.S. Holder that purchases a Discount Note at its original issuance for an amount in excess of its issue price but less than or equal to its stated redemption price at maturity (any such

S-18

excess being "acquisition premium") is permitted to reduce the amount of OID which such holder must include in its gross income with respect to such Note for any taxable year (or portion thereof in which the holder holds the Note) by the portion of the acquisition premium properly allocable to the period. Alternatively, a U.S. Holder may make the election described below under "Original Issue Discount--Election to Treat All Interest as Original Issue Discount", to compute OID accruals treating the U.S. Holder's purchase price as the issue price.

Optional Redemption. If the Company has an option to redeem a Note, or the Holder has an option to cause a Note to be repurchased, prior to the Note's stated maturity, such option will be presumed to be exercised if, by utilizing any date on which such Note may be redeemed or repurchased as the maturity date and the amount payable on such date in accordance with the terms of such Note (the "redemption price") as the stated redemption price at maturity, the yield on the Note would be (i) in the case of an option of the Company, lower than its yield to stated maturity, or (ii) in the case of an option of the Holder, higher than its yield to stated maturity. If such option is not in fact exercised when presumed to be exercised, the Note would be treated solely for OID purposes as if it were redeemed or repurchased, and a new Note were issued on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date.

Short-Term Notes. Under the Code, special rules apply with respect to OID on Notes that mature one year or less from the date of issuance ("Short-Term Notes"). In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID for United States Federal income tax purposes unless such Holder elects to do so. Accrual basis U.S. Holders and certain other U.S. Holders, including banks, regulated investment companies, dealers in securities and cash basis U.S. Holders who so elect, are required to accrue original issue discount on Short-Term Notes on a straight-line basis unless an election is made to accrue the OID under a constant yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realized on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the original issue discount under the constant yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to

accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realized.

Any U.S. Holder of a Short-Term Note can elect to apply the rules in the preceding paragraph taking into account the amount of "acquisition discount" as defined below, if any, with respect to the Note (rather than the OID with respect to such Note). A cash basis U.S. Holder who makes such an election cannot revoke such election without the consent of the IRS, and such election shall apply to all Short-Term Notes acquired by the holder in the year the election is made and in all subsequent years. Acquisition discount is the excess of the stated redemption price at maturity of the Short-Term Note over the U.S. Holder's purchase price. Acquisition discount will be treated as accruing on a straight-line basis or, at the election of the Holder, on a constant-yield basis.

For purposes of determining the amount of OID subject to these rules, the OID Regulations provide that no interest payments on a Short-Term Note are qualified stated interest, but instead such interest payments are included in the Short-Term Note's stated redemption price at maturity.

#### Notes Purchased at a Premium

Under the Code, a U.S. Holder that purchases a Note for an amount in excess of its stated redemption price at maturity will not be subject to the OID rules and may elect to treat such excess as "amortizable bond premium", in which case the amount of qualified stated interest required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortizable bond premium allocable (based on the Note's yield to maturity) to such year. However, if the Note may be optionally redeemed after the U.S. Holder acquires it at a price in excess of its stated redemption price at maturity, special rules would apply, which could result in a deferral of the amortization of some bond

S-19

premium until later in the term of the Note. Any election to amortize bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the Internal Revenue Service (the "IRS"). See also "Original Issue Discount--Election to Treat All Interest as Original Issue Discount".

#### Notes Purchased at a Market Discount

If a U.S. Holder purchases a Note, other than a Short-Term Note, for an amount that is less than its stated redemption price at maturity or, in the case of a Discount Note, its adjusted issue price (a "Market Discount Note"), the amount of the difference generally will be treated as "market discount", subject to a de minimis rule similar to the rule relating to de minimis OID described under "Original Issue Discount--General".

In general, any gain recognized on the maturity or disposition of a Market Discount Note will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on such Note which has not previously been included in income. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note, in which case the rules described above regarding the treatment as ordinary income of gain upon disposition would not apply. Such an election applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to

which the election applies and may not be revoked without the consent of the IRS.

Market discount accrues on a straight-line basis unless the U.S. Holder elects to accrue such market discount on a constant yield to maturity basis. Such an election shall apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note who does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to such Note in an amount not exceeding the accrued market discount on such Note until the maturity or disposition of such Note.

The market discount rules do not apply to a Short-Term Note.

#### Election To Treat All Interest as Original Issue Discount

Any U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant yield method described above under the heading "Original Issue Discount--General", with the modifications described below. For purposes of this election, interest includes stated interest, OID, de minimis OID, market discount (described above under "Notes Purchased at a Market Discount"), acquisition discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium (described above under "Notes Purchased at a Premium") or acquisition premium.

In applying the constant yield method to a Note with respect to which this election has been made, the issue price of the Note will equal the electing U.S. Holder's tax basis in the Note immediately after its acquisition, the issue date of the Note will be the date of its acquisition by the electing U.S. Holder, and no payments on the Note will be treated as payments of qualified stated interest. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If this election is made with respect to a Note with amortizable bond premium, then the electing U.S. Holder will be deemed to have elected to apply amortizable bond premium against interest with respect to all debt instruments with amortizable bond premium (other than debt instruments the interest on which is excludable from gross income) held by such electing U.S. Holder as of the beginning of the taxable year in which the Note with respect to which the election is made is acquired or thereafter acquired. The deemed election with respect to amortizable bond premium may not be revoked without the consent of the IRS.

S-20

If the election described above to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, as defined above, then the electing U.S. Holder will be treated as having made the election discussed above under "Notes Purchased at a Market Discount" to include market discount in income currently over the life of all debt instruments held or thereafter acquired by such U.S. Holder.

#### Purchase, Sale and Retirement of the Notes

General. A U.S. Holder's tax basis in a Note will generally be its U.S. dollar cost (which, in the case of a Note purchased with a Foreign Currency, will be the U.S. dollar value of the purchase price on the date of purchase), increased by the amount of any OID or market discount (or acquisition discount, in the case of a Short-Term Note) included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to de minimis OID included in the U.S. Holder's income with respect to the Note, and reduced by the sum of (i) the amount of any payments that are not qualified

stated interest payments, and (ii) the amount of any amortizable bond premium applied to reduce interest on the Note. A U.S. Holder generally will recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement and the tax basis of the Note. The amount realized on a sale or retirement for an amount in Foreign Currency will be the U.S. dollar value of such amount on the date of sale or retirement. Except to the extent described above under "Original Issue Discount--Short Term Notes" or "Market Discount" or in the next succeeding paragraph, and except to the extent attributable to accrued but unpaid interest, gain or loss recognized on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held for more than one year.

#### Foreign Currency Notes

**Interest Payments.** If an interest payment on a Note is denominated in or determined by reference to a Foreign Currency, the amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars at that time. No exchange gain or loss will be recognized with respect to the receipt of such payment.

Accrual basis U.S. Holders may determine the amount of income recognized with respect to such interest payments in accordance with either of two methods. Under the first method, the amount of income recognized will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years, at the average exchange rate for the partial period within the taxable year). Under the second method, an accrual basis U.S. Holder may elect to translate interest income into U.S. dollars at the spot exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, at the spot exchange rate in effect on the last day of the partial period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period or taxable year, an accrual basis U.S. Holder applying the second method may instead translate such accrued interest into U.S. dollars at the spot exchange rate in effect on the day of actual receipt (in which case no exchange gain or loss will result). Any election to apply the second method will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS. Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) determined by reference to a Foreign Currency, an accrual basis U.S. Holder will recognize exchange gain or loss (which will be treated as ordinary income or loss) with respect to accrued interest income. The amount of ordinary income or loss recognized will equal the difference, if any, between the U.S. dollar value of the interest payment received (determined on the date such payment is received) in respect of such accrual period and the U.S. dollar value of interest income that has accrued during such accrual period under one of the methods described above.

**Exchange of Foreign Currencies.** Foreign Currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time such interest is received or

at the time of such sale or retirement, as the case may be. Foreign Currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the Foreign Currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a Foreign Currency (including its

use to purchase Notes or upon exchange for U.S. dollars) will be ordinary income or loss.

**Foreign Currency Discount Notes.** In the case of a Discount Note or Short-Term Note, OID or acquisition discount is determined in units of Foreign Currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder as described above in "Foreign Currency Notes--Interest Payments". Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or retirement of a Note), the amount of exchange gain or loss on the accrued discount generally will equal the difference, if any, between the U.S. dollar value of the income received at the rate of exchange on the date of receipt and the U.S. dollar value of such income, as translated above.

**Market Discount.** In the case of a Note with market discount, market discount is determined in units of the Foreign Currency. Accrued market discount taken into account upon the sale or retirement of the Note (other than accrued market discount required to be taken into account currently) is translated into U.S. dollars at the exchange rate on such disposition date and no part of such accrued market discount is treated as exchange gain or loss. Alternatively, accrued market discount currently includible in income by a U.S. Holder for any accrual period is translated into U.S. dollars at the average exchange rate in effect during such accrual period, and the amount of exchange gain or loss on the accrued discount determined upon sale or retirement of the Note generally will equal the difference, if any, between the U.S. dollar value of the accrued discount at the rate of exchange on the date of disposition and the U.S. dollar value of such accrued discount, as translated above.

**Amortizable Bond Premium.** In the case of a Note that is denominated in a Foreign Currency, bond premium will be computed in units of Foreign Currency and the amortizable bond premium will reduce interest income in units of the Foreign Currency. At the time amortized bond premium offsets interest income, a U.S. Holder may realize ordinary income or loss, measured by the difference between exchange rates at that time and at the time of the acquisition of the Notes.

**Exchange Gain or Loss.** Gain or loss recognized by a U.S. Holder on the sale or retirement of a Note that is attributable to changes in exchange rates will be treated as ordinary income or loss. To the extent the amount realized on disposition of a Note represents accrued but unpaid interest, however, such amount must be taken into account as interest income, with exchange gain or loss computed as described in "Foreign Currency Notes--Interest Payment". However, exchange gain or loss is taken into account only to the extent of total gain or loss realized on the transaction. Gain or loss attributable to fluctuations in exchange rates will equal the difference between the U.S. dollar value of the Foreign Currency principal amount of the Note, determined on the date such payment is received or the date the Note is disposed of, and the U.S. dollar value of the Foreign Currency principal amount of the Note, determined on the date the U.S. Holder acquired the Note.

#### Indexed Notes

The applicable Pricing Supplement will contain a discussion of any special United States Federal income tax rules with respect to currency indexed Notes or other indexed Notes.

#### NON-U.S. HOLDERS

Under present Federal income and estate tax law, assuming certain certification requirements are met (including identification of the beneficial owner of the Note) and subject to the discussion of backup withholding below:

(a) Payments of interest (including any OID) on a Note to any Non-U.S. Holder will not be subject to Federal income or withholding tax, provided that (1) the holder is not a direct or indirect 10% or greater stockholder of the Company, (2) the holder is not (i) a controlled foreign corporation related to the Company, or (ii) a bank receiving interest described in section 881(c)(3)(A) of the Code, (3) such interest payments are not effectively connected with a U.S. trade or business and (4) such interest is not "contingent interest" within the meaning of section 871(h)(4) of the Code (which generally includes interest determined by reference to certain attributes or payments of the debtor or a related party, but not interest determined by reference to changes in the value of or yield on certain actively traded property or by reference to any other amount of non-contingent interest).

(b) Generally, a Non-U.S. Holder will not be subject to Federal income or withholding tax on any amount which constitutes capital gain upon retirement or disposition of a Note, unless (1) the gain is effectively connected with the conduct of a trade or business in the United States by the Non-U.S. Holder or, if a treaty applies, generally attributable to the United States "permanent establishment" maintained by the holder, or (2) such holder is an individual who is present in the United States for 183 days or more during the taxable year and who has a tax home in the United States.

(c) The Notes or any portion thereof will not be includible in the estate of a Non-U.S. Holder unless (1) the individual is a direct or indirect 10% or greater stockholder of the Company, (2) at the time of such individual's death, payments in respect of the Notes would have been effectively connected with the conduct by such individual of a trade or business in the United States or (3) the Notes provide for contingent interest within the meaning of section 871(h)(4) of the Code.

#### BACKUP WITHHOLDING AND INFORMATION REPORTING

Under current Federal income tax law, information (including a beneficial owner's name, address and taxpayer identification number, and the aggregate amount of interest, principal payments, and the proceeds of sales before maturity) with respect to certain noncorporate beneficial owners of Notes must be provided to the IRS. In addition, backup withholding tax is required with respect to certain interest and principal payments made to, and the proceeds of sales before maturity by, certain holders if such persons fail to supply taxpayer identification numbers and other information. Interest paid with respect to a Note, and payment of the proceeds from a sale of a Note to or through the United States office of a broker, received by a Non-U.S. Holder will not be subject to information reporting and backup withholding if the payor has received the appropriate certification statements. The appropriate certification procedures require that the holder certify as to its status and provide its name and address. In addition, payments of the proceeds from the sale of a Note to or through a foreign office of a broker or the foreign office of a custodian, nominee or other agent acting on behalf of the beneficial owner of a Note will not be subject to information reporting or backup withholding, except that if the broker, custodian, nominee or other agent is a United States person, a controlled foreign corporation for Federal income tax purposes or a foreign person 50% or more of whose gross income is from a United States trade or business, information reporting may be required with respect to payments made to such owners.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such

beneficial owner's United States Federal income tax provided the required information is furnished to the IRS.

#### PLAN OF DISTRIBUTION OF NOTES

Under the terms of a Distribution Agreement, dated May , 1994 (the "Distribution Agreement"), the Notes are offered on a continuing basis by the Company through the Distributors, each of which has agreed to use reasonable efforts to solicit purchases of the Notes. Unless otherwise disclosed in the applicable Pricing Supplement, the Company will pay a commission, or grant a discount, to the Distributors. The Company will pay each Distributor a commission of from .125% to .750% of the principal amount of each Note,

S-23

depending on its Stated Maturity, sold through such Distributor, as agent. The Company will have the sole right to accept offers to purchase Notes and may reject any such offer, in whole or in part. Each Distributor shall have the right, in its discretion reasonably exercised, without notice to the Company, to reject any offer to purchase Notes received by it, in whole or in part.

The Company also may sell Notes to any Distributor, acting as principal, at a discount to be agreed upon at the time of sale. Such Notes may be resold at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices, as determined by such Distributor. Such Notes may also be resold to certain securities dealers who may resell to investors at the public offering price set forth on the cover page of the applicable Pricing Supplement. Such dealers also may receive compensation in the forms of discounts, concessions or commissions from the Distributors and/or commissions from the purchasers for whom they may act as agents. Unless otherwise specified in the applicable Pricing Supplement, any concession allowed by any Distributor to any such dealer shall not be in excess of the commission or discount received by such Distributor from the Company. The offering price and other selling terms for such resales may from time to time be varied by such Distributor.

The Distributors, whether acting as agents or as principals for their own accounts, may also receive commissions from purchasers of Notes for whom they may act as agent.

The Company has reserved the right to sell Notes directly on its own behalf and to accept (but not solicit) offers to purchase Notes through additional distributors on substantially the same terms and conditions (including commission rates) as would apply to purchases of Notes pursuant to the Distribution Agreement. In addition, the Company has reserved the right to appoint additional agents for the purpose of soliciting offers to purchase Notes. Such additional distributors or agents, as the case may be, will be named in the applicable Pricing Supplement. No commission will be payable on any Notes sold directly by the Company.

The Distributors and any dealers to whom the Distributors may sell Notes may be deemed to be "underwriters" within the meaning of the Securities Act of 1933 (the "Act"). The Company has agreed to indemnify the Distributors against certain liabilities, including civil liabilities under the Securities Act of 1933, or contribute to payments which the Distributors may be required to make in respect thereof. The Company has agreed to reimburse the Distributors for certain expenses.

Unless otherwise indicated in the applicable Pricing Supplement, payment of the purchase price of Notes, other than Foreign Currency Notes, will be required to be made in funds immediately available in The City of New York. With respect to payment of the purchase price of Foreign Currency Notes, see

"Important Currency Exchange Information" herein.

CS First Boston Corporation and J.P. Morgan Securities Inc. engage in transactions with or perform services for the Company in the ordinary course of business.

#### VALIDITY OF NOTES

The validity of the Notes will be passed upon for the Company by Skadden, Arps, Slate, Meagher & Flom, New York, New York, and for the Distributors by Shearman & Sterling, New York, New York.

S-24

#### GLOSSARY

Set forth below are definitions, or the locations elsewhere of definitions, of some of the terms used in this Prospectus Supplement.

"Calculation Agent" means the agent appointed by the Company to calculate interest rates for Floating Rate Notes. Unless otherwise provided in a Pricing Supplement, the Calculation Agent will be Continental Bank, National Association.

"Calculation Date" means the date on which the Calculation Agent is to calculate an interest rate for a Floating Rate Note, which is the applicable date set forth below, unless otherwise indicated in the applicable Pricing Supplement:

Prime Rate--The Prime Rate Interest Determination Date.

CD Rate--The earlier of (i) the tenth day after the related CD Rate Interest Determination Date or, if such day is not a Market Day, the next succeeding Market Day; and (ii) the Market Day next preceding the relevant Interest Payment Date or date of Maturity, as the case may be.

Commercial Paper Rate--The earlier of (i) the tenth day after the related Commercial Paper Interest Determination Date or, if such day is not a Market Day, the next succeeding Market Day; and (ii) the Market Day next preceding the relevant Interest Payment Date or date of Maturity, as the case may be.

Federal Funds Rate--The earlier of (i) the tenth day after the related Federal Funds Interest Determination Date or, if such day is not a Market Day, the next succeeding Market Day; and (ii) the Market Day next preceding the relevant Interest Payment Date or date of Maturity, as the case may be.

LIBOR--The Libor Interest Determination Date.

Treasury Rate--The earlier of (i) the tenth day after the related Treasury Interest Determination Date or, if such day is not a Market Day, the next succeeding Market Day; and (ii) the Market Day next preceding the relevant Interest Payment Date or date of Maturity, as the case may be.

"CD Rate" means the rate calculated as set forth under the heading "Description of Notes--Floating Rate Notes--CD Rate Notes", unless otherwise indicated in the applicable Pricing Supplement.

"Commercial Paper Rate" means the rate calculated as set forth under the heading "Description of Notes--Floating Rate Notes--Commercial Paper Rate Notes", unless otherwise indicated in the applicable Pricing Supplement.

"Composite Quotations" means the daily statistical release entitled "Composite 3:30 p.m. Quotations for U.S. Government Securities", or any successor publications, published by the Federal Reserve Bank of New York.

"Exchange Rate Agent" means the agent appointed by the Company to convert principal and any premium and interest payments in respect of Foreign Currency Notes into U.S. dollars. Unless otherwise provided in a Pricing Supplement, the Exchange Rate Agent will be Continental Bank, National Association.

"Federal Funds Rate" means the rate calculated as set forth under the heading "Description of Notes--Floating Rate Notes--Federal Funds Rate Notes", unless otherwise indicated in the applicable Pricing Supplement.

"H.15(519)" means the weekly statistical release entitled "Statistical Release H.15(519), Selected Interest Rates", or any successor publication, published by the Board of Governors of the Federal Reserve System.

"Index Maturity" means, with respect to a Floating Rate Note, the period to maturity of the instrument or obligation on which the interest rate formula is based, as indicated in the applicable Pricing Supplement.

S-25

"Initial Interest Rate" means the rate at which a Floating Rate Note will bear interest from its Issue Date (or that of a predecessor Note) to the first Reset Date, as indicated in the applicable Pricing Supplement.

"Interest Determination Date" means the date as of which the interest rate for a Floating Rate Note is to be calculated, to be effective as of the following Reset Date and calculated on the related Calculation Date (except in the case of Prime Rate and LIBOR, which are calculated on the related Prime Rate Interest Determination Date and LIBOR Interest Determination Date, respectively). See the fourth paragraph under the heading "Description of Notes--Floating Rate Notes" for the Interest Determination Dates for Floating Rate Notes. The Interest Determination Dates for any Floating Rate Note will also be indicated in the applicable Pricing Supplement.

"Interest Reset Date" means the date on which a Floating Rate Note will begin to bear interest at the variable interest rate determined as of any Interest Determination Date. See the third paragraph under the heading "Floating Rate Notes" for the applicable Reset Dates for such Notes. The Reset Dates with respect to any Floating Rate Note will also be set forth in the applicable Pricing Supplement and in such Note.

"LIBOR" means the rate calculated as set forth under the heading "Description of Notes--Floating Rate Notes--LIBOR Notes", unless otherwise indicated in the applicable Pricing Supplement.

"London Market Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

"Market Day" means (a) with respect to any Note, any day that is not a Saturday or Sunday and that, in The City of New York or Chicago, Illinois, is not a day on which banking institutions generally are authorized or obligated by law or executive order to close, and (b) with respect to LIBOR Notes only, any such day on which dealings in deposits in U.S. Dollars are transacted in the London interbank market, (c) with respect to Foreign Currency Notes (other than Foreign Currency Notes denominated in European Currency Units ("ECUs")) only, any such day that is not a Saturday or a Sunday and that, in the principal financial center of the country of the Specified Currency is not a day on which banking institutions generally are authorized or obligated by law or executive order to close and (d) with respect to Foreign Currency Notes

denominated in ECU, any day that is designated as an ECU settlement day by the ECU Banking Association in Paris or otherwise generally regarded in the ECU interbank market as a day in which payments in ECU are made.

"Market Exchange Rate" for any Specified Currency means the noon buying rate in The City of New York for cable transfer for such Specified Currency as certified for customs purposes by (or if not so certified as otherwise determined by) the Federal Reserve Bank of New York.

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

"Prime Rate" means the rate calculated as set forth under the heading "Description of Notes--Floating Rate Notes--Prime Rate Notes", unless otherwise indicated in the applicable Pricing Supplement.

"Reuters Screen NYMF Page" means the display designated as page "NYMF" on the Reuters Monitor Money Rates Service (or such other page as may replace the NYMF page on that service for the purpose of displaying the prime rate or base lending rate of major United States banks).

"Specified Currency" shall have the meaning set forth under the heading "Important Currency Exchange Information".

"Spread" means the number of basis points specified in the Note and the applicable Pricing Supplement as being applicable to the interest rate for a particular Floating Rate Note.

S-26

"Spread Multiplier" means the percentage specified in the Note and the applicable Pricing Supplement as being applicable to the interest rate for a particular Floating Rate Note.

"Stated Maturity", when used with respect to any Note or any installment of principal thereof or interest thereon, means the date specified in such Note as the fixed date on which the principal of such Note or such installment of principal or interest is due and payable.

"Telerate Page 3750" means the display page so designated on the Dow Jones Telerate Service (or such other page as may replace that page on that service or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices relating to LIBOR).

"Treasury Rate" means the interest rate calculated as set forth under the heading "Description of Notes--Floating Rate Notes--Treasury Rate Notes", unless otherwise indicated in the applicable Pricing Supplement.

S-27

SUBJECT TO COMPLETION, DATED MAY 17, 1994

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P R O S P E C T U S  
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\$100,000,000

(LOGO OF LUKENS APPEARS HERE)

Debt Securities

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Lukens Inc. (the "Company") may offer from time to time its unsecured debt securities consisting of notes, debentures or other evidences of indebtedness (the "Debt Securities") at an aggregate initial offering price of not more than \$100,000,000 or, if applicable, the equivalent thereof in one or more foreign currencies or currency units. The Debt Securities may be offered as separate series in amounts, at prices and on terms to be determined in light of market conditions at the time of sale and set forth in a Prospectus Supplement or Prospectus Supplements.

The terms of each series of Debt Securities, including, where applicable, the specific designation, aggregate principal amount, authorized denominations, maturity, rate or rates and time or times of payment of any interest, any terms for optional or mandatory redemption or payment of additional amounts or any sinking fund provisions, any initial public offering price, the proceeds to the Company and any other specific terms in connection with the offering and sale of such series will be set forth in a Prospectus Supplement or Prospectus Supplements. Debt Securities may be issued with amounts payable in respect of principal of or any premium or interest on the Debt Securities determined by reference to the value, rate or price of one or more specified indices.

The Debt Securities may be sold directly by the Company, through agents designated from time to time or to or through underwriters or dealers. See "Plan of Distribution". If any agents of the Company or any underwriters are involved in the sale of any Debt Securities in respect of which this Prospectus is being delivered, the names of such agents or underwriters and any applicable commissions or discounts will be set forth in the accompanying Prospectus Supplement.

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

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The date of this Prospectus is May , 1994.

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

NO DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY UNDERWRITER OR AGENT. THIS PROSPECTUS AND ANY PROSPECTUS SUPPLEMENT DO NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY ANY OF

THE SECURITIES OFFERED HEREBY AND THEREBY IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT NOR ANY SALE MADE HEREUNDER AND THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN OR THEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THEIR RESPECTIVE DATES.

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AVAILABLE INFORMATION

The Company is subject to the informational requirements of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy statements and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the Commission, at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the following Regional Offices of the Commission: Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511; and 13th Floor, 7 World Trade Center, New York, New York 10048. Copies of such material can be obtained from the Public Reference Section of the Commission, Washington, D.C. 20549, at prescribed rates. The common stock of the Company is listed on, and reports, proxy statements and other information concerning the Company can be inspected at the offices of, the New York Stock Exchange, 20 Broad Street, New York, New York 10005. This Prospectus does not contain all information set forth in the Registration Statement and Exhibits thereto which the Company has filed with the Commission under the United States Securities Act of 1933, as amended (the "Act"), and to which reference is hereby made.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

There is hereby incorporated by reference in this Prospectus the Company's (i) Annual Report on Form 10-K for the fiscal year ended December 25, 1993 and (ii) Quarterly Report on Form 10-Q for the fiscal quarter ended March 26, 1994 heretofore filed with the Commission by the Company pursuant to 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 Debt Securities shall be deemed to be incorporated by reference in this Prospectus. Any statement contained herein or in a document all or a portion of which is incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company hereby undertakes to 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 and all of the foregoing documents incorporated by reference herein, other than the exhibits to such documents (unless such exhibits are specifically incorporated by reference in such documents). Requests should be directed to: Lukens Inc., 50 South First Avenue, Coatesville, Pennsylvania 19320-0911, Attention: Corporate Secretary, telephone number (610) 383-2000.

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Unless otherwise indicated, currency amounts in this Prospectus and any Prospectus Supplement are stated in United States dollars ("\$", "dollars",

## THE COMPANY

The Company, through its Lukens Steel Group, is a specialized producer of an extensive range of carbon, alloy and clad plate steels and, since the acquisition of Washington Steel Corporation in 1992, a major producer of flat rolled stainless steel products, including stainless steel plate, sheet, strip, hot band and slabs. The Company endeavors at both its Lukens Steel Group and Washington Stainless Group to establish strong market positions by emphasizing higher value specialized products and by providing superior levels of customer service. The Company has significant market shares in certain market segments, such as alloy, clad, heavy gauge and heat treated carbon plate steel and certain grades of flat rolled stainless steel. Both the Lukens Steel Group and Washington Stainless Group employ state-of-the-art electric arc furnace technology in the production of raw steel and extensive and specialized processing and finishing capabilities. As part of a program adopted in 1993 to focus the Company's resources on its steel businesses, the Company recently sold its safety products and materials handling businesses and has announced that its other industrial businesses are for sale. These businesses are now reported by the Company as discontinued operations.

The Lukens Steel Group's competitive strategy is to provide superior service by meeting customer requirements for specialized grades and quality, non-standard shapes and sizes and short delivery times, while pricing its products competitively. Because of overcapacity in the steel industry, price competition has been intense. Prices and availability of raw materials fluctuate significantly and are affected by a number of factors. To support its competitive strategy, the Company identifies and pursues capital expenditure programs that enhance its capabilities and productivity, and employs a flexible "job shop" manufacturing philosophy. The flexibility of its production process allows it to produce the broadest range of plate sizes and grades in the industry. The majority of the Lukens Steel Group's sales involve non-standard sizes, specialized chemistries or unique finishing capabilities. As a result, the Lukens Steel Group manufactures most of its products for a particular customer order. The Company believes it is the largest producer of alloy and clad plate steel in the United States. Furthermore, the Lukens Steel Group has the production scheduling systems to provide what it believes is the highest shipped-on-time performance in the industry. Principal end use markets for the Lukens Steel Group's products include industrial and capital equipment, bridge construction, power generation, process vessels and environmental control, mining and construction equipment. The Lukens Steel Group represented 51.6% of the Company's consolidated net sales (which excludes sales from discontinued operations) in fiscal 1993.

The Washington Stainless Group focuses on specialized flat rolled stainless steel products by using a customer-oriented strategy similar to that employed by the Lukens Steel Group. The Washington Stainless Group emphasizes light gauge, non-standard width cold rolled products for markets in which importers and larger domestic producers are typically not as active. However, in fiscal 1993, increased foreign competition in certain segments affected prices and volumes. The Washington Stainless Group is the largest volume distributor of flat rolled stainless steel in North America with seven service centers strategically located across the United States and Canada that have the capacity to process 70,000 tons per year. Principal end uses for the Washington Stainless Group's products include tank fabrication, tubular products and holding vessels for the chemical and pulp paper industries, food service equipment and architectural uses as well as consumer durables, such as appliances, sinks and automotive wheel covers. The Washington Stainless Group represented 48.4% of the Company's consolidated net sales (which excludes sales

from discontinued operations) in fiscal 1993.

The Company's goal is to create North America's only flexible, cost-effective manufacturing process that can produce carbon, alloy and stainless steel products. In 1993, Lukens launched a \$400 million, five-year capital investment program aimed primarily at promoting synergies between the Lukens Steel Group and Washington Stainless Group and expanding product lines to take advantage of the anticipated long-term growth in stainless steel markets. The Company began construction in 1993 on the centerpiece of the program, a Steckel-type hot rolling mill at Conshohocken, Pennsylvania which will produce wider and thinner plate and sheet products. The mill is scheduled to start up in December 1994. The Company also announced it will install a stainless steel refining system at its Coatesville steelmaking facility that is expected

3

to be completed in early 1995. This system will make Coatesville the only melting operation in North America that can produce carbon, alloy and stainless steels. During 1993, the Washington Stainless Group implemented a significant capital program to increase the capacities of existing finishing lines at its Washington, Pennsylvania and Massillon, Ohio facilities and to upgrade an existing cold rolling mill at its Massillon, Ohio facility.

The Company was incorporated in Delaware in 1986 as the successor to a business founded in 1810 and conducts its operations through subsidiaries. The Company's corporate headquarters are located at 50 South First Avenue, Coatesville, Pennsylvania 19320-0911 and its telephone number is (610) 383-2000.

4

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data presented below have been derived from the consolidated financial statements of the Company, which (except for the first fiscal quarters of 1994 and 1993 and the ratios of earnings to fixed charges) have been audited by Arthur Andersen & Co., independent public accountants.

The selected financial data are qualified in their entirety by, and should be read in conjunction with, the Company's consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1993 and the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 26, 1994, incorporated herein by reference.

<TABLE>  
<CAPTION>

	1ST QUARTER 1994(1)	1ST QUARTER 1993(1)	1993(1)	1992(1)	1991	1990	1989
	(IN THOUSANDS, EXCEPT RATIOS AND PER SHARE AMOUNTS)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF EARNINGS DATA:							
Net sales.....	\$220,914	\$221,116	\$862,072	\$695,772	\$423,154	\$488,217	\$476,838
Operating earnings (loss).....	(15)	14,286	36,602	51,820	22,006	59,376	60,025
Net non-operating (expense) income.....	(4,080)	(4,248)	(16,319)	(12,737)	225	(686)	(2,758)
Income tax expense							

(benefit).....	(1,597)	3,876	7,161	15,289	8,432	21,829	21,275
Earnings (loss) from continuing operations..	(2,498)	6,162	13,122	23,794	13,799	36,861	35,992
Discontinued operations, net of tax.....	--	16	2,780	9,261	9,197	7,291	5,502
Net earnings (loss) before cumulative effect of accounting changes.....	(2,498)	6,178	15,902	33,055	22,996	44,152	41,494
Per common share--primary							
Continuing operations.	(.21)	.39	.76	1.63	.96	2.80	2.72
Discontinued operations.....	--	--	.19	.68	.72	.58	.43
Net earnings (loss)...	(.21)	.39	.95	2.31	1.68	3.38	3.15
Ratio of earnings to fixed charges.....	.17	3.09	2.04	3.45	8.05	17.08	13.40
BALANCE SHEET DATA:							
Working capital.....	130,406	160,680	146,034	142,466	104,752	96,442	87,629
Plant and equipment, net of depreciation.....	420,352	406,220	431,853	410,206	210,578	201,720	185,537
Total assets.....	785,004	813,032	817,178	760,045	432,360	411,919	376,660
Total debt.....	204,891	231,250	226,589	223,275	53,262	59,034	62,683
Stockholders' investment.....	262,027	267,246	266,754	329,073	248,323	236,239	202,893
OTHER DATA:							
Cash flow from operations.....	2,528	7,511	72,290	59,184	66,344	92,112	38,456
Depreciation and amortization.....	11,735	11,319	45,488	39,232	25,833	25,789	23,709
Capital expenditures....	20,751	6,773	67,424	36,002	34,696	35,018	25,471
Cash dividends--common..	3,634	3,623	14,508	13,374	12,397	11,796	9,245
Per share.....	.25	.25	1.00	1.00	1.00	.94	.74

</TABLE>

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(1) Includes results from the Washington Steel Corporation acquisition on April 24, 1992.

5

#### USE OF PROCEEDS

Except as otherwise set forth in the Prospectus Supplement, the net proceeds from the sale of the Debt Securities will be used for general corporate purposes, including the repayment of debt.

#### CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as of March 26, 1994.

<TABLE>

<CAPTION>

(IN THOUSANDS)

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<S>

<C>

Current Maturities of Long-Term Debt..... \$ 7,685

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Long-Term Debt

Borrowings under revolving credit agreements..... \$ 15,000

7 5/8% notes due 2004, net of unamortized discount of \$663.... 149,337

Other..... 32,869

Total Long-Term Debt.....	197,206
Stockholders' Investment	
Preferred stock, \$.01 par value--authorized 1,000,000 shares; issued 538,797 shares.....	32,328
Common stock, \$.01 par value--authorized 40,000,000 shares; issued 15,813,259 shares.....	158
Capital in excess of par value.....	82,958
Earnings invested.....	187,344
Foreign currency translation adjustments.....	(1,077)
Deferred compensation--ESOP.....	(25,139)
Repurchased stock, at cost.....	(14,545)
Total Stockholders' Investment.....	262,027
Total Capitalization.....	\$459,233

</TABLE>

DESCRIPTION OF DEBT SECURITIES

The Securities are to be issued under an Indenture, dated as of July 1, 1992 (the "Indenture"), between the Company and Continental Bank, National Association, as successor trustee to 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 Securities may be issued from time to time in one or more series. The particular terms of each series, or of Securities forming a part of a series, which are offered by a Prospectus Supplement will be described in such Prospectus Supplement.

The following summaries of certain provisions of the Indenture do not purport to be complete and are subject, and are qualified in their entirety by reference, to all the provisions of the Indenture, including the definitions therein of certain terms, and, with respect to any particular Securities, to the description of the terms thereof included in the Prospectus Supplement relating thereto. Wherever particular Sections or defined terms of the Indenture are referred to herein or in a Prospectus Supplement, such Sections or defined terms are incorporated by reference herein or therein, as the case may be.

The term "Securities", as used under this caption, refers to all Securities to be issued under the Indenture and includes the Debt Securities. In addition, the Company's 7 5/8% Notes due 2004 were issued August 4, 1992 under the Indenture.

GENERAL

The Indenture provides that Securities in separate series may be issued thereunder from time to time without limitation as to aggregate principal amount. The Company may specify a maximum aggregate principal amount for the Securities of any series. (Section 301) The Securities are to have such terms and provisions which are not inconsistent with the Indenture, including as to maturity, principal and interest, as the Company may determine. The Securities will be unsecured obligations of the Company and will rank on a parity with all other unsecured and unsubordinated indebtedness of the Company.

The applicable Prospectus Supplement will set forth the price or prices at which the Securities to be offered will be issued and will describe the following terms of such Securities: (i) the title of such Securities; (ii) any

limit on the aggregate principal amount of such Securities or the series of which they are a part; (iii) the person to whom any interest on such Security shall be payable, if other than the person in whose name that Security is registered; (iv) the date or dates on which the principal of any of such Securities will be payable; (v) the rate or rates at which any of such Securities will bear interest, if any, the date or dates from which any such interest will accrue, the Interest Payment Dates on which any such interest will be payable and the Regular Record Date for any such interest payable on any Interest Payment Date; (vi) the place or places where the principal of and any premium and interest on any of such Securities will be payable; (vii) the period or periods within which, the price or prices at which and the terms and conditions on which any of such Securities may be redeemed, in whole or in part, at the option of the Company; (viii) the obligation, if any, of the Company to redeem or purchase any of such Securities pursuant to any sinking fund or analogous provision or at the option of the Holder thereof, and the period or periods within which, the price or prices at which and the terms and conditions on which any of such Securities will be redeemed or purchased, in whole or in part, pursuant to any such obligation; (ix) the denominations in which any of such Securities will be issuable, if other than denominations of \$1,000 and any integral multiple thereof; (x) if the amount of principal of or any premium or interest on any of such Securities may be determined with reference to an index, the manner in which such amounts will be determined; (xi) if other than the currency of the United States of America, the currency, currencies or currency units in which the principal of and any premium and interest on any of such Securities will be payable (and the manner in which the equivalent of the principal amount thereof in the currency of the United States of America is to be determined for the purpose of determining the principal amount deemed to be Outstanding at any time); (xii) if the principal of or any premium or interest on any of such Securities is to be payable, at the election of the Company or the Holder thereof, in one or more currencies or currency units other than those in which such Securities are

7

stated to be payable, the currency, currencies or currency units in which payment of any such amount as to which such election is made will be payable and the periods within which and the terms and conditions upon which such election is to be made; (xiii) if other than the principal amount thereof, the portion of the principal amount of any of such Securities which will be payable upon declaration of acceleration of the Maturity thereof; and (xiv) any other terms of such Securities not inconsistent with the provisions of the Indenture. (Section 301)

Securities, including Original Issue Discount Securities, may be sold at a substantial discount below their principal amount. Certain special United States federal income tax considerations (if any) applicable to Securities sold at an original issue discount may be described in the applicable Prospectus Supplement. In addition, certain special United States federal income tax or other considerations (if any) applicable to any Securities which are denominated in a currency or currency unit other than United States dollars may be described in the applicable Prospectus Supplement.

#### FORM, EXCHANGE AND TRANSFER

The Securities of each series will be issuable only in fully registered form, without coupons, and, unless otherwise specified in the applicable Prospectus Supplement, only in denominations of \$1,000 and integral multiples thereof. (Section 302)

At the option of the Holder, subject to the terms of the Indenture, Securities of each series will be exchangeable for other Securities of the same series of any authorized denomination and of a like tenor and aggregate

principal amount. (Section 305)

Subject to the terms of the Indenture, Securities may be presented for exchange as provided above or for registration of transfer (duly endorsed or with the form of transfer endorsed thereon duly executed) at the office of the Security Registrar or at the office of any transfer agent designated by the Company for such purpose. No service charge will be made for any 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 payable in connection therewith. The Company has appointed the Trustee as Security Registrar. Any transfer agent (in addition to the Security Registrar) initially designated by the Company for any Securities will be named in the applicable Prospectus Supplement. (Section 305) The Company may at any time designate additional transfer agents or rescind the designation of any transfer agent or approve a change in the office through which any transfer agent acts, except that the Company will be required to maintain a transfer agent in each Place of Payment for the Securities of each series. (Section 1002)

If the Securities of any series (or of any series and specified terms) are to be redeemed in part, the Company will not be required to (i) issue, register the transfer of or exchange any Security of that series during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption of any such Security that may be selected for redemption and ending at the close of business on the day of such mailing or (ii) register the transfer of or exchange any Security so selected for redemption, in whole or in part, except the unredeemed portion of any such Security being redeemed in part. (Section 305)

#### GLOBAL SECURITIES

Some or all of the Securities of any series may be represented, in whole or in part, by one or more Global Securities which will have an aggregate principal amount equal to that of the Securities represented thereby. Each Global Security will be registered in the name of a Depositary or a nominee thereof identified in the applicable Prospectus Supplement, will be deposited with such Depositary or nominee or a custodian therefor and will bear a legend regarding the restrictions on exchanges and registration of transfer thereof referred to below and any such other matters as may be provided for pursuant to the Indenture.

Notwithstanding any provision of the Indenture or any Security described herein, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole

8

or in part may be registered, in the name of any Person other than the Depositary for such Global Security or any nominee of such Depositary except as may be described in the applicable Prospectus Supplement. (Section 204)

As long as the Depositary, or its nominee, is the registered Holder of a Global Security, the Depositary or such nominee, as the case may be, will be considered the sole owner and Holder of such Global Security and the Securities represented thereby for all purposes under the Securities and the Indenture. Owners of beneficial interests in a Global Security will not be entitled to have such Global Security or any Securities represented thereby registered in their names, will not receive or be entitled to receive physical delivery of certificated Securities in exchange therefor and will not be considered to be the owners or Holders of such Global Security or any Securities represented thereby for any purpose under the Securities or the Indenture. All payments of principal of and any premium and interest on a Global Security will be made to the Depositary or its nominee, as the case may be, as the Holder thereof. The

laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. These laws may impair the ability to transfer beneficial interests in a Global Security.

Ownership of beneficial interests in a Global Security will be limited to institutions that have accounts with the Depository or its nominee ("participants") and to persons that may hold beneficial interests through participants. In connection with the issuance of any Global Security, the Depository will credit, on its book-entry registration and transfer system, the respective principal amounts of Securities represented by the Global Security to the accounts of its participants. Ownership of beneficial interests in a Global Security will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by the Depository (with respect to participants' interests) or any such participant (with respect to interests of persons held by such participants on their behalf). Payments, transfers, exchanges and other matters relating to beneficial interests in a Global Security may be subject to various policies and procedures adopted by the Depository from time to time. None of the Company, the Trustee or any agent of the Company or the Trustee will have any responsibility or liability for any aspect of the Depository's or any participant's records relating to, or for payments made on account of, beneficial interests in a Global Security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

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

#### PAYMENT AND PAYING AGENTS

Unless otherwise indicated in the applicable Prospectus Supplement, payment of interest on a Security on any Interest Payment Date will be made to the Person in whose name such Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest. (Section 307)

Unless otherwise indicated in the applicable Prospectus Supplement, principal of and any premium and interest on the Securities of a particular series will be payable at the Place of Payment as the Company may designate for such purpose from time to time, except that at the option of the Company payment of any interest may be made by check mailed to the address of the Person entitled thereto as such address appears in the Security Register. The Places of Payment initially designated by the Company for the Securities of a particular series will be named in the applicable Prospectus Supplement. The Company may at any time designate additional Places of Payment or rescind the designation of any Places of Payment, except that the

Company will be required to maintain a Place of Payment for the Securities of a particular series. (Sections 301 and 1002)

All moneys paid by the Company to a Paying Agent for the payment of the principal of or any premium or interest on any Security which remain unclaimed at the end of two years after such principal, premium or interest has become

due and payable will be repaid to the Company, and the Holder of such Security thereafter may look only to the Company for payment thereof. (Section 1003)

#### CERTAIN DEFINITIONS

"Attributable Debt" means, as to any particular lease under which any person is at the time liable and at any date as of which the amount thereof is to be determined, the total net amount of rent required to be paid under such lease during the remaining primary term thereof, discounted from the respective due dates thereof to such date at the rate per annum equal to the interest rate borne by the Securities of the series with respect to which such determination of Attributable Debt is made. The net amount of rent required to be paid under any such lease for any such period shall be the aggregate amount of the rent payable by the lessee with respect to such period after excluding amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges and after giving appropriate credit for lease payments payable to such person by any sublessee. In the case of any lease which is terminable by the lessee upon the payment of a penalty, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

"Consolidated Net Tangible Assets" means the aggregate amount of assets (less applicable reserves and other properly deductible items) after deducting therefrom (i) all current liabilities and (ii) all goodwill, trade names, trademarks, patents, organization expenses and other like intangibles, all as set forth on the most recent published balance sheet of the Company and its consolidated Restricted Subsidiaries and computed in accordance with generally accepted accounting principles.

"Funded Indebtedness" means (i) all indebtedness for money borrowed having a maturity of more than 12 months from the date as of which the determination is made or having a maturity of 12 months or less but by its terms being renewable or extendable beyond 12 months from such date at the option of the borrower and (ii) rental obligations payable more than 12 months from such date under leases which are capitalized in accordance with generally accepted accounting principles (such rental obligations to be included as Funded Indebtedness at the amount so capitalized and to be included for the purposes of the definition of Consolidated Net Tangible Assets both as an asset and as Funded Indebtedness at the amount so capitalized).

"Indebtedness" means (i) all obligations for borrowed money, (ii) all obligations evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations in respect of letters of credit or bankers acceptances or similar instruments (or reimbursement obligations with respect thereto), (iv) all obligations to pay the deferred purchase price of property, except trade accounts payable arising in the ordinary course of business, (v) all obligations as lessee which are capitalized in accordance with generally accepted accounting principles at the time of calculation, and (vi) all obligations referred to in (i) through (v) of others guaranteed by the Company or any of its subsidiaries or for which the Company or any of its subsidiaries is otherwise responsible or liable (whether by agreement to purchase indebtedness of, or to supply funds or to invest in, others).

"Nonrecourse Obligation" shall mean indebtedness or lease payment obligations substantially related to (i) the acquisition of assets not currently owned by the Company or any of its Restricted Subsidiaries or (ii) the financing of a project involving the development or expansion of properties of the Company or any of its Restricted Subsidiaries, as to which the obligee with respect to such indebtedness or obligation has no recourse to the general corporate funds, or the assets in general, of the Company or any of its Restricted Subsidiaries or any assets of the Company or any of its Restricted Subsidiaries other than the assets which

were acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (and funds generated by such assets or project), except pursuant to a covenant to pay to such obligee an amount equal to all or a portion of the amount of any dividends received by the obligor of such indebtedness or obligation within the previous 12 months.

"Principal Property" means any melt shop facility, rolling mill or other facility owned at the date of the Indenture or thereafter acquired by the Company or any Restricted Subsidiary of the Company which is located within the present 50 states of the United States and the gross book value (including related land and improvements thereon and all machinery and equipment included therein without deduction of any depreciation reserves) of which on the date as of which the determination is being made exceeds 2 1/2% of Consolidated Net Tangible Assets.

"Restricted Subsidiary" means a Subsidiary of the Company substantially all the property of which is located, or substantially all the business of which is carried on, within the present 50 states of the United States and which owns a Principal Property.

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

#### CERTAIN COVENANTS OF THE COMPANY

Limitations on Liens. After the date of the Indenture and so long as any Securities are Outstanding, the Company will not issue, assume or guarantee, and will not permit any Restricted Subsidiary to issue, assume or guarantee, any Indebtedness which is secured by a mortgage, pledge, security interest, lien or encumbrance (any mortgage, pledge, security interest, lien or encumbrance being hereinafter in this provision referred to as a "lien" or "liens") of or upon any Principal Property, whether now owned or hereafter acquired, of the Company or any such Restricted Subsidiary, or of or upon any shares of capital stock or Indebtedness of any Restricted Subsidiary, without effectively providing that the Securities (together with, if the Company shall so determine, any other Indebtedness of the Company ranking equally with the Securities) shall be equally and ratably secured by a lien ranking ratably with and equal to (or at the Company's option prior to) such secured Indebtedness; provided, however, that the foregoing restriction shall not apply to: (a) liens on any assets of, or on any shares of capital stock of or Indebtedness of, any corporation existing on the date hereof or at the time such corporation becomes a Restricted Subsidiary; (b) liens on any assets, shares of capital stock or Indebtedness existing at the time of acquisition thereof by the Company or a Restricted Subsidiary, or liens to secure the payment of all or any part of the purchase price of any assets upon the acquisition of such assets by the Company or a Restricted Subsidiary or to secure any Indebtedness incurred, assumed or guaranteed by the Company or a Restricted Subsidiary prior to, at the time of, or within 180 days after such acquisition (or if later in the case of real property, the completion of construction (including any improvements on an existing asset) or commencement of full operation of such asset, whichever is later) which Indebtedness is incurred, assumed or guaranteed for the purpose of financing all or any part of the purchase price thereof, or, in the case of real property, construction or improvements thereon; provided, however, that in the case of any such acquisition, construction or improvement, the lien shall not apply to any assets theretofore owned by the Company or a Restricted

Subsidiary, other than in the case of any such construction or improvement, any real property on which the property so constructed, or the improvement, is located; (c) liens on any assets to secure Indebtedness of a Restricted Subsidiary to the Company or of the Company or a Restricted Subsidiary to any other wholly owned Restricted Subsidiary; (d) liens on any assets, shares of capital stock or Indebtedness of a corporation existing at the time such corporation is merged into or consolidated with the Company or a Restricted Subsidiary or at the time of a purchase, lease or other acquisition of the assets of a corporation or firm as an entirety or substantially as an entirety by the Company

11

or a Restricted Subsidiary; (e) liens on any assets of the Company or a Restricted Subsidiary in favor of any department, agency or instrumentality or political subdivision of the United States or any state thereof, or in favor of any other country, or any political subdivision thereof, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Indebtedness incurred or guaranteed for the purpose of financing all or any part of the purchase price (or, in the case of real property, the cost of construction) of the assets subject to such liens (including, but not limited to, liens incurred in connection with pollution control, industrial revenue or similar financings); (f) liens created in connection with a project financed with, and created to secure, a Nonrecourse Obligation; (g) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any lien referred to in the foregoing clauses (a) to (f), inclusive; provided, however, that the principal amount of Indebtedness secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or a part of the assets which secured the lien so extended, renewed or replaced (plus improvements and construction on real property); or (h) liens not permitted by clauses (a) through (g) above if at the time of, and after giving effect to, the creation or assumption of any such lien, the aggregate amount of all Indebtedness of the Company and its Restricted Subsidiaries secured by all such liens not so permitted by clauses (a) through (g) above together with the Attributable Debt in respect of Sale and Leaseback Transactions permitted by paragraph (a) of the Limitations on Sale and Leaseback covenant do not exceed 10% of Consolidated Net Tangible Assets. (Section 1008)

Limitation on Sale and Leaseback Transactions. The Company will not itself, and will not permit any Restricted Subsidiary to, enter into any transaction after the date of the Indenture with any bank, insurance company or other investor, or to which any such bank, company, lender or investor is a party, providing for the leasing by the Company or a Restricted Subsidiary of any Principal Property which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such bank, company, lender or investor, or to any person to whom funds have been or are to be advanced by such bank, company, lender or investor on the security of such Principal Property (herein referred to as a "Sale and Leaseback Transaction") unless, after giving effect thereto, the aggregate amount of all Attributable Debt with respect to such transactions plus all Indebtedness secured by liens to which paragraph (h) of the Limitation on Liens covenant is applicable would not exceed 10% of Consolidated Net Tangible Assets. This covenant shall not apply to, and there shall be excluded from Attributable Debt in any computation under this provision, Attributable Debt with respect to any Sale and Leaseback Transaction if: (1) the lease in such Sale and Leaseback Transaction is for a period, including renewal rights, of not in excess of three years, or (2) the Company or a Restricted Subsidiary, within 180 days after the sale or transfer shall have been made by the Company or by a Restricted Subsidiary, applies an amount not less than the greater of the net proceeds of the sale of the Principal Property leased pursuant to such arrangement or the fair market value

of the Principal Property so leased at the time of entering into such arrangement (as determined in any manner approved by the Board of Directors of the Company) to (a) the retirement of Funded Indebtedness of the Company ranking on a parity with or senior to the Securities or the retirement of Funded Indebtedness of a Restricted Subsidiary; provided, however, that the amount to be applied to the retirement of such Funded Indebtedness of the Company or a Restricted Subsidiary shall be reduced by (x) the principal amount of any Securities (or other notes or debentures constituting such Funded Indebtedness) delivered within such 180-day period to the Trustee or other applicable trustee for retirement and cancellation and (y) the principal amount of such Funded Indebtedness, other than items referred to in the preceding clause (x), voluntarily retired by the Company or a Restricted Subsidiary within 180 days after such sale; and provided, further, that, notwithstanding the foregoing, no retirement referred to in this clause (a) may be effected by a payment at maturity or pursuant to any mandatory sinking fund payment or any mandatory prepayment provision, or (b) the purchase or construction of other property which will constitute Principal Property having a fair market value, in the opinion of the Board of Directors of the Company, at least equal to the fair market value of the Principal Property leased in such Sale and Leaseback Transaction, or (3) such Sale and Leaseback Transaction is entered into prior to, at the time of, or within 180 days after the later of the acquisition of the Principal Property or the completion of construction thereon, or (4) the lease in such Sale and Leaseback Transaction

12

secures or relates to obligations issued by a state, territory or possession of the United States, or any political subdivision of any of the foregoing, or the District of Columbia, to finance the acquisition or construction of property, and on which the interest is not, in the opinion of tax counsel of recognized standing or in accordance with a ruling issued by the Internal Revenue Service, includible (in whole or in part) in gross income of the holder by reason of Section 103(a)(1) of the Internal Revenue Code (or any successor to such provision) as in effect at the time of the issuance of such obligations, or (5) the lease payment obligation is created in connection with a project financed with, and such obligation constitutes, a Nonrecourse Obligation, or (6) such Sale and Leaseback Transaction is entered into between the Company and a Restricted Subsidiary or between Restricted Subsidiaries. (Section 1009)

Except as described above, the Indenture will not contain any covenants or provisions that may afford holders of the Securities protection in the event of a highly leveraged transaction.

#### SUCCESSOR COMPANY

The Indenture will provide that no consolidation or merger of the Company with or into any other corporation and no conveyance, transfer or lease of its properties and assets substantially as an entirety to any person may be made unless (i) the Person formed by or resulting from any such consolidation or merger or which shall have received the transfer of such property and assets shall be a corporation, partnership or trust organized and existing under the laws of the United States, any State thereof or the District of Columbia and shall expressly assume by an indenture supplemental thereto, the due and punctual payment of the principal of and any premium and interest on all the Securities and the performance and observance of every covenant of the Indenture on the part of the Company to be performed or observed, (ii) immediately after giving effect to such transaction and treating any indebtedness which becomes an obligation of the Company or a Subsidiary as a result of such transaction as having been incurred by the Company or such Subsidiary at the time of such transaction, no Event of Default, and no event which after notice or lapse of time or both, would become an Event of Default shall have occurred and be continuing, (iii) if, as a result of any such

consolidation or merger or such conveyance, transfer or lease, properties or assets of the Company would become subject to a mortgage, pledge, lien, security interest or other encumbrance which would not be permitted by this Indenture, the Company or such successor Person, as the case may be, shall take such steps as shall be necessary effectively to secure the Securities equally and ratably with (or prior to) all indebtedness secured thereby, and (iv) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that the consolidation, merger, conveyance, transfer or lease, and, if a supplemental indenture is required for such transaction, such supplemental indenture, complies with the above requirements of the Indenture. (Section 801)

#### EVENTS OF DEFAULT

Each of the following will constitute an Event of Default under the Indenture with respect to Securities of any series: (a) default in the payment of the principal of (or any premium, if any, on) any Security of that series at maturity; (b) default in the payment of any interest on any Security of that series when due, continued for 30 days; (c) default in the deposit of any sinking fund payment, when due, in respect of any Security of that series; (d) default in the performance or breach of any other covenant or warranty of the Company in the Indenture (other than a covenant or warranty included in the Indenture solely for the benefit of a series other than that series), continued for 60 days after written notice has been given by the Trustee, or the Holders of at least 25% in principal amount of the Outstanding Securities of that series, as provided in the Indenture; (e) failure to pay at maturity the principal of, or acceleration of, any Indebtedness in a principal amount in excess of \$10 million, if such Indebtedness is not discharged, or such acceleration is not rescinded or annulled, within a period of 15 days after there shall have been given, by overnight 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, a written notice specifying such failure or acceleration and requiring the Company to cause such Indebtedness to be discharged or cause such acceleration to be rescinded or annulled and stating that such

13

notice is a Notice of Default under the Indenture; and (f) certain events in bankruptcy, insolvency or reorganization. (Section 501)

If an Event of Default with respect to the Securities of any series at the time Outstanding shall occur and be continuing, either the Trustee or the Holders of at least 25% in aggregate principal amount of the Outstanding Securities of that series by written notice as provided in the Indenture may declare the principal amount of the Securities of that series (or, in the case of any Security that is an Original Issue Discount Security, such portion of the principal amount of such Security, as may be specified in the terms of such Security) to be due and payable immediately. (Section 502) For information as to waiver of defaults, see "Modification and Waiver".

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 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) Subject to such provisions for the indemnification of the Trustee, 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 proceeding 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. (Section 512)

No Holder of a Security of any series will have any right to institute any proceeding with respect to the Indenture, or for the appointment of a receiver or a trustee, or for any other remedy thereunder, unless (i) such Holder has previously given to the Trustee written notice of a continuing Event of Default with respect to the Securities of that series, (ii) the Holders of at least 25% in aggregate principal amount of the Outstanding Securities of that series have made written request, and such Holder or Holders have offered reasonable indemnity, to the Trustee to institute such proceeding as trustee and (iii) the Trustee has failed to institute such proceeding, and has not received from the Holders of a majority in aggregate principal amount of the Outstanding Securities of that series a direction inconsistent with such request, within 60 days after such notice, request and offer of indemnity. (Section 507) However, such limitations do not apply to a suit instituted by a Holder of a Security for the enforcement of payment of the principal of or any premium or interest on such Security on or after the applicable due date specified in such Security. (Section 508)

The Company will be required to furnish to the Trustee annually a statement by certain of its officers as to whether or not the Company, to their best knowledge, is in default in the performance or observance of any of the terms, provisions and conditions of the Indenture and, if so, specifying all such known defaults. (Section 1004)

#### MODIFICATION AND WAIVER

Modifications and amendments of the Indenture may be made by the Company and the Trustee with the consent of the Holders of a majority 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 of or interest on, any Security, (b) reduce the principal amount of, or any premium or interest on, any Security, (c) reduce the amount of principal of an Original Issue Discount Security payable upon acceleration of the Maturity thereof, (d) change the place or currency of payment of principal of, or any premium or interest on, any Security, (e) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity thereof, (f) 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, (g) reduce the percentage in principal amount of Outstanding Securities of any series necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults or (h) modify such provisions with respect to modification and waiver. (Section 902) The Indenture also permits the Company to omit compliance with certain covenants

14

in the Indenture with respect to Securities of any series upon waiver, before the time of such compliance, by the Holders of a majority in principal amount of Outstanding Securities of such series. (Section 1011)

The Holders of a majority in principal amount of the Outstanding Securities of any series may waive any past default under the Indenture, except a default in the payment of principal, premium or interest and certain covenants and provisions of the Indenture which cannot be amended without the consent of the Holder of each Outstanding Security of such series affected. (Section 513)

The Indenture provides 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 under the

Indenture, (i) the principal amount of an Original Issue Discount Security that will be deemed to be Outstanding will be the amount of the principal thereof that would be due and payable as of such date upon acceleration of the Maturity thereof and (ii) the principal amount of a Security denominated in one or more foreign currencies or currency units will be the U.S. dollar equivalent, determined in the manner prescribed for such Security, of the principal amount of such Security (or, in the case of a Security described in clause (i) above, of the amount described in such clause). Certain Securities, including those for whose payment or redemption money has been deposited or set aside in trust for the Holders and those that are owned by the Company or an Affiliate, will not be deemed to be Outstanding. (Section 101)

Except in certain limited circumstances, the Company will be entitled to set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to give or take any request, demand, authorization, direction, notice, consent, waiver or other action under the Indenture, in the manner and subject to the limitations provided in the Indenture. If a record date is set for any action to be taken by Holders of a particular series, such action may be taken only by persons who are Holders of Outstanding Securities of that series on the record date. (Section 104)

#### DEFEASANCE AND COVENANT DEFEASANCE

If and to the extent indicated in the applicable Prospectus Supplement, the Company may elect, at its option at any time, to have the provisions of Section 403, relating to defeasance and discharge of indebtedness, or Section 1010, relating to defeasance of certain restrictive covenants in the Indenture, applied to the Securities of any series, or to any specified part of a series.

Defeasance and Discharge. The Indenture provides that, upon the Company's exercise of its option (if any) to have Section 403 of the Indenture apply to any Securities, the Company will be discharged from all its obligations with respect to such Securities (except for certain obligations to exchange or register the transfer of Securities, to replace stolen, lost or mutilated Securities, to maintain paying agencies and to hold moneys for payment in trust) upon the 91st day after the date of deposit with the Trustee in trust for the benefit of the Holders of such Securities of money or U.S. Government Obligations, or both, which, through the payment of principal and interest in respect thereof in accordance with their terms, will provide money in an amount sufficient to pay the principal of and any premium and interest on such Securities on the respective Stated Maturities in accordance with the terms of the Indenture and such Securities. Such defeasance or discharge may occur only if, among other things, the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel to the effect that the Company has received from, or there has been published by, the United States Internal Revenue Service a ruling, or there has been a change in tax law, in either case to the effect that Holders of such Securities will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to federal income tax on the same amount, in the same manner and at the same time as would have been the case if such deposit, defeasance and discharge were not to occur. (Section 403)

Defeasance of Certain Covenants. The Indenture provides that, upon the Company's exercise of its option (if any) to have Section 1010 of the Indenture apply to any Securities, the Company may omit to comply with certain restrictive covenants described in Sections 1008 and 1009 of the Indenture. The

Company, in order to exercise such option, will be required to deposit, in trust with the Trustee for the benefit of the Holders of such Securities, money or U.S. Government Obligations, or both, which, through the payment of

principal and interest in respect thereof in accordance with their terms, will provide money in an amount sufficient to pay the principal of and any premium and interest on such Securities on the respective Stated Maturities in accordance with the terms of the Indenture and such Securities. The Company will also be required, among other things, to deliver to the Trustee an Officers' Certificate and an Opinion of Counsel to the effect that Holders of such Securities will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and defeasance of certain obligations and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and defeasance were not to occur. (Section 1010) In the event the Company exercised this option with respect to any Securities and such Securities were declared due and payable because of the occurrence of any Event of Default, the amount of money and U.S. Government Obligations so deposited in trust would be sufficient to pay amounts due on such Securities at the time of their respective Stated Maturities but may not be sufficient to pay amounts due on such Securities upon any acceleration resulting from such Event of Default. In such case, the Company would remain liable for such payments.

#### NOTICES

Notices to Holders of Securities will be given by mail to the addresses of such Holders as they may appear in the Security Register. (Sections 101 and 106)

#### TITLE

The Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name a Security is registered as the absolute owner thereof (whether or not such Security may be overdue) for the purpose of making payment and for all other purposes. (Section 308)

#### GOVERNING LAW

The Indenture and the Securities will be governed by, and construed in accordance with, the laws of the State of New York. (Section 112)

#### REGARDING THE TRUSTEE

Continental Bank, National Association is the Trustee under the Indenture and also acts as the trustee for the Company's 7 5/8% Notes due 2004.

Upon the occurrence of an Event of Default, or any event of default with respect to the 7 5/8% Notes, the Trustee may be deemed to have a conflicting interest with respect to the Securities for purposes of the Trust Indenture Act of 1939, as amended, and, accordingly, may be required to resign as Trustee under the Indenture.

#### PLAN OF DISTRIBUTION

The Company may sell Debt Securities to one or more underwriters for public offering and sale by them or may sell Debt Securities to investors directly or through agents. Any such underwriter or agent involved in the offer and sale of the Debt Securities (the "Offered Debt Securities") will be named in an applicable Prospectus Supplement.

Underwriters may offer and sell the Offered Debt Securities at a fixed price or prices, which may be changed, or from time to time at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. The Company also may offer and sell the Offered Debt Securities in exchange for one or more of its outstanding issues of debt or convertible debt securities. The

Company also may, from time to time, authorize underwriters acting as the Company's agents to offer and sell the Offered Debt Securities upon the terms and conditions as shall be set forth in any Prospectus Supplement. In connection with the sale of Offered Debt Securities, underwriters may be deemed to have received compensation from the Company in the form of underwriting discounts or commissions and may also receive commissions from purchasers of Offered Debt Securities for whom they may act as agent. Underwriters may sell Offered Debt Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions (which may be changed from time to time) from the purchasers for whom they may act as agent.

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

If so indicated in an applicable Prospectus Supplement, the Company will authorize dealers acting as the Company's agents to solicit offers by certain institutions to purchase Offered Debt Securities from the Company at the public offering price set forth in such Prospectus Supplement pursuant to Delayed Delivery Contracts ("Contracts") providing for payment and delivery on the date or dates stated in such Prospectus Supplement. Each Contract will be for an amount not less than, and the aggregate principal amount of Offered Debt Securities sold pursuant to Contracts shall be not less nor more than, the respective amounts stated in such Prospectus Supplement. Institutions with whom Contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and other institutions, but will in all cases be subject to the approval of the Company. Contracts will not be subject to any conditions except (i) the purchase by an institution of the Offered Debt Securities covered by its Contracts shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which such institution is subject, and (ii) if the Offered Debt Securities are being sold to underwriters, the Company shall have sold to such underwriters the total principal amount of the Offered Debt Securities less the principal amount thereof covered by Contracts. Agents and underwriters will have no responsibility in respect of the delivery or performance of Contracts.

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

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

The validity of the Offered Debt Securities will be passed upon for the Company by Skadden, Arps, Slate, Meagher & Flom, New York, New York. Certain legal matters will be passed upon for any underwriters or agents by Shearman & Sterling, New York, New York.

EXPERTS

The audited consolidated financial statements and schedules incorporated by reference in this prospectus and elsewhere in the registration statement have been audited by Arthur Andersen & Co., independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the reports of said firm and upon the authority of said firm as experts in accounting and auditing. Reference is made to said reports which include an explanatory paragraph with respect to the change in accounting for income taxes and postretirement benefits other than pensions in fiscal 1993 as discussed in Note 1 to the consolidated financial statements.

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NO DEALER, AGENT, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, PROSPECTUS SUPPLEMENT AND ANY PRICING SUPPLEMENT IN CONNECTION WITH THE OFFER CONTAINED HEREIN AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR BY ANY DISTRIBUTOR. THIS PROSPECTUS, PROSPECTUS SUPPLEMENT, AND ANY PRICING SUPPLEMENT SHALL NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES DESCRIBED IN THIS PROSPECTUS, PROSPECTUS SUPPLEMENT OR ANY PRICING SUPPLEMENT OR AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS, PROSPECTUS SUPPLEMENT OR ANY PRICING SUPPLEMENT NOR ANY SALE MADE HEREUNDER OR THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN OR THEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THEIR RESPECTIVE DATES.

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TABLE OF CONTENTS

	PAGE
	----
PROSPECTUS SUPPLEMENT	
[C]	[C]
Important Currency Exchange Information.....	S-2
Description of Notes.....	S-2
Special Provisions Relating to Foreign Currency Notes.....	S-15
United States Taxation.....	S-17
Plan of Distribution of Notes.....	S-23
Validity of Notes.....	S-24
Glossary.....	S-25
PROSPECTUS	
Available Information.....	2
Incorporation of Certain Documents by Reference.....	2

The Company.....	3
Selected Consolidated Financial Data.....	5
Use of Proceeds.....	6
Capitalization.....	6
Description of Debt Securities.....	7
Plan of Distribution.....	16
Validity of Offered Debt Securities.....	17
Experts.....	18

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 [LOGO OF LUKENS APPEARS HERE]

U.S. \$100,000,000

Medium-Term Notes, Series A

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 PROSPECTUS SUPPLEMENT  
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CS First Boston

J.P. Morgan Securities Inc.

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 PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

<TABLE>

<CAPTION>

<S>	<C>
Filing Fee for Registration Statement.....	\$ 34,483
Legal Fees and Expenses.....	70,000
Accounting Fees and Expenses.....	25,000
Trustee Fees and Expenses.....	20,000
Printing.....	31,000
Blue Sky Fees and Expenses.....	10,000
Miscellaneous.....	19,517
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Total.....	\$210,000
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 \* The foregoing expenses, except the Filing Fee for the Registration Statement,

are estimates.

#### ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Subsection (a) of Section 145 of the General Corporation Law of Delaware empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that he is or was a director, officer, employee or agent of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Subsection (b) of Section 145 empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that such person acted in any of the capacities set forth above, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company except that no indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Company unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine that despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 145 further provides that to the extent a director or officer of a corporation has been successful in the defense of any action, suit or proceeding referred to in subsections (a) and (b) or in the defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith; that indemnification provided for by Section 145 shall not be deemed exclusive of any other rights to which the indemnified party may be entitled; and empowers the Company to purchase and maintain insurance on behalf of a director or officer of the Company against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such whether or not the Company would have the power to indemnify him against such liabilities under Section 145.

Article VIII of the By-laws of the Company provides, in effect, that, in addition to any rights afforded to an officer, director or employee of the Company by contract or operation of law, the Company may

II-1

indemnify any person who is or was a director, officer or employee of the Company, or of any other corporation which he served at the request of the Company, against any and all liability and reasonable expense incurred by him in connection with or resulting from any claim, action, suit or proceeding (whether brought by or in the right of the Company or such other corporation or otherwise) civil or criminal, in which he may have become involved, as a party or otherwise, by reason of his being or having been such director, officer or employee of the Company or such other corporation, whether or not he continues

to be such at the time such liability or expense is incurred, provided that such person acted in good faith and in what he reasonably believed to be the best interests of the Company or such other corporation, and, in connection with any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Article VIII further provides that any person who is or was a director, officer or employee of the Company or any direct or indirect wholly owned subsidiary of the Company shall be entitled to indemnification as a matter of right if he has been wholly successful, on the merits or otherwise, with respect to any claim, action, suit or proceeding of the type described in the foregoing paragraph.

In addition, the Company maintains directors' and officers' reimbursement and liability insurance pursuant to standard form policies with aggregate limits of \$40 million. The risks covered by such policies do not exclude liabilities under the Securities Act of 1933.

#### ITEM 16. EXHIBITS

<TABLE>

<CAPTION>

<C> <S>

- 1 Form of Distribution Agreement.
- 4.1 Form of Indenture for Debt Securities (incorporated by reference to Exhibit 4.2 included in Registrant's Registration Statement No. 33-49112).
- 4.2 Instrument of Resignation, Appointment and Acceptance with respect to the Indenture among the Registrant, Continental Bank, National Association as Successor Trustee and Morgan Guaranty Trust Company of New York as Resigning Trustee.
- 5 Opinion of Skadden, Arps, Slate, Meagher & Flom.
- 8 Opinion of Skadden, Arps, Slate, Meagher & Flom with respect to certain tax matters.
- 12 Statement Regarding Computation of Ratios.
- 23.1 Consent of Arthur Andersen & Co.
- 23.2 Consent of Skadden, Arps, Slate, Meagher & Flom (contained in opinion filed as Exhibit 5 to this Registration Statement).
- 24 Power of Attorney (included on signature page).
- 25 Statement of Eligibility on Form T-1 of Continental Bank, National Association to act as Trustee.

</TABLE>

#### ITEM 17. UNDERTAKINGS

(a) RULE 415 OFFERING. The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

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

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

provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the registration statement is on Form S-3 or Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

II-2

2. That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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

(b) FILINGS INCORPORATING SUBSEQUENT EXCHANGE ACT DOCUMENTS BY REFERENCE. The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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

II-3

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-3 AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF COATESVILLE, COMMONWEALTH OF PENNSYLVANIA, ON THIS 17TH DAY OF MAY 1994.

Lukens Inc.

/s/ William D. Sprague

By: \_\_\_\_\_  
WILLIAM D. SPRAGUE VICE PRESIDENT,

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitute, and appoints John N. Maier, William D. Sprague, and John C. van Roden, Jr. and each or any of them, his true and lawful attorney-in-fact and agent, each acting alone, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all the exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, each acting alone, or his substitute or substitutes, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises as fully, to all intents and purposes, as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, each acting alone, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED ON MAY 17, 1994.

SIGNATURE -----	TITLE -----
/s/ R.W. Van Sant ----- R.W. VAN SANT	Chairman, Chief Executive Officer and Director (principal executive officer)
/s/ John N. Maier ----- JOHN N. MAIER	Vice President and Controller (principal accounting officer)
----- MICHAEL O. ALEXANDER	Director
/s/ T. Kevin Dunnigan ----- T. KEVIN DUNNIGAN	Director

II-4

SIGNATURE	TITLE
/s/ Ronald M. Gross ----- RONALD M. GROSS	Director
----- NANCY HUSTON HANSEN	Director
/s/ William H. Nelson, III ----- WILLIAM H. NELSON, III	Director
/s/ Stuart J. Northrop ----- STUART J. NORTHROP	Director

/s/ Robert L. Seaman

Director

-----  
ROBERT L. SEAMAN

/s/ Harry C. Stonecipher

Director

-----  
HARRY C. STONECIPHER

/s/ Joab L. Thomas

Director

-----  
JOAB L. THOMAS

/s/ W. Paul Tippett

Director

-----  
W. PAUL TIPPETT

II-5

<TABLE>  
<CAPTION>

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<C> <S>

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- 8 Opinion of Skadden, Arps, Slate, Meagher & Flom with respect to certain tax matters.
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\$100,000,000

LUKENS INC.

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MEDIUM-TERM NOTES, SERIES A

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DISTRIBUTION AGREEMENT

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May \_\_, 1994

CS First Boston Corporation  
J.P. Morgan Securities Inc.  
c/o CS First Boston Corporation  
Park Avenue Plaza  
New York, New York 10055

Dear Sirs:

1. Introduction. Lukens Inc., a Delaware corporation (the "Issuer"),

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confirms its agreement with each of you (individually, a "Distributor" and collectively, the "Distributors") with respect to the issue and sale from time to time by the Issuer of its Medium-Term Notes, Series A registered under the registration statement referred to in Section 2(a) (any such Medium-Term Notes, Series A being hereinafter referred to as the "Securities", which expression shall, if the context so admits, include any permanent global Security). Securities may be offered and sold pursuant to Section 3 of this Agreement in an aggregate amount not to exceed the amount of Registered Securities (as defined in Section 2(a) hereof) registered pursuant to such registration statement reduced by the aggregate amount of any other Registered Securities sold otherwise than pursuant to Section 3 of this Agreement. The Securities will be issued under an indenture, dated as of July 1, 1992 (the "Indenture"), between the Issuer and Continental Bank, National Association, as successor trustee (the "Trustee").

The Securities shall have the terms described in the Prospectus referred to in Section 2(a) as it may be amended or supplemented from time to time, including

any supplement to the Prospectus that sets forth only the terms of a particular issue of the Securities (a "Pricing Supplement"). Securities will be issued, and the terms thereof established, from time to time by the Issuer in accordance with the Indenture and the Procedures (as defined in Section 3(d) hereof).

2. Representations and Warranties of the Issuer. The Issuer  
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represents and warrants to, and agrees with, each Distributor as follows:

(a) A registration statement (No. 33- ), including a form of prospectus, relating to debt securities of the Issuer, including the Securities ("Registered Securities"), has been filed with the Securities and Exchange Commission (the "Commission") and has become effective under the Securities Act of 1933, as amended (the "Act"). Such registration statement, including all material incorporated by reference therein, as amended as of the Closing Date (as defined in Section 3(e) hereof), is hereinafter referred to as the "Registration Statement", and the prospectus included in such Registration Statement, as supplemented as of the Closing Date, including all material incorporated by reference therein, is hereinafter referred to as the "Prospectus." Any reference in this Agreement to amending or supplementing the Prospectus shall be deemed to include the filing of materials incorporated by reference in the Prospectus after the Closing Date and any reference in this Agreement to any amendment or supplement to the Prospectus shall be deemed to include any such materials incorporated by reference in the Prospectus after the Closing Date.

(b) On the effective date of the registration statement relating to the Registered Securities, such registration statement conformed in all respects to the requirements of the Act, the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and the rules and regulations of the Commission ("Rules and Regulations") and did not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and on the Closing Date, the Registration Statement and the Prospectus, and at

each of the times of acceptance and of delivery referred to in Section 6(a) hereof and at each of the times of amendment or supplement referred to in Section 6(b) hereof (the Closing Date and each such time being herein sometimes referred to as a "Representation Date"), the Registration Statement and the Prospectus as then amended or supplemented will conform in all respects to the requirements of the Act, the Trust Indenture Act and the Rules and Regulations, and neither of such documents will include any untrue statement of a material fact or will omit to state any material fact required to be stated therein or necessary to make the statements therein, in the case of the Prospectus, in light of the circumstances under which they were made, not misleading, except that the foregoing does not apply to

statements in or omissions from any of such documents based upon written information furnished to the Issuer by any Distributor specifically for use therein.

3. Appointment as Distributors; Agreement of Distributors;  
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Solicitations.  
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(a) Subject to the terms and conditions stated herein, the Issuer hereby appoints each of the Distributors as an agent of the Issuer for the purpose of soliciting or receiving offers to purchase the Securities from the Issuer by others. So long as this Agreement shall remain in effect with respect to any Distributor, the Issuer shall not, without the consent of any such Distributor, solicit or accept offers to purchase Securities otherwise than through one of the Distributors; provided, however, that, subject to all of the terms

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and conditions of this Agreement, the foregoing shall not be construed to prevent the Issuer from selling at any time any Registered Securities in a firm commitment underwriting pursuant to an underwriting agreement that does not provide for a continuous offering of such Registered Securities; and provided,

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further, that the Issuer reserves the right from time to time (i) to sell  
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Securities directly to an investor, and (ii) to accept a specific offer to purchase Securities solicited by, and made by the Issuer to or through, a dealer other than the Distributors (each an "Other Dealer"), without obtaining the prior consent of any of the Distributors, provided that (x) the Issuer shall give each of the Distributors notice of its deci-

sion to accept such an offer to purchase Securities by telephone, (y) any Other Dealer shall agree to be bound by and subject to the terms and conditions of this Agreement binding on the Distributors (including the commission schedule set forth on Exhibit B), and (z) so long as this Agreement remains in effect, the Issuer shall not appoint any other agent or dealer for the purpose of soliciting or receiving offers to purchase Securities on a continuous basis.

(b) On the basis of the representations and warranties contained herein, but subject to the terms and conditions herein set forth, each Distributor agrees, as an agent of the Issuer, to use reasonable efforts when requested by the Issuer to solicit offers to purchase the Securities upon the terms and conditions set forth in the Prospectus, as from time to time amended or supplemented. In placing any Securities pursuant to an offer accepted by the Issuer, the Distributor that solicited or received such offer (the "Presenting Distributor") may act as agent or purchase such Securities from the Issuer as principal for resale. Upon acceptance by the Issuer of an offer by the Presenting Distributor to purchase Securities as principal, the Presenting Distributor may complete a Terms Agreement substantially in the form of Exhibit A hereto (a "Terms Agreement") and transmit the completed Terms Agreement to the

Issuer by hand or by facsimile or other similar means of telecommunication. Upon acceptance by the Issuer of an offer to purchase Securities, unless the Issuer and the Presenting Distributor otherwise agree in writing, any such Terms Agreement or any other written confirmation or communication transmitted by the Presenting Distributor to the Issuer or, in the absence of a Terms Agreement or other written confirmation or communication from the Presenting Distributor, the oral agreement with respect to the terms of the Securities and of their offer and sale evidenced by the offer communicated by the Presenting Distributor and accepted by the Issuer, in each case together with the provisions of this Agreement, shall constitute an agreement between the Presenting Distributor and the Issuer for the sale and purchase of such Securities (whether or not any Terms Agreement or other written confirmation or communication shall have been executed by the Issuer or the Presenting Distributor).

4

Upon receipt of notice from the Issuer as contemplated by Section 4(b) hereof, each Distributor shall suspend its solicitation of offers to purchase Securities until such time as the Issuer shall have furnished it with an amendment or supplement to the Registration Statement or the Prospectus, as the case may be, contemplated by Section 4(b) and shall have advised such Distributor that such solicitation may be resumed.

The Issuer reserves the right, in its sole discretion, to suspend solicitation of offers to purchase the Securities commencing at any time for any period of time or permanently. Upon receipt of at least one Business Day's prior notice from the Issuer, the Distributors will forthwith suspend solicitation of offers to purchase Securities from the Issuer until such time as the Issuer has advised the Distributors that such solicitation may be resumed. For the purpose of the foregoing sentence, "Business Day" shall mean any day that is not a Saturday or Sunday, and that in The City of New York is not a day on which banking institutions generally are authorized or obligated by law or executive order to close.

The Distributors are authorized to solicit offers to purchase Securities as described in the Prospectus, as amended or supplemented, and only in a minimum aggregate amount of \$100,000 (or the equivalent thereof in one or more currencies or currency units other than U.S. dollars). Each Distributor shall communicate to the Issuer, orally or in writing, each reasonable offer to purchase Securities received by it as agent. The Issuer shall have the sole right to accept offers to purchase the Securities and may reject any such offer, in whole or in part. Each Distributor shall have the right, in its discretion reasonably exercised, without notice to the Issuer, to reject any offer to purchase Securities received by it, in whole or in part, and any such rejection shall not be deemed a breach of its agreement contained herein.

No Security which the Issuer has agreed to sell pursuant to this Agreement shall be deemed to have been purchased and paid for, or sold by the Issuer, until such Security shall have been delivered to the purchaser thereof against payment by such purchaser.

(c) At the time of delivery of, and payment for, any Securities sold by the Issuer as a result of a solicitation made by, or offer to purchase received by a Distributor, acting on an agency basis, the Issuer agrees to pay such Distributor a commission in accordance with the schedule set forth in Exhibit B hereto. The Issuer agrees that each Distributor that purchases Securities as principal for resale shall receive such compensation, in the form of a discount or otherwise, as shall be agreed to between such Distributor and the Issuer at the time the Issuer accepts an offer to purchase such Securities, or, if no such compensation shall be agreed to, a commission in accordance with Exhibit B hereto.

(d) Administrative procedures respecting the sale of Securities (the "Procedures") shall be agreed upon from time to time by the Distributors and the Issuer. The initial Procedures, which are set forth in Exhibit C hereto, shall remain in effect until changed by agreement among the Issuer and the Distributors. Each Distributor and the Issuer agree to perform the respective duties and obligations specifically provided to be performed by each of them herein and in the Procedures. The Issuer will furnish to the Trustee a copy of the Procedures as from time to time in effect.

(e) The documents required to be delivered by Section 5 hereof shall be delivered at the office of Shearman & Sterling, 599 Lexington Avenue, New York, New York 10022 not later than 10:00 A.M., New York City time, on the date of this Agreement or at such later time as may be mutually agreed by the Issuer and the Distributors, which in no event shall be later than the time at which the Distributors commence solicitation of purchases of Securities hereunder, such time and date being herein called the "Closing Date".

4. Certain Agreements of the Issuer. The Issuer agrees with the

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Distributors that it will furnish to Shearman & Sterling, counsel for the Distributors, one signed copy of the Registration Statement, including all exhibits, in the form it became effective and of all amendments thereto and that, in connection with each offering of Securities,

(a) The Issuer will advise each Distributor promptly of any proposal to amend or supplement the

Registration Statement or the Prospectus and will afford the Distributors a reasonable opportunity to comment on any such proposed amendment or supplement (other than any Pricing Supplement that relates to Securities not purchased through or by such Distributor); and the Issuer will also advise each Distributor of the filing and effectiveness of any such amendment or supplement and of the institution by the Commission of any stop order proceedings in respect of the Registration Statement or of any

part thereof and will use its reasonable best efforts to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued.

(b) If, at any time when (i) a prospectus relating to the Securities is required to be delivered under the Act and (ii) no suspension of solicitation of offers to purchase Securities pursuant to Section 3(b) or this Section 4(b) shall be in effect (any such time referred to in clause (ii) and any time when either any Distributor shall own any Securities with the intention of reselling them or the Issuer has accepted an offer to purchase Securities but the related settlement has not occurred being referred to herein as a "Marketing Time"), any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made when such Prospectus is delivered, not misleading, or if it is necessary at any such time to amend the Prospectus to comply with the Act, the Issuer will promptly notify each Distributor to suspend solicitation of offers to purchase the Securities; and if the Issuer shall decide to amend or supplement the Registration Statement or the Prospectus, it will promptly advise each Distributor by telephone (with confirmation in writing) and, subject to the provisions of subsection (a) of this Section, will promptly prepare and file with the Commission an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Notwithstanding the foregoing, if, at the time any such event occurs or it becomes necessary to amend the Prospectus to comply with the Act, any Distributor shall own any

7

of the Securities with the intention of reselling them, or the Issuer has accepted an offer to purchase Securities but the related settlement has not occurred, the Issuer, subject to the provisions of subsection (a) of this Section, will promptly prepare and file with the Commission an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither the Distributors' consent to, nor their delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 5.

(c) The Issuer will file promptly all documents required to be filed with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, on or prior to the date on which the Issuer makes any announcement to the general public concerning earnings or concerning any other event which is required to be described, or which the Issuer proposes to describe, in a document filed pursuant to the Exchange Act, the Issuer will furnish the information contained or to be contained in such announcement to each Distributor, confirmed in writing and, subject to the provisions of subsections (a) and (b) of this Section, will cause the Prospectus to be amended or supplemented to reflect the information

contained in such announcement. The Issuer also will furnish each Distributor with copies of all press releases or announcements to the general public. The Issuer will immediately notify each Distributor of any downgrading in the rating of any debt securities of the Issuer or any proposal to downgrade the rating of any debt securities of the Issuer by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities of the Issuer (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading of such rating), as soon as the Issuer learns of such downgrading, proposal to downgrade or public announcement.

8

(d) As soon as practicable, but not later than 16 months after the date of each acceptance by the Issuer of an offer to purchase Securities hereunder, the Issuer will make generally available to its securityholders an earnings statement covering a period of at least 12 months beginning after the later of (i) the effective date of the registration statement relating to the Registered Securities, (ii) the effective date of the most recent posteffective amendment to the Registration Statement to become effective prior to the date of such acceptance and (iii) the date of the Issuer's most recent Annual Report on Form 10-K filed with the Commission prior to the date of such acceptance, which will satisfy the provisions of Section 11(a) of the Act.

(e) The Issuer will furnish to each Distributor copies of the Registration Statement, including all exhibits, any related preliminary prospectus, any related preliminary prospectus supplement, the Prospectus and all amendments and supplements to such documents (including any Pricing Supplement), in each case as soon as available and in such quantities as are reasonably requested.

(f) The Issuer will arrange for the qualification of the Securities for sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Distributors designate and will continue such qualifications in effect so long as required for the distribution, provided, however, that in connection therewith, the Issuer

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shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction.

(g) So long as any Securities are outstanding, the Issuer will furnish to the Distributors, (i) as soon as practicable after the end of each fiscal year, a copy of its annual report to stockholders for such year, (ii) as soon as available, a copy of each report or definitive proxy statement of the Issuer filed with the Commission under the Exchange Act or mailed to stockholders, and (iii) from time to time, such other information concerning the Issuer as the Distributors may reasonably request.

(h) The Issuer will pay, or reimburse each Distributor for, all expenses incident to the performance of its obligations under this Agreement and will reimburse each Distributor for any expenses (including reasonable fees and disbursements of counsel to the Distributors) incurred by it in connection with qualification of the Securities for sale and determination of their eligibility for investment under the laws of such jurisdictions as such Distributor may designate and the printing of memoranda relating thereto, for any fees charged by investment rating agencies for the rating of the Securities, for expenses incurred by each Distributor in distributing the Prospectus and all supplements thereto (including any Pricing Supplement), any preliminary prospectuses and any preliminary prospectus supplements to such Distributor, for costs incurred by each Distributor in advertising any offering of Securities (excluding such advertising costs incurred without the prior consent of the Issuer) and for each Distributor's reasonable expenses (including the reasonable fees and disbursements of counsel to such Distributor) incurred in connection with the establishment or maintenance of the program contemplated by this Agreement or otherwise in connection with the activities of the Distributors under this Agreement.

(i) Between the date of a Terms Agreement and the date of delivery of such Securities, the Issuer will not offer or sell, or enter into any agreement to sell, any of its debt securities in the United States, other than sales of such Securities pursuant to the terms of the Terms Agreement, borrowings under the Issuer's revolving credit agreements and lines of credit, private placements of securities and issuances of its commercial paper.

5. Conditions of Obligations. The obligation of each Distributor, as  
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agent of the Issuer, under this Agreement at any time to solicit offers to purchase the Securities and to purchase Securities from the Issuer as principal is subject to the accuracy, on the date hereof, on each Representation Date and on the date of each such solicitation, of the representations and warranties of the Issuer herein, to the accuracy, on each such date, of the statements of the Issuer's officers made pursuant to

the provisions hereof, to the performance, on or prior to each such date, by the Issuer of its obligations hereunder, and to each of the following additional conditions precedent:

(a) The Prospectus, as amended or supplemented as of any Representation Date or date of such solicitation, as the case may be, shall have been filed with the Commission in accordance with the Rules and Regulations and no stop order suspending the effectiveness of the

Registration Statement or of any part thereof shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of the Issuer or any Distributor, shall be contemplated by the Commission.

(b) Neither the Registration Statement nor the Prospectus, as amended or supplemented as of any Representation Date or date of such solicitation, as the case may be, shall contain any untrue statement of fact which, in the opinion of any Distributor, after consultation with counsel, is material or omits to state a fact which, in the opinion of any Distributor, after consultation with counsel, is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(c) There shall not have occurred (i) any change, or any development involving a prospective change, in or affecting particularly the business or properties of the Issuer or its subsidiaries which, in the judgment of such Distributor, materially impairs the investment quality of the Securities, (ii) any downgrading in the rating of any debt securities of the Issuer by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities of the Issuer (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (iii) any suspension or limitation of trading in securities generally on the New York Stock Exchange, or any setting of minimum prices for trading on such exchange, or any suspension of

11

trading of any securities of the Issuer on any exchange or in the over-the-counter market; (iv) any banking moratorium declared by Federal or New York authorities; or (v) any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by Congress or any other substantial national or international calamity or emergency if, in the judgment of such Distributor, the effect of any such outbreak, escalation, declaration, calamity or emergency makes it impractical or inadvisable to proceed with solicitations of offers to purchase, or sales of, Securities.

(d) At the Closing Date and, if specified in a Terms Agreement, if any, at the time of delivery of the Securities described in such Terms Agreement, the Distributors or the Distributor purchasing such Securities (the "Purchasing Distributor"), as the case may be, shall have received an opinion, dated the Closing Date, or such date of delivery, as the case may be, of Skadden, Arps, Slate, Meagher & Flom, counsel for the Issuer, to the effect that:

(i) The Issuer has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware;

(ii) The Indenture has been duly authorized, executed and delivered by the Issuer and has been duly qualified under the Trust Indenture Act and is a valid and binding agreement, enforceable against the Issuer in accordance with its terms, except to the extent that enforcement thereof may be limited by (1) bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, (2) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity), (3) requirements that a claim with respect to any Securities denominated other than in United States dollars (or a judgment denominated other than in United States dollars in respect of such claim) be converted into United States dollars at a rate of exchange prevailing on a date determined

12

pursuant to applicable law and (4) governmental authority to limit, delay or prohibit the making of payments in foreign currencies, currency units, or composite currencies;

(iii) The Securities have been duly authorized and established in conformity with the Indenture, and, when the terms of particular Securities and of their issuance and sale have been duly authorized and established by all necessary corporate action by any member of the Finance Committee or the Treasurer in conformity with the Indenture and the resolutions of the Board of Directors, and such Securities (assuming they have been duly executed and authenticated in accordance with the terms of the Indenture) have been duly issued in accordance with the Indenture and delivered against payment as contemplated by this Agreement, such Securities will be valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms, except to the extent that enforcement thereof may be limited by (1) bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, (2) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or equity), (3) requirements that a claim with respect to any Securities denominated other than in United States dollars (or a judgment denominated other than in United States dollars in respect of such claim) be converted into United States dollars at a rate of exchange prevailing on a date determined pursuant to applicable law and (4) governmental authority to limit, delay or prohibit the making of payments in foreign currencies, currency units, or composite currencies, it being understood that such counsel may (1) assume that at the time of the issuance, sale and delivery of Securities the authorization of such series will not have been modified or rescinded and there will not have occurred any change in law affecting the validity, binding character or enforceability of such Securities, (2) assume

that neither the issuance, sale and delivery of any Securities, nor any of the terms of such Securities, nor compliance by the Issuer with such terms, will violate any applicable law, any agreement or instrument then binding upon the Issuer or any restriction imposed by any court or governmental body having jurisdiction over the Issuer, and (3) state that as of the date of such opinion a judgment for money in an action based on Securities denominated in foreign currencies or currency units in a Federal or State court in the United States ordinarily would be enforced in the United States only in United States dollars, and that the date used to determine the rate of conversion of the foreign currency or currency unit in which particular Securities are denominated into United States dollars will depend upon various factors, including which court renders the judgment;

(iv) This Agreement has been duly authorized, executed and delivered by the Issuer;

(v) The Registration Statement relating to the Registered Securities, as of its effective date, the Registration Statement and the Prospectus, as of the Closing Date, and any amendment or supplement thereto, as of its date, appeared on their face to be appropriately responsive in all material respects to the requirements of the Act and Rules and Regulations, except that in each case we express no opinion as to the financial statements, schedules and other financial data included or incorporated by reference therein or excluded therefrom or the exhibits to the Registration Statement, including the Form T-1, and we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement and the Prospectus except as set forth in paragraph (vi), (vii) and (viii) below;

(vi) The statements contained in the Prospectus under the caption "Description of Debt Securities" and in the Prospectus Supplement

under the caption "Description of Notes", insofar as such statements constitute summaries of certain provisions of the documents referred to therein, fairly summarize the provisions of such documents purported to be described therein in all material respects;

(vii) The descriptions in the Registration Statement and the Prospectus with respect to Federal securities laws, to the extent that they constitute matters of law or legal conclusions, fairly summarize and fairly present the information required to be shown in all materi-

al respects; and

(viii) The information contained in the Prospectus under the caption "United States Taxation", to the extent that it constitutes matters of law or legal conclusions, has been reviewed by us and is correct in all material respects.

Provided, however, that, in the case of each such opinion delivered pursuant to  
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a Terms Agreement, (x) the statements contained in such opinion relating to the Registration Statement or the Prospectus shall relate to the Registration Statement or the Prospectus, as the case may be, as amended or supplemented as of the date of the Issuer's acceptance of the offer to purchase such Securities and as of the time of delivery of such Securities; (y) such opinion shall relate to the Securities being delivered on the date of such opinion and not to other Securities as well; and (z) in lieu of the opinion described in clause (iii), such opinion shall state that the Securities being delivered on the date of such opinion, when delivered against payment therefor as contemplated by this Agreement (assuming they have been duly executed and authenticated in accordance with the terms of the Indenture), will have been duly issued and delivered and will be valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms, except to the extent that enforcement thereof may be limited by (1) bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, (2) general principles of equity (regardless of whether enforceability is consid-

15

ered in a proceeding at law or equity), (3) requirements that a claim with respect to any Securities denominated other than in United States dollars (or a judgment denominated other than in United States dollars in respect of such claim) be converted into United States dollars at a rate of exchange prevailing on a date determined pursuant to applicable law and (4) governmental authority to limit, delay or prohibit the making of payments in foreign currencies, currency units, or composite currencies, and will conform in all material respects to the description thereof contained in the Prospectus as amended or supplemented at such date of delivery and such opinion may state that as of the date of such opinion a judgment for money in an action based on Securities denominated in foreign currencies or currency units in a Federal or State court in the United States ordinarily would be enforced in the United States only in United States dollars, and that the date used to determine the rate of conversion of the foreign currency or currency unit in which particular Securities are denominated into United States dollars will depend upon various factors, including which court renders the judgment.

In addition to the matters set forth above, such opinion shall include a statement that such counsel has been advised by the Commission that the Registration Statement has become effective under the Act, the Prospectus was filed with the Commission pursuant to the subparagraph of Rule 424(b) under the Act specified therein on the date specified therein, and the Indenture has been

qualified under the Trust Indenture Act.

(e) At the Closing Date and, if specified in a Terms Agreement, if any, at the time of delivery of the Securities described in such Terms Agreement, the Distributors or the Purchasing Distributor, as the case may be, shall have received an opinion, dated the Closing Date, or such date of delivery, as the case may be, of William D. Sprague, General Counsel of the Issuer, to the effect that:

(i) The Issuer has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described in the Prospectus; and the Issuer is duly quali-

16

fied to do business as a foreign corporation in good standing in all other jurisdictions (other than the State of Delaware) in which it owns or leases substantial properties or in which the conduct of its business requires such qualification;

(ii) The Indenture has been duly authorized, executed and delivered by the Issuer and has been duly qualified under the Trust Indenture Act and is a valid and binding agreement, enforceable against the Issuer in accordance with its terms, except to the extent that (a) enforcement thereof may be limited by (1) bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, (2) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity), (3) requirements that a claim with respect to any Securities denominated other than in United States dollars (or a judgment denominated other than in United States dollars in respect of such claim) be converted into United States dollars at a rate of exchange prevailing on a date determined pursuant to applicable law and (4) governmental authority to limit, delay or prohibit the making of payments in foreign currencies, currency units, or composite currencies;

(iii) The Securities have been duly authorized and established in conformity with the Indenture, and, when the terms of particular Securities and of their issuance and sale have been duly authorized and established by all necessary corporate action by any member of the Finance Committee or the Treasurer in conformity with the Indenture and the resolutions of the Board of Directors, and such Securities (assuming they have been duly executed and authenticated in accordance with the terms of the Indenture) have been duly issued in accordance with the Indenture and delivered against payment as contemplated by this Agreement, such Securities will be valid and binding obliga-

tions of the Issuer enforceable against the Issuer in accordance with their terms, except to the extent that enforcement thereof may be limited by (1) bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, (2) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or equity), (3) requirements that a claim with respect to any Securities denominated other than in United States dollars (or a judgment denominated other than in United States dollars in respect of such claim) be converted into United States dollars at a rate of exchange prevailing on a date determined pursuant to applicable law and (4) governmental authority to limit, delay or prohibit the making of payments in foreign currencies, currency units, or composite currencies, it being understood that such counsel may (1) assume that at the time of the issuance, sale and delivery of Securities the authorization of such series will not have been modified or rescinded and there will not have occurred any change in law affecting the validity, binding character or enforceability of such Securities, (2) assume that neither the issuance, sale and delivery of any Securities, nor any of the terms of such Securities, nor compliance by the Issuer with such terms, will violate any applicable law, any agreement or instrument then binding upon the Issuer or any restriction imposed by any court or governmental body having jurisdiction over the Issuer, and (3) state that as of the date of such opinion a judgment for money in an action based on Securities denominated in foreign currencies or currency units in a Federal or State court in the United States ordinarily would be enforced in the United States only in United States dollars, and that the date used to determine the rate of conversion of the foreign currency or currency unit in which particular Securities are denominated into United States dollars will depend upon various factors, including which court renders the judgment;

(iv) The execution, delivery and performance of the Indenture, this Agreement and the issuance and sale of the Securities, and compliance with the terms and provisions thereof, will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, any statute, rule, regulation or order of any governmental agency or body or any court having jurisdiction over the Issuer or any subsidiary of the Issuer or any of their properties known to such counsel, or any material agreement or instrument to which the Issuer or any such subsidiary is a party or by which the Issuer or any such subsidiary is bound or to which any of the properties of the Company or any such subsidiary is subject, or the charter or by-laws of the Issuer or any such subsidiary, and

the Issuer has full power and authority to authorize, issue and sell the Securities as contemplated by this Agreement (it being understood that such counsel may assume with respect to each particular Security that the inclusion of any alternative or additional terms in such Security that are not currently specified in the [draft] form[s] of Securities examined by such counsel will not cause the issuance, sale or delivery of such Security, the terms of such Security, or the compliance by the Company with such terms, to violate any of the court orders or laws specified in this paragraph or to result in a default under or a breach of any of the agreements specified in this paragraph);

(v) No consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required for the consummation of the transactions contemplated by this Agreement in connection with the issuance and sale of the Securities by the Issuer, except such as has been obtained under the Act and the Trust Indenture Act and such as may be required under state securities laws (it being understood that such counsel may assume with respect to each particular Security that the inclusion of any alternative or additional terms in such Security that are not currently

19

specified in the [draft] form[s] of Securities examined by such counsel would not require the Issuer to obtain any regulatory consent, authorization or approval or make any regulatory filing in order for the Issuer to issue, sell and deliver such Security);

(vi) To the best of the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement or of any part thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Act;

(vii) The descriptions in the Registration Statement and the Prospectus of statutes (other than Federal securities laws), legal and governmental proceedings and contracts and other documents, to the extent that they constitute matters of law or legal conclusions, fairly summarize and fairly present the information required to be shown in all material respects; and

(viii) Each of Lukens Steel Company, Washington Steel Corporation and Washington Specialty Metals Corporation (each a "Significant Subsidiary") has been duly incorporated and is an existing corporation in good standing under the laws of the jurisdiction of its incorporation, with corporate power and authority to own its properties and conduct its business as described in the Prospectus; and each Significant Subsidiary is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which it owns or leases substantial properties or in

which the conduct of its business requires such qualification except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company.

Provided, however, that, in the case of each such opinion delivered pursuant to  
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a Terms Agreement, (x) the statements contained in such opinion relating to the Registration Statement or the Prospectus shall relate to the Registration Statement or the Prospectus, as the case may

20

be, as amended or supplemented as of the date of the Issuer's acceptance of the offer to purchase such Securities and as of the time of delivery of such Securities; (y) such opinion shall relate to the Securities being delivered on the date of such opinion and not to other Securities as well; and (z) in lieu of the opinion described in clause (iii), such opinion shall state that the Securities being delivered on the date of such opinion, when delivered against payment therefor as contemplated by this Agreement (assuming they have been duly executed and authenticated in accordance with the terms of the Indenture), will have been duly issued and delivered and will be valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms, except to the extent that enforcement thereof may be limited by (1) bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, (2) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or equity), (3) requirements that a claim with respect to any Securities denominated other than in United States dollars (or a judgment denominated other than in United States dollars in respect of such claim) be converted into United States dollars at a rate of exchange prevailing on a date determined pursuant to applicable law and (4) governmental authority to limit, delay or prohibit the making of payments in foreign currencies, currency units, or composite currencies and will conform in all material respects to the description thereof contained in the Prospectus as amended or supplemented at such date of delivery and such opinion may state that as of the date of such opinion a judgment for money in an action based on Securities denominated in foreign currencies or currency units in a Federal or State court in the United States ordinarily would be enforced in the United States only in United States dollars, and that the date used to determine the rate of conversion of the foreign currency or currency unit in which particular Securities are denominated into United States dollars will depend upon various factors, including which court renders the judgment.

In addition to the matters set forth above, such opinion shall also include a statement to the effect that nothing has come to the attention of such counsel which leads him to believe that such registration state-

21

ment as of its effective date, the Registration Statement or the Prospectus, as

of the Closing Date, or any such amendment or supplement, as of its date, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the case of the Prospectus, in light of the circumstances under which they were made, not misleading.

(f) At the Closing Date and, if specified in a Terms Agreement, if any, at the time of delivery of the Securities described in such Terms Agreement, the Distributors or the Purchasing Distributor, as the case may be, shall have received a certificate, dated the Closing Date or such date of delivery, as the case may be, of the President or any Vice President and a principal financial or accounting officer of the Issuer in which such officers, to the best of their knowledge after reasonable investigation, shall state that (i) the representations and warranties of the Issuer in this Agreement are true and correct, (ii) the Issuer has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date or such date of delivery, as the case may be, (iii) no stop order suspending the effectiveness of the Registration Statement or of any part thereof has been issued and no proceedings for that purpose have been instituted or are contemplated by the Commission, and (iv) subsequent to the date of the most recent financial statements incorporated by reference in the Prospectus, there has been no material adverse change in the financial position or results of operations of the Issuer and its subsidiaries, taken as a whole, except as set forth in or contemplated by the Prospectus or as described in such certificate. In the case of each such certificate delivered pursuant to a Terms Agreement, the statements contained in such certificate relating to the Registration Statement or the Prospectus shall relate to the Registration Statement or the Prospectus, as the case may be, as amended or supplemented as of the date of the Issuer's acceptance of the offer to purchase such Securities and as of the time of delivery of such Securities.

(g) At the Closing Date and, if specified in a Terms Agreement, if any, at the time of delivery of the Securities described in such Terms Agreement, the Distributors or the Purchasing Distributor, as the case may

22

be, shall have received a letter, dated the Closing Date or such date of delivery, as the case may be, of Arthur Andersen & Co., confirming that they are independent public accountants within the meaning of the Act and the applicable published Rules and Regulations thereunder and stating in effect that:

(i) in their opinion, the consolidated financial statements and schedules audited by them and included in the Prospectus contained in the Registration Statement comply in form in all material respects with the applicable accounting requirements of the Act, the Exchange Act and their related published Rules and Regulations;

(ii) they have made a review of any interim unaudited consolidated financial statements included in the Prospectus in accordance with standards established by the American Institute of Certified Public

Accountants;

(iii) on the basis of the review referred to in (ii) above and a reading of the latest available interim financial statements of the Issuer, inquiries of officials of the Issuer who have responsibility for financial and accounting matters and other specified procedures, nothing came to their attention that caused them to believe that:

(A) the interim unaudited consolidated financial statements, if any, included in the Prospectus do not comply in form in all material respects with the applicable accounting requirements of the Act, the Exchange Act and their related published Rules and Regulations or are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements included in the Prospectus;

(B) the unaudited capsule information, if any, included in the Prospectus does not agree with the amounts set forth in the interim unaudited consolidated financial statements from which it was derived or was not determined on a basis substantially consistent with that of the

23

audited financial statements included in the Prospectus;

(C) at the date of the latest available consolidated balance sheet read by such accountants, or at a subsequent specified date not more than five days prior to the Closing Date, there was any change in the capital stock or any increase in shortterm indebtedness or long term debt of the Issuer and consolidated subsidiaries or, at the date of the latest available consolidated balance sheet read by such accountants, there was any decrease in consolidated net current assets or net assets, as compared with amounts shown on the latest balance sheet included in the Prospectus; or

(D) for the period from the closing date of the latest consolidated income statement included in the Prospectus to the closing date of the latest available consolidated income statement read by such accountants there were any decreases, as compared with the corresponding period of the previous year, in consolidated net sales, consolidated net operating income, consolidated earnings before income taxes, consolidated net earnings, or in the ratio of earnings to fixed charges;

except in all cases set forth in clauses (C) and (D) above for changes, increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(iv) they have compared specified dollar amounts (or percentages derived from such dollar amounts) and other financial information

contained in the Prospectus (in each case to the extent that such dollar amounts, percentages and other financial information are derived from the general accounting records of the Issuer and its subsidiaries subject to the internal controls of the Issuer's accounting system or are derived directly from such records by analysis or computation) with the results obtained from inquiries, a reading of such general accounting records and other pro-

24

cedures specified in such letter and have found such dollar amounts, percentages and other financial information to be in agreement with such results, except as otherwise specified in such letter.

All financial statements and schedules included in material incorporated by reference into the Prospectus shall be deemed included in the Prospectus for purposes of this subsection.

In the case of each such letter delivered pursuant to a Terms Agreement, the statements contained in such letter relating to the Registration Statement or the Prospectus shall relate to the Registration Statement or the Prospectus, as the case may be, as amended or supplemented as of the date of the Issuer's acceptance of the offer to purchase such Securities and as of the time of delivery of such Securities.

(h) At the Closing Date and, if specified in a Terms Agreement, if any, at the time of delivery of the Securities described in such Terms Agreement, the Distributors or the Purchasing Distributor, as the case may be, shall have received from Shearman & Sterling, counsel for the Distributors, such opinion or opinions, dated the Closing Date or such date of delivery, as the case may be, with respect to the incorporation of the Issuer, the validity of the Securities, the Registration Statement, the Prospectus and other related matters as they may require, and the Issuer shall have furnished to such counsel such documents as they reasonably request for the purpose of enabling them to pass upon such matters.

The Issuer will furnish the Distributors with such conformed copies of such opinions, certificates, letters and documents as they reasonably request.

6. Additional Covenants of the Issuer. The Issuer agrees that:  
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(a) Each acceptance by the Issuer of an offer for the purchase of Securities shall be deemed to be an affirmation that its representations and warranties contained in this Agreement are true and cor-

25

rect at the time of such acceptance and a covenant that such representations and warranties will be true and correct at the time of

delivery to the purchaser of the Securities as though made at and as of each such time, it being understood that such representations and warranties shall relate to the Registration Statement and the Prospectus as amended or supplemented at each such time. Each such acceptance by the Issuer of an offer to purchase Securities shall be deemed to constitute an additional representation, warranty and agreement by the Issuer that, as of the date of delivery of such Securities to the purchaser thereof, after giving effect to the issuance of such Securities, of any other Securities to be issued on or prior to such delivery date and of any other Registered Securities to be issued and sold by the Issuer on or prior to such delivery date, the aggregate amount of Registered Securities (including any Securities) which have been issued and sold by the Issuer will not exceed the amount of Registered Securities registered pursuant to the Registration Statement.

(b) Each time that the Registration Statement or the Prospectus shall be amended or supplemented (other than by a Pricing Supplement), the Issuer shall, (i) concurrently with such amendment or supplement, if such amendment or supplement shall occur at a Marketing Time, or (ii) immediately at the next Marketing Time if such amendment or supplement shall not occur at a Marketing Time, furnish the Distributors with a certificate, dated the date of delivery thereof, of the President or any Vice President and a principal financial or accounting officer of the Issuer, in form satisfactory to the Distributors, to the effect that the statements contained in the certificate covering the matters set forth in Section 5(f) hereof which was last furnished to the Distributors pursuant to this Section 6(b) are true and correct at the time of such amendment or supplement, as though made at and as of such time or, in lieu of such certificate, a certificate of the same tenor as the certificate referred to in Section 5(f); provided, however, that any certificate furnished under

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this Section 6(b) shall relate to the Registration Statement and the Prospectus as amended or supplemented at the time of delivery of such certificate

26

and, in the case of the matters set forth in clause (ii) of Section 5(f), to the time of delivery of such certificate.

(c) At each Representation Date referred to in Section 6(b), the Issuer shall, (i) concurrently if such Representation Date shall occur at a Marketing Time, or (ii) immediately at the next Marketing Time if such Representation Date shall not occur at a Marketing Time, furnish the Distributors with a written opinion or opinions, dated the date of such Representation Date, of counsel for the Issuer, in form satisfactory to the Distributors, to the effect set forth in Sections 5(d) and 5(e) hereof; provided, however, that to the extent appropriate such opinion or opinions

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may reconfirm matters set forth in a prior opinion delivered at the Closing Date or under this Section 6(c); provided further, however, that any

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opinion or opinions furnished under this Section 6(c) shall relate to the Registration Statement and the Prospectus as amended or supplemented at such Representation Date and shall state that the Securities sold in the relevant Applicable Period (as defined below) (assuming they have been duly executed and authenticated in accordance with the terms of the Indenture) have been duly issued and delivered and constitute valid and binding obligations of the Issuer enforceable in accordance with their terms, except to the extent that enforcement thereof may be limited by (i) bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or equity), and conform in all material respects to the description thereof contained in the Prospectus as amended or supplemented at the relevant date or dates for the delivery of such Securities to the purchaser or purchasers thereof. For the purpose of this Section 6(c), "Applicable Period" shall mean with respect to any opinion delivered on a Representation Date the period commencing on the date as of which the most recent prior opinion delivered at the Closing Date or under this Section 6(c) speaks and ending on such Representation Date.

27

(d) At each Representation Date referred to in Section 6(b) on which the Registration Statement or the Prospectus shall be amended or supplemented to include additional financial information, the Issuer shall cause Arthur Andersen & Co., (i) concurrently if such Representation Date shall occur at a Marketing Time, or (ii) immediately at the next Marketing Time if such Representation Date shall not occur at a Marketing Time, to furnish the Distributors with a letter, addressed jointly to the Issuer and the Distributors and dated the date of such Representation Date, in form and substance satisfactory to the Distributors, to the effect set forth in Section 5(g) hereof; provided, however, that to the extent appropriate such

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letter may reconfirm matters set forth in a prior letter delivered at the Closing Date or pursuant to this Section 6(d); provided further, however,

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that any letter furnished under this Section 6(d) shall relate to the Registration Statement and the Prospectus as amended or supplemented at such Representation Date, with such changes as may be necessary to reflect changes in the financial statements and other information derived from the accounting records of the Issuer.

(e) On each date for the delivery of Securities to the purchaser thereof, the Issuer shall, if requested by the Distributor that solicited or received the offer to purchase any Securities being delivered on such settlement date, furnish such Distributor with a written opinion or opinions, dated the date of delivery thereof, of counsel for the Issuer, in form satisfactory to such Distributor, to the effect set forth in clauses (i), (ii) and (iii) of Sections 5(d) and 5(e) hereof; provided, however,

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that any opinion furnished under this Section 6(e) shall relate to the Prospectus as amended or supplemented at such delivery date and shall state that the Securities being sold by the Issuer on such delivery date, when delivered against payment therefor as contemplated by this Agreement (assuming they have been duly executed and authenticated in accordance with the terms of the Indenture), will have been duly issued and delivered and will be valid and binding obligations of the Issuer enforceable in accordance with their terms, except to the extent that enforcement thereof may be limit-

28

ed by (i) bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights and (ii) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or equity), and will conform to the description thereof contained in the Prospectus as amended or supplemented at such settlement date.

(f) The Issuer agrees that any obligation of a person who has agreed to purchase Securities to make payment for and take delivery of such Securities shall be subject to (i) the accuracy, on the related settlement date fixed pursuant to the Procedures, of the Issuer's representation and warranty deemed to be made to the Distributors pursuant to the last sentence of subsection (a) of this Section 6, and (ii) the satisfaction, on such settlement date, of each of the conditions set forth in Sections 5(a), (b) and (c), it being understood that under no circumstance shall any Distributor have any duty or obligation to exercise the judgment permitted under Section 5(b) or (c) on behalf of any such person.

## 7. Indemnification and Contribution.

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(a) The Issuer will indemnify and hold harmless each Distributor against any losses, claims, damages or liabilities, joint or several, to which such Distributor may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Prospectus, or any amendment or supplement thereto, or any related preliminary prospectus or preliminary prospectus supplement, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Distributor for any legal or other expenses reasonably incurred by such Distributor in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Issuer

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29

will not be liable to such Distributor in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement made in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Issuer by such Distributor specifically for use therein, unless such loss, claim, damage or liability arises out of the offer or sale of Securities occurring after such Distributor has notified the Issuer in writing that such information should no longer be used therein, and provided, further, that the Issuer will not

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be liable to such Distributor under the indemnity agreement in this subsection (a) with respect to the Registration Statement and the Prospectus to the extent that any loss, claim, damage or liability of such Distributor results from the fact that such Distributor sold Securities to a person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the Prospectus as then amended or supplemented (excluding documents incorporated by reference) if the Issuer has previously furnished copies thereof to such Distributor.

(b) Each Distributor will indemnify and hold harmless the Issuer against any losses, claims, damages or liabilities to which the Issuer may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Prospectus or any amendment or supplement thereto, or any related preliminary prospectus or preliminary prospectus supplement, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Issuer by such Distributor specifically for use therein, and will reimburse any legal

30

or other expenses reasonably incurred by the Issuer in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred, unless such loss, claim, damage or liability arises out of the offer or sale of Securities occurring after such Distributor has notified the Issuer in writing that such information should no longer be used therein.

(c) Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any

indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section 7 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation.

(d) If the indemnification provided for in this Section 7 is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the

Issuer on the one hand and any Distributor on the other from the offering pursuant to this Agreement of the Securities which are the subject of the action or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuer on the one hand and any Distributor on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Issuer on the one hand and any Distributor on the other shall be deemed to be in the same proportions as the total net proceeds from the offering pursuant to this Agreement of the Securities which are the subject of the action (before deducting expenses) received by the Issuer bear to the total discounts and commissions received by such Distributor from the offering of such Securities pursuant to this Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer or such Distributor and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Distributor shall be required to contribute any amount in excess of

the amount by which the total price at which the Securities which are the subject of the action and which were distributed to the public through it pursuant to this Agreement or upon resale of Securities purchased by it from the Issuer exceeds the amount of any damages which such Distributor has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or

alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of each Distributor in this subsection (d) to contribute are several, in the same proportion which the amount of the Securities which are the subject of the action and which were distributed to the public through such Distributor pursuant to this Agreement bears to the total amount of such Securities distributed to the public through both of the Distributors pursuant to this Agreement, and not joint.

(e) The obligations of the Issuer under this Section 7 shall be in addition to any liability which the Issuer may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls each Distributor within the meaning of the Act; and the obligations of each Distributor under this Section 7 shall be in addition to any liability which each Distributor may otherwise have and shall extend, upon the same terms and conditions, to each director of the Issuer, to each officer of the Issuer who has signed the Registration Statement and to each person, if any, who controls the Issuer within the meaning of the Act.

8. Status of the Distributor. In soliciting offers to purchase the

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Securities from the Issuer pursuant to this Agreement and in assuming its other obligations hereunder (other than any obligation to purchase Securities pursuant to Section 3 hereto), each Distributor is acting individually and not jointly and is acting solely as agent for the Issuer and not as principal. In connection with the placement of any Securities by a Distributor, acting as agent, (a) each Distributor will make reasonable efforts to assist the Issuer in obtaining performance by each purchaser whose offer to purchase Securities from the Issuer has been solicited by such Distributor and accepted by the Issuer, but such Distributor shall have no liability to the Issuer in the event any such purchase is not consummated for any reason; and (b) if the Issuer shall default on its obligations to deliver Securities to a purchaser whose offer it has accepted, the Issuer (i) shall hold the Distributors harmless against any loss, claim or damage arising from

or as a result of such default by the Issuer, and (ii) in particular, shall pay to the Distributors any commission to which they would be entitled in connection

with such sale.

9. Survival of Certain Representations and Obligations. The  
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respective indemnities, agreements, representations, warranties and other statements of the Issuer or its officers and of the Distributors set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Distributor, the Issuer or any of their respective representatives, officers or directors or any controlling person and will survive delivery of and payment for the Securities. If this Agreement is terminated pursuant to Section 10 or for any other reason or if for any reason the sale of Securities described in a confirmation or Terms Agreement referred to in Section 3 by the Issuer to a Distributor is not consummated, the Issuer shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 4(h) and the obligations of the Issuer under Sections 4(d) and 4(g) and the respective obligations of the Issuer and the Distributors pursuant to Section 7 shall remain in effect. In addition, if any such termination of this Agreement shall occur either (i) at a time when any Distributor shall own any of the Securities with the intention of reselling them or (ii) after the Issuer has accepted an offer to purchase Securities and prior to the related settlement, the obligations of the Issuer under the second sentence of Section 4(b), under Sections 4(a), 4(c), 4(e), 4(f) and 4(i) and, in the case of a termination occurring as described in (ii) above, under Sections 3(c), 6(a), 6(e) and 6(f) and under the last sentence of Section 8, shall also remain in effect.

10. Termination. This Agreement may be terminated for any reason at  
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any time by the Issuer as to any Distributor or, in the case of either Distributor, by such Distributor insofar as this Agreement relates to such Distributor, upon the giving of one day's written notice of such termination to the other party hereto; provided, however, that this Agreement may not be terminated with respect to a Distributor by the giving of such notice following receipt by the Issuer of a confirmation or Terms Agreement referred to in Section 3 relating to

the purchase of Securities by such Distributor and prior to delivery of the Securities described in such confirmation or Terms Agreement, unless the sale and purchase of Securities contemplated thereby is rejected by the Issuer in accordance with Section 3. Any settlement with respect to Securities placed by a Distributor on an agency basis occurring after termination of this Agreement shall be made in accordance with the Procedures and each Distributor agrees, if requested by the Issuer, to take the steps therein provided to be taken by such Distributor in connection with such settlement.

11. Sales of Securities Denominated in a Currency other than U.S.  
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Dollars or of Indexed Securities. If at any time the Issuer and any of the

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Distributors shall determine to issue and sell Securities denominated in a currency other than U.S. dollars, which other currency may include a currency unit, or with respect to which an index is used to determine the amounts of payments of principal and any premium and interest, the Issuer and any such Distributor may execute and deliver a supplement to this Agreement for the purpose of making any appropriate additions to and modifications of the terms of this Agreement (and the Procedures) applicable to such Securities and the offer and sale thereof. The Distributors are authorized to solicit offers to purchase Securities with respect to which an index is used to determine the amounts of payments of principal and any premium and interest, and the Issuer shall agree to any sales of such Securities (whether offered on an agency or principal basis), only in a minimum aggregate amount of \$2,500,000.

12. Notices. Except as otherwise provided herein, all notices and

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other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to CS First Boston Corporation shall be directed to it at Park Avenue Plaza, New York, New York 10055, Attention: Mr. Joseph Fashano; notices to J.P. Morgan Securities Inc. shall be directed to it at Medium-Term Note Desk, 60 Wall Street, 3rd Floor, New York, New York 10260; and notices to the Issuer shall be directed to it at Lukens Inc., 50 South First Avenue, Coatesville, Pennsylvania 19320-0911, Attention: Vice President and General Counsel; or in the case of any party hereto, to such other address or person

35

as such party shall specify to each other party by a notice given in accordance with the provisions of this Section 12. Any such notice shall take effect at the time of receipt.

13. Successors. This Agreement will inure to the benefit of and be

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binding upon the parties hereto, their respective successors, the officers and directors and controlling persons referred to in Section 7 and, to the extent provided in Section 6(f), any person who has offered to purchase Securities from the Issuer provided that the Issuer has accepted such offer, and no other person will have any right or obligation hereunder.

14. Governing Law; Counterparts. This Agreement shall be governed

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by and construed in accordance with the laws of the State of New York. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such executed counterparts shall together constitute one and the same Agreement.

36

If the foregoing correctly sets forth our agreement, please indicate your acceptance hereof in the space provided for that purpose below.

Very truly yours,

LUKENS INC.

By: \_\_\_\_\_  
Name:  
Title:

CONFIRMED AND ACCEPTED, as of the  
date first above written:

CS FIRST BOSTON CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

J.P. MORGAN SECURITIES INC.

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT A

LUKENS INC.

("Company")

Medium-Term Notes, Series A

Due from Nine Months to 30 Years from Date of Issue

TERMS AGREEMENT

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Lukens Inc.  
50 South First Avenue  
Coatesville, PA 19320-0911

Dear Sirs:

We offer to purchase, on and subject to the terms and conditions of the Distribution Agreement filed as an exhibit to the Company's registration statement on Form S-3 (No. 33- ) ("Distribution Agreement"), the following Notes ("Notes") on the following terms:

Title:

Currency or Currency Units:

Stated Maturity:

Principal Amount:

Public Offering Price: [\_\_\_%, subject to change by the undersigned - The Agent proposes to reoffer the above Notes from time to time at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.]

Original Issue Discount Security: Yes\_\_\_ No\_\_\_

Purchase Price (to be paid in [New York Clearing House (next day) - immediately available]

funds): \_\_\_% [, plus accrued interest, if any, from the Trade Date to the Settlement Date]

Underwriting Discount or Commission received from the Company (%):

Proceeds to Company (If different from Public Offering Price)(%):

In the case of Fixed Rate Notes, the interest rate and, if different from the dates set forth in the Prospectus Supplement, the Interest Payment Date or Dates and corresponding Regular Record Date or Dates:

In the case of Floating Rate Notes, the interest rate formula, Initial Interest Rate, the Index Maturity, the Spread or Spread Multiplier (if any), the maximum or minimum interest rate limitations (if any), the Interest Reset Dates, the Interest Determination Dates, the Calculation Agent, the Calculation Dates, the Interest Payment Dates and the Regular Record Dates, in each case to the extent applicable:

Optional Redemption (option of the Company):

Redemption Date(s):  
Redemption Price(s) (%):  
Notice Period:

Optional Redemption (option of the Holder):

A-2

Redemption Date(s):  
Redemption Price(s) (%):  
Notice Period:

Sinking Fund:

Trade Date:

Settlement Date (Issue Date):

\* \* \* \* \*

Details for Settlement

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(Additional Purchase Information -- to be completed by Distributor, if desired, to the extent available):

Exact name in which the Note or Notes are to be registered ("registered owner"):

Exact address of registered owner and, if different, the address for delivery of notices and payment of principal and any premium and interest:

Taxpayer identification number of registered owner:

Principal amount of each Note in authorized denominations to be delivered to registered owner:

Exchange rate applicable to purchase Foreign Currency Notes to be paid for in U.S. dollars:

\* \* \* \* \*

Our agreement to purchase the Notes hereunder is subject to the conditions set forth in the Distribution Agreement, including the conditions set forth in paragraphs (c), (d), (e), (f), (g) and (h) of Section 5 thereof [-, and [specify additional conditions, if any]-]. If, for any reason, the purchase

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by the undersigned of the Notes is not consummated other than because of a default by the undersigned or a failure to satisfy a condition set forth in clause (iii), (iv) or (v) of Section 5(c) of the Distribution Agreement, the Issuer shall reimburse the undersigned for all out-of-pocket expenses reasonably incurred by the undersigned in connection with the offering of the Notes and not

A-3

otherwise required to be reimbursed pursuant to Section 4 of the Distribution Agreement.

[Insert any additional agreements, conditions, etc.]  
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Unless the undersigned has received notification from the Company within [one Business Day (as defined in the Distribution Agreement)] that the Company does not agree to the terms set forth herein, this Terms Agreement shall constitute an agreement between the Company and the undersigned for the sale and purchase of the Notes upon the terms set forth herein and in the Distribution Agreement.

Very truly yours,

[CS FIRST BOSTON CORPORATION]  
[J.P. MORGAN SECURITIES INC.]

By:

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Name:  
Title:

Accepted and agreed to  
as of the date set forth above.

LUKENS INC.

By: \_\_\_\_\_

Name:

Title:

A-4

EXHIBIT B

The Issuer agrees to pay each Distributor a commission equal to the following percentage of the principal amount of Securities sold to purchasers solicited by such Distributor:

<TABLE>

<CAPTION>

Term -----	Commission Rate (as a percentage of principal amount) -----
<S>	<C>
9 months to less than 12 months	.125%
12 months to less than 18 months	.150
18 months to less than 24 months	.200
24 months to less than 30 months	.250
30 months to less than 3 years	.300
3 years to less than 4 years	.350
4 years to less than 5 years	.450
5 years to less than 7 years	.500
7 years to less than 10 years	.550
10 years to less than 20 years	.600
20 years to 30 years	.750

</TABLE>

EXHIBIT C

The Medium-Term Notes due from nine months to 30 years from their issue date (the "Notes"), are to be offered on a continuing basis by Lukens Inc. (the "Issuer"). CS First Boston Corporation and J.P. Morgan Securities Inc. (individually, a "Distributor" and collectively, the "Distributors"), have agreed to use reasonable efforts to solicit offers to purchase the Notes. Each Distributor may, but will not be obligated to, purchase Notes as principal for its own account. The Notes are being sold pursuant to a Distribution Agreement, dated May , 1994 (the "Distribution Agreement"), among the Issuer and the Distributors, and will be issued pursuant to an Indenture, dated as of July 1, 1992 (the "Indenture"), between the Issuer and Continental Bank, National Association, as successor trustee (the "Trustee"). The Notes will rank equally and ratably with all other unsecured and unsubordinated indebtedness of the Issuer and will have been registered under the Securities Act of 1933 (the "Act"). For a description of the terms of the Notes and the offering and sale thereof, see the sections entitled "Description of Notes," "Special Provisions Relating to Foreign Currency Notes," "United States Taxation," "Plan of Distribution of Notes" and "Glossary" in the Prospectus Supplement relating to the Notes, dated May \_\_, 1994 attached hereto and hereinafter referred to as the "Prospectus Supplement," and the sections entitled "Description of Debt Securities" and "Plan of Distribution" in the Prospectus relating to the Notes, dated May \_\_, 1994 attached hereto and hereinafter referred to as the "Prospectus." Defined terms used herein but not defined herein shall have the meanings assigned to them in the Distribution Agreement, the Prospectus or the Prospectus Supplement.

The Notes will be represented either by Global Notes delivered to The Depository Trust Company ("DTC") or its nominee and recorded in the book-entry system maintained by DTC or such nominee ("Book-Entry Notes") or by certificates issued in definitive form delivered to the Holders thereof or Persons designated by such Holders ("Certificated Notes"). Notes for which interest is calculated on the basis of a fixed interest rate are referred to herein as "Fixed Rate Notes." Notes for which interest is calculated at a rate or rates determined by reference to an interest rate formula are referred to herein as "Floating Rate Notes."

Notes which are issued at a price lower than the principal amount thereof and which provide that upon redemption or acceleration of the Maturity thereof an amount less than the principal thereof shall become due and payable are referred to herein as "Original Issue Discount Notes." For special provisions relating to Original Issue Discount Notes and other Notes issued at a discount for tax purposes, see the section entitled "United States Taxation - Original Issue Discount" in the Prospectus Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, the Notes will be denominated in U.S. dollars and payments of principal of and any premium and interest on the Notes will be made in U.S. dollars in the manner indicated in the Prospectus and the Prospectus Supplement. Notes denominated in one or more currencies or currency units other than U.S. dollars are referred to

herein as "Foreign Currency Notes." For special provisions relating to Foreign Currency Notes, see the sections entitled "Special Provisions Relating to Foreign Currency Notes" in the Prospectus Supplement and "Foreign Currency Risks" in the Prospectus. Specific information concerning the foreign currency or currency unit in which a particular Foreign Currency Note is denominated, including historical exchange rates and a description of the currency and any exchange controls, shall be contained in a Pricing Supplement to the Prospectus Supplement reflecting the terms of such Note.

Notes which provide that amounts payable by the Issuer in respect of principal of or any premium or interest on the Notes shall be determined by reference to the value, rate or price of one or more specified indices are referred to herein as "Indexed Notes." Specific information pertaining to the method for determining the principal amounts payable, a historical comparison of the value, rate or price of the specified index, indices and the face amount of the Indexed Note and certain additional tax considerations will be described in the applicable Pricing Supplement.

Administrative procedures and specific terms of the offering are explained below. Part I indicates procedures applicable to all Notes; Part II indicates specific procedures for Certificated Notes; and Part III indicates specific procedures for Book-Entry Notes. Administrative and record-keeping responsibilities will be handled for the Issuer by its Treasury Department. The Issuer will advise the Distributors in writing of those persons handling administrative responsibilities with whom the Distributors are to communicate regarding offers to purchase Notes and the details of their delivery.

C-2

PART I: PROCEDURES APPLICABLE TO All NOTES

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Issue Date

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Each Note will be dated the date of its authentication. Each Note will also bear an original issue date (the "Issue Date") which, with respect to any such Note (or portion thereof), shall mean the date of its original issuance and shall be specified therein. The Issue Date will remain the same for all Notes subsequently issued upon transfer, exchange or substitution of a Note, regardless of their dates of authentication.

Price to Public

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Except as otherwise specified in a Pricing Supplement, each Note will be issued at 100% of principal amount.

Maturities; Minimum Purchase

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Each Note will mature on a date, selected by the purchaser and agreed to by the Issuer, which will be at least nine months but not more than 30 years after its Issue Date. The minimum aggregate amount of Notes which may be offered to any purchaser will be \$100,000; provided, however, that in the case of Notes

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with respect to which an index is used to determine the amounts of payments of principal and any premium or interest, the minimum aggregate amount shall be \$2,500,000.

#### Interest Payments

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Interest on each interest-bearing Note will be calculated and paid in the manner described in such Note and in the Prospectus Supplement and the applicable Pricing Supplement. Unless otherwise set forth therein, interest on Fixed Rate Notes (including interest for partial periods) will be calculated on the basis of a 360-day year of twelve 30-day months and will not accrue on the 31st day of any month. Interest on Floating Rate Notes, except as otherwise set forth therein, will be calculated on the basis of actual days elapsed and a year of 360 days, except that in the case of a Floating Rate Note for which the Base Rate is the Treasury Rate, interest will be calculated on the basis of the actual number of days in the year.

C-3

On the fifth Market Day immediately preceding each Interest Payment Date, the Trustee will furnish the Issuer with the total amount of interest payments (whether in U.S. dollars or other currencies or currency units) to be made on such Interest Payment Date. The Trustee will provide monthly, to the Issuer's Treasury Department, a list of the principal and any premium and interest to be paid on Notes maturing in the next succeeding month. The Trustee will assume responsibility for withholding taxes on interest paid as required by law.

#### Redemption/Repayment

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If indicated in the applicable Pricing Supplement, the Notes of a particular tenor will be subject to redemption in whole or in part (subject to applicable minimum denominations), at the option of the Issuer on and after an initial redemption date as set forth in the applicable Pricing Supplement and in the applicable Note. The redemption price will be set forth in the applicable Pricing Supplement and in the applicable Note.

If indicated in the applicable Pricing Supplement, the Notes of a particular tenor will be subject to repayment at the option of the Holders thereof in accordance with the terms of the Notes on a repayment date as set

forth in the applicable Pricing Supplement and in the applicable Note. The repayment date or dates and repayment price will be set forth in the applicable Pricing Supplement and in the applicable Note.

#### Procedures for Establishing the Terms of the Notes

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The Issuer and the Distributors will discuss from time to time the price of and the rates to be borne by the Notes that may be sold as a result of the solicitation of offers by the Distributors. Once any Distributor has recorded any indication of interest in Notes upon certain terms, and communicated with the Issuer, if the Issuer plans to accept an offer to purchase Notes upon such terms, it will prepare a Pricing Supplement to the Prospectus, as then amended or supplemented, reflecting the terms of such Notes and, after approval from the Distributors, will arrange to have the Pricing Supplement filed with, or transmitted by a means reasonably calculated to result in filing with, the Securities and Exchange Commission (the "Commission") pursuant to Rule 424 under the Securities Act of 1933, as amended (the "Act"). The Issuer will supply at least 10 copies of the Prospectus, as then amended or supplemented, and bearing such Pricing Supplement,

C-4

to the Distributor who presented the offer (the "Presenting Distributor"). No settlements with respect to Notes upon such terms may occur prior to such transmitting or filing and the Distributors will not, prior to such transmitting or filing, mail confirmations to customers who have offered to purchase Notes upon such terms. After such transmitting or filing, sales, mailing of confirmations and settlements may occur with respect to Notes upon such terms, subject to the provisions of "Delivery of Prospectus" below.

If the Issuer decides to post rates and a decision has been reached to change interest rates, the Issuer will promptly notify each Distributor. Each Distributor will forthwith suspend solicitation of purchases. At that time, the Distributors will recommend and the Issuer will establish rates to be so "posted." Following establishment of posted rates and prior to the transmitting or filing described in the preceding paragraph, the Distributors may only record indications of interest in purchasing Notes at the posted rates. Once any Distributor has recorded any indication of interest in Notes at the posted rates and communicated with the Issuer, if the Issuer plans to accept an offer at the posted rate, it will prepare a Pricing Supplement reflecting such posted rate and, after approval from the Distributors, will arrange to file the Pricing Supplement with the Commission and will supply at least 10 copies of the Prospectus, as then amended or supplemented, and bearing such Pricing Supplement, to the Presenting Distributor. No settlements at the posted rates may occur prior to such transmitting or filing and the Distributors will not, prior to such transmitting or filing, mail confirmations to customers who have offered to purchase Notes at the posted rates. After such transmitting or filing, sales, mailing of confirmations and settlements may resume, subject to the provisions of "Delivery of Prospectus" below.

Outdated Pricing Supplements, and copies of the Prospectus to which they are attached (other than those retained for files), will be destroyed.

#### Suspension of Solicitation: Amendment or Supplement

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As provided in the Distribution Agreement, the Issuer may instruct the Distributors to suspend solicitation of offers to purchase at any time, and upon receipt of at least one Market Day's prior notice from the Issuer, the Distributors will each forthwith suspend solicitation until such time as the Issuer has

C-5

advised them that solicitation of offers to purchase may be resumed.

If the Distributors receive the notice from the Issuer contemplated by Section 3(b) or 4(b) of the Distribution Agreement, they will promptly suspend solicitation and will only resume solicitation as provided in the Distribution Agreement. If the Issuer is required, pursuant to Section 4(b) of the Distribution Agreement, to prepare an amendment or supplement, it will promptly furnish each Distributor with the proposed amendment or supplement; if the Issuer decides to amend or supplement the Registration Statement or the Prospectus relating to the Notes, it will promptly advise each Distributor and will furnish each Distributor with the proposed amendment or supplement in accordance with the terms of the Distribution Agreement. The Issuer will promptly file such amendment or supplement with the Commission, provide the Distributors with copies of any such amendment or supplement, confirm to the Distributors that such amendment or supplement has been filed with the Commission and advise the Distributors that solicitation may be resumed.

Any such suspension shall not affect the Issuer's obligations under the Distribution Agreement; and in the event that at the time the Issuer suspends solicitation of offers to purchase there shall be any offers already accepted by the Issuer outstanding for settlement, the Issuer will have the sole responsibility for fulfilling such obligations. The Issuer will in addition promptly advise the Distributors and the Trustee if such offers are not to be settled and if copies of the Prospectus as in effect at the time of the suspension may not be delivered in connection with the settlement of such offers.

#### Acceptance of Offers

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Each Distributor will promptly advise the Issuer, at its option orally or in writing, of each reasonable offer to purchase Notes received by it, other than those rejected by such Distributor. Each Distributor may, in its discretion reasonably exercised, without notice to the Issuer, reject any offer

received by it, in whole or in part. The Issuer will have the sole right to accept offers to purchase Notes and may reject any such offer, in whole or in part. If the Issuer accepts or rejects an offer, in whole or in part, the Issuer will promptly so notify the Presenting Distributor.

C-6

#### Confirmation

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For each accepted offer, the Presenting Distributor will issue a confirmation, in writing, to the purchaser, with a copy to the Issuer's Treasury Department, setting forth the Purchase Information (as defined under II below with respect to Certificated Notes and III below with respect to Book-Entry Notes) and delivery and payment instructions; provided, however, that, in the case of the confirmation issued to the purchaser, no confirmation shall be delivered to the purchaser prior to the delivery of the Prospectus referred to below.

#### Determination of Settlement Date

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The receipt of immediately available funds by the Issuer in payment for a Note and (i) in the case of Certificated Notes, the authentication and issuance of such Note and (ii) in the case of Book-Entry Notes, entry by the Presenting Distributor of a Same-Day Funds Settlement ("SDFS") deliver order through DTC's Participant Terminal System to credit such Note to the account of a Participant purchasing, or acting for the purchase of, such Note, shall, with respect to such Note, constitute "settlement." All offers accepted by the Issuer will be settled on the fifth Market Day next succeeding the date of acceptance unless otherwise agreed by the purchaser and the Issuer. The settlement date shall be specified upon receipt of an offer to purchase. Prior to 3:00 p.m., on the Market Day prior to the settlement date, the Issuer will instruct the Trustee to authenticate and deliver the Notes no later than 2:15 p.m., on the settlement date except as to Book-Entry Notes described below.

#### Delivery of Prospectus

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A copy of the Prospectus as most recently amended or supplemented on the date of delivery thereof (except as provided below) must be delivered to a purchaser prior to or together with the earlier of the delivery of (i) the written confirmation provided for above, and (ii) any Note purchased by such purchaser. (For this purpose, entry of an SDFS deliver order through DTC's Participant Terminal System to credit a Note to the account of a Participant purchasing, or acting for the purchaser of, a Note shall be deemed to constitute delivery of such Note.) The Issuer shall ensure that the Presenting Distributor receives copies of the Prospectus and each amendment or supplement thereto

such time limits as will enable the Presenting Distributor to deliver such confirmation or Note to a purchaser as contemplated by these procedures and in compliance with the first sentence of this paragraph. If, since the date of acceptance of a purchaser's offer, the Prospectus shall have been supplemented solely to reflect any sale of Notes on terms different from those agreed to between the Issuer and such purchaser or a change in posted rates not applicable to such purchaser, such purchaser shall not receive the Prospectus as supplemented by such new supplement, but shall receive the Prospectus as supplemented to reflect the terms of the Notes being purchased by such purchaser and otherwise as most recently amended or supplemented on the date of delivery of the Prospectus.

#### Authenticity of Signatures

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The Issuer will cause the Trustee to furnish the Distributors from time to time with the specimen signatures of each of the Trustee's officers, employees or agents who have been authorized by the Trustee to authenticate Notes, but no Distributor will have any obligation or liability to the Issuer or the Trustee in respect of the authenticity of the signature of any officer, employee or agent of the Issuer or the Trustee on any Note or the Global Note (as defined in Part III).

#### Advertising Expenses

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The Issuer will determine with the Distributors the amount of advertising that may be appropriate in offering the Notes. Advertising expenses will be paid by the Issuer; provided that the Issuer first consents to the

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incurrence of such advertising expenses.

#### Market Day

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"Market Day" means (a) with respect to any Note, any day that is not a Saturday or Sunday and that, in The City of New York or Chicago, Illinois, is not a day on which banking institutions generally are authorized or obligated by law or executive order to close, and (b) with respect to LIBOR Notes, as defined in the Pricing Supplement only, any such day on which dealings in deposits in U.S. dollars are transacted in the London interbank market, and (c) with respect to Foreign Currency Notes (other than Foreign Currency Notes denominated in European Currency Units ("ECUs"))

only, any such day that is not a Saturday or Sunday and that, in the capital city of the country of the Specified Currency is not a day on which banking institutions generally are authorized or obligated by law or executive order to close and (d) with respect to Foreign Currency Notes denominated in ECU, any day that is designated as an ECU settlement day by the ECU Banking Association in Paris or otherwise generally regarded in the ECU interbank market as a day in which payments in ECU are made. All times in these procedures reflect New York City time.

#### Trustee Not to Risk Funds

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Nothing herein shall be deemed to require the Trustee to risk or expend its own funds in connection with any payment made to the Issuer, the Distributors, DTC or any Holder of a Note, it being understood by all parties that payments made by the Trustee to the Issuer, the Distributors, DTC or any Holder of a Note shall be made only to the extent that funds are provided to the Trustee for such purpose.

#### PART II: ADMINISTRATIVE PROCEDURES FOR CERTIFICATED NOTES

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#### Form and Denominations

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The Certificated Notes shall be issued only in fully registered form in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof, or, in the case of Foreign Currency Notes, in such minimum denomination, not less than the equivalent of \$100,000, and such greater denomination or denominations in excess thereof, as shall be set forth in the applicable Pricing Supplement.

#### Transfers and Exchanges

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A Certificated Note may be presented for transfer or exchange at the principal corporate trust office of the Trustee in Chicago, Illinois or at the office or agency of the Company maintained for that purpose in The City of New York. Certificated Notes will be exchangeable for other Certificated Notes of any authorized denominations and of like tenor and in a like aggregate principal amount, upon surrender of the Certificated Notes to be exchanged at the corporate trust office of the Trustee. Certificated Notes will not be exchangeable for Book-Entry Notes.

Payment at Maturity

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Upon presentation of each Certificated Note at Maturity, the Trustee (or a duly authorized Paying Agent) will pay the principal amount thereof, together with any premium and accrued interest due at Maturity. Such payment will be made in immediately available funds, provided that the Certificated

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Note is presented in time for the Paying Agent to make payment in such funds in accordance with its normal procedures; except that at the option of the Issuer payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or by wire transfer to an account maintained by such Holder with a bank located in the United States, provided such Holder shall have provided in writing to the Trustee, on or prior to the relevant Regular Record Date, appropriate payment instructions. Notwithstanding the foregoing, the Holder of \$10,000,000 or more in aggregate principal amount of Certificated Notes denominated and payable in U.S. dollars and having the same Interest Payment Date shall be entitled to receive such payments by wire transfer of immediately payable funds to an account maintained by such Holder with a bank located in the United States, provided that the Holder shall have provided in writing to the Trustee, on or

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prior to the relevant Regular Record Date, appropriate payment instructions. The Issuer will provide the Trustee (and any Paying Agent) with funds available for immediate use for such purpose. Certificated Notes presented at Maturity will be canceled by the Trustee as provided in the Indenture. For special provisions relating to Foreign Currency Notes, see the section entitled "Special Provisions Relating to Foreign Currency Notes" in the Prospectus Supplement and "Foreign Currency Risks" in the Prospectus.

Details for Settlement

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For each offer for Certificated Notes accepted by the Issuer, the Presenting Distributor shall communicate to the Issuer's Treasury Department prior to 3:00 p.m., on the Market Day preceding the settlement date, by telephone, telex, facsimile transmission or other acceptable means, the following information (the "Purchase Information"):

1. Exact name in which the Note or Notes are to be registered ("registered owner").

C-10

2. Exact address of registered owner and, if different, the address for delivery, notices and payment of principal and any premium and interest.
3. Taxpayer identification number of registered owner.

4. Principal amount of each Note in authorized denominations to be delivered to registered owner.
5. Stated Maturity of each Note.
6. In the case of Fixed Rate Notes, the interest rate of each Note; in the case of Floating Rate Notes, the interest rate formula, the Spread or Spread Multiplier (if any), the maximum or minimum interest rate limitation (if any), the Calculation Agent, the Calculation Dates, the Initial Interest Rate, the Interest Payment Dates, the Regular Record Dates, the Index Maturity, the Interest Determination Dates and the Interest Reset Dates, in each case, to the extent applicable with respect to each Note.
7. Redemption and/or repayment provisions, if any, of each Note.
8. Trade date of each Note.
9. Settlement date (Issue Date) of each Note.
10. Presenting Distributor's commission (to be paid in the form of a discount from the proceeds remitted to the Issuer upon settlement).
11. Price.
12. Currency or currency unit in which each Note is to be denominated and exchange rate applicable to purchase Foreign Currency Notes to be paid for in U.S. dollars.
13. Original issue discount, if any.
14. Any additional applicable terms of each Note.

The Issue Date of, and the settlement date for, Certificated Notes will be the same. Before accepting any offer to purchase Certificated Notes to be settled in less than three

C-11

Market Days, the Issuer shall verify that the Trustee will have adequate time to prepare and authenticate the Notes.

Immediately after receiving the details for each offer for Certificated Notes from the Presenting Distributor, the Issuer will, after recording the details and any necessary calculations, communicate the Purchase Information by telephone, facsimile transmission or other acceptable means, to the Trustee. Each such instruction given by the Issuer to the Trustee shall constitute a continuing representation and warranty by the Issuer to the Trustee and the Distributors that (i) the issuance and delivery of such Notes have been duly and validly authorized by the Issuer and (ii) such Notes, when completed, authenticated and delivered, shall constitute the valid and legally binding

obligation of the Issuer. The Trustee will assign to and enter on each Note a transaction number.

The Issuer will deliver to the Trustee a pre-printed four-ply packet for such Certificated Note, which packet will contain the following documents in forms that have been approved by the Issuer, the Distributors and the Trustee:

1. Certificated Note with customer confirmation.
2. Stub One - For the Trustee.
3. Stub Two - For the Presenting Distributor.
4. Stub Three - For the Issuer.

The Trustee will complete such Certificated Note and will authenticate such Certificated Note and deliver it (with the confirmation) and Stubs One and Two to such Distributor, and such Distributor will acknowledge receipt of the Note by stamping or otherwise marking Stub One and returning it to the Trustee. The Trustee will send Stub Three to the Issuer by first-class mail.

#### Settlement; Note Deliveries and Cash Payment

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The Issuer will deliver to the Trustee at the commencement of the program and from time to time thereafter a supply of duly executed Certificated Notes with pre-printed control numbers adequate to implement the program. Upon the receipt of appropriate documentation and instructions from the Issuer in accordance with the applicable Officers' Certificate and verification thereof, the Trustee will cause the Certificated Notes to be completed

C-12

and authenticated and hold the Certificated Notes for delivery against payment.

The Trustee will deliver the Certificated Notes (with the confirmation) and Stubs One and Two, in accordance with instructions from the Issuer, to the Presenting Distributor. Such delivery will be made only against such acknowledgment of receipt and evidence that instructions have been given for payment to the Issuer at such account of the Issuer as it may specify in writing, in immediately available funds, of an amount equal to the principal amount of such Notes, less the applicable commission. If the Presenting Distributor in any instance advances its own funds, the Issuer shall not use any of the proceeds of such sale to acquire securities.

If the Distributor is placing such Certificated Notes as agent, the Presenting Distributor, as the Issuer's agent, will deliver the Notes (with the written confirmation provided for above) to the purchaser thereof against payment therefor by such purchaser in immediately available funds.

Delivery of any confirmation or Note to a purchaser thereof by a Distributor, acting as agent or principal, will be made in compliance with "Delivery of Prospectus" in Part I above.

Fails (Distributor Acting as Agent)

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In the event that a purchaser shall fail to accept delivery of and make payment for a Certificated Note on the settlement date, the Presenting Distributor will notify the Trustee and the Issuer, by telephone, confirmed in writing. If such Certificated Note has been delivered to the Presenting Distributor, as the Issuer's agent, the Presenting Distributor shall return such Note to the Trustee. If funds have been advanced for the purchase of such Note, the Trustee will, immediately upon receipt of such Note, debit the account of the Issuer for the amount so advanced and the Trustee shall refund the payment previously made by the Presenting Distributor in immediately available funds. Such payments will be made on the settlement date, if possible, and in any event not later than the Market Day following the settlement date. If the fails shall have occurred for any reason other than the failure of the Presenting Distributor to provide the Purchase Information to the Issuer or to provide a confirmation to the purchaser, the Issuer will reimburse the Presenting Distributor on an equitable basis for its loss of

C-13

the use of funds during the period when the funds were credited to the account of the Issuer.

Immediately upon receipt of the Certificated Note in respect of which the fails occurred, the Trustee will make appropriate entries in its records to reflect the fact that the Note was never issued and the Note will be canceled and disposed of as provided in the Indenture.

PART III: ADMINISTRATIVE PROCEDURES FOR BOOK-ENTRY NOTES

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In connection with the qualification of the Book-Entry Notes for eligibility in the book-entry system maintained by DTC, the Trustee will perform the custodial, document control and administrative functions described below, in accordance with its obligations under a Letter of Representations (the "Letter") from the Issuer and the Trustee to DTC dated as of May \_\_, 1994, and a Medium-Term Note Certificate Agreement between the Trustee and DTC dated as of May \_\_, 1994, and its obligations as a participant in DTC, including DTC's SDFS.

Form, Denominations and Registration

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All Book-Entry Notes of the same tenor and having the same Issue Date,

will be represented initially by a single note (a "Global Note") in fully registered form without coupons. Unless otherwise stated in the applicable Pricing Supplement, Book-Entry Notes will represent Notes denominated in U.S. dollars. Global Notes will be issued in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof. Global Notes will be denominated in principal amounts not in excess of \$150,000,000. If one or more Book-Entry Notes having an aggregate principal amount in excess of \$150,000,000 would, but not for the preceding sentence, be represented by a single Global Note, then one Global Note will be issued to represent each \$150,000,000 principal amount of such Book-Entry Note or Notes and an additional Global Note will be issued to represent any remaining principal amount of such Book-Entry Note or Notes. In such a case, each of the Global Notes representing such Book-Entry Note or Notes shall be assigned the same CUSIP number. Each Global Note will be registered in the name of Cede & Co., as nominee for DTC, on the Security Register maintained under the Indenture. The beneficial owner of a Book-Entry Note (or one or more indirect participants in DTC designated by such owner) will designate one or more participants in DTC (with respect to such Note, the "Participants") to act as agent or

C-14

agents for such owner in connection with the book-entry system maintained by DTC, and DTC will record in book-entry form, in accordance with instructions provided by such Participants, a credit balance with respect to such Note in the account of such Participants. The ownership interest of such beneficial owner in such Note will be recorded through the records of such Participants or through the separate records of such Participants and one or more indirect participants in DTC.

CUSIP Numbers

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The Issuer has arranged with the CUSIP Service Bureau of Standard & Poor's Corporation (the "CUSIP Service Bureau") for the reservation of a series of CUSIP numbers (including tranche numbers), such series consisting of approximately 900 CUSIP numbers and relating to Global Notes representing Book-Entry Notes. The Issuer has obtained from the CUSIP Service Bureau a written list of such reserved CUSIP numbers and has delivered it to the Trustee and DTC. The Trustee will assign CUSIP numbers serially to Global Notes as described below under "Details for Settlement." DTC will notify the CUSIP Service Bureau periodically of the CUSIP numbers that the Trustee has assigned to Global Notes. The Trustee will notify the Issuer at the time when fewer than 100 of the reserved CUSIP numbers remain unassigned to the Global Notes; and the Issuer will reserve additional CUSIP numbers for assignment to Global Notes representing Book-Entry Notes. Upon obtaining such additional CUSIP numbers, the Issuer shall deliver a list of such additional CUSIP numbers to the Trustee and DTC.

Transfers and Exchanges for the Purpose of Consolidation

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Transfers of a Book-Entry Note will be accomplished by book entries made by DTC and, in turn, by Participants (and, in certain cases, one or more indirect participants in DTC) acting on behalf of beneficial transferors and transferees of such Note.

The Trustee may upon notice to the Issuer deliver to DTC and the CUSIP Service Bureau at any time a written notice (a copy of which shall be attached to the Global Note resulting from such exchange) specifying (i) the CUSIP numbers of two or more outstanding Global Notes that represent Book-Entry Notes of the same tenor and having the same Issue Date, and for which interest (if any) has been paid to the same date, (ii) a date occurring at least thirty days after such written notice is delivered and at least thirty days before the next Interest Payment Date (if any)

C-15

for such Notes, on which such Global Notes shall be exchanged for single replacement Global Note and (iii) a new CUSIP number to be assigned to such replacement Global Note. Upon receipt of such notice, DTC will send to its Participants (including the Trustee) a written reorganization notice to the effect that such exchange will occur on such date. Prior to the specified exchange date, the Trustee will deliver to the CUSIP Service Bureau a written notice setting forth such exchange date and the new CUSIP number and stating that, as of such exchange date, the CUSIP numbers of the Global Notes to be exchanged will no longer be valid. On the specified exchange date, the Trustee will exchange such Global Notes for a single Global Note bearing the new CUSIP number and the CUSIP numbers of the exchanged Global Notes will, in accordance with CUSIP Service Bureau procedures, be canceled and not immediately reassigned.

Notice of Interest Payment Dates and Regular Record Dates  
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To the extent then known, on the first Market Day of March, June, September and December of each year, the Trustee will deliver to the Issuer and DTC a written list of Record Dates and Interest Payment Dates that will occur with respect to Floating Rate Book-Entry Notes during the six-month period beginning on such first Market Day.

Payments of Principal and Interest  
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(a) Payments of Interest Only. Promptly after each Regular Record  
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Date, the Trustee will deliver to the Issuer and DTC a written notice specifying by CUSIP number the amount of interest to be paid on each Global Note on the following Interest Payment Date (other than an Interest Payment Date coinciding

with Maturity) and the total of such amounts. The Issuer will confirm with the Trustee the amount payable on each Global Note on such Interest Payment Date. DTC will confirm the amount payable on each Global Note on such Interest Payment Date by reference to the daily or weekly bond reports published by Standard & Poor's Corporation. The Issuer will pay to the Trustee the total amount of interest due on such Interest Payment Date (other than at Maturity), and the Trustee will pay such amount to DTC at the times and in the manner set forth below under "Manner of Payment."

(b) Payments at Stated Maturity. On or about the first Market Day of  
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each month, the Trustee will deliver to the Issuer and DTC a written list of principal and interest to be paid on

C-16

each Global Note maturing in the following month. The Issuer, the Trustee and DTC will confirm the amounts of such principal and interest payments with respect to each such Global Note on or about the fifth Market Day preceding the Stated Maturity of such Global Note. The Issuer will pay to the Trustee, as the paying agent, the principal amount of such Global Note, together with interest due at such Stated Maturity. Upon surrender of a Global Note, the Trustee will pay such amounts to DTC at the times and in the manner set forth below under "Manner of Payment." If any Stated Maturity of a Global Note representing Book-Entry Notes is not a Market Day, the payment due on such day shall be made on the next succeeding Market Day and no interest shall accrue on such payment for the period from and after such Stated Maturity. Promptly after payment to DTC of the principal and any interest due at the Stated Maturity of such Global Note, the Trustee will cancel such Global Note and return such Global Note to the Issuer in accordance with the terms of the Indenture.

(c) Payment upon Redemption. The Trustee will comply with the terms  
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of the Letter with regard to redemptions or repayments of the Book-Entry Notes. In the case of Book-Entry Notes stated by their terms to be redeemable prior to Stated Maturity, at least 60 calendar days before the date fixed for redemption (the "Redemption Date"), the Issuer shall notify the Trustee of the Issuer's election to redeem such Book-Entry Notes in whole or in part and the principal amount of such Book-Entry Notes to be so redeemed. At least 30 calendar days but not more than 60 calendar days prior to the Redemption Date, the Trustee shall notify DTC of the Issuer's election to redeem such Book-Entry Notes. The Trustee shall notify the Issuer and DTC of the CUSIP numbers of the particular Book-Entry Notes to be redeemed either in whole or in part. The Issuer, the Trustee and DTC will confirm the amounts of such principal and any premium and interest payable with respect to each such Book-Entry Note on or about the fifth Market Day preceding the Redemption Date of such Book-Entry Note. The Issuer will pay the Trustee, in accordance with the terms of the Indenture, the amount necessary to redeem each such Book-Entry Note or the applicable portion of each such Book-Entry Note. The Trustee will pay such amount to DTC at the times and in the manner set forth herein. Promptly after payment to DTC of the amount due on the Redemption Date for such Book-Entry Note, the Trustee shall cancel any

such Book-Entry Note redeemed in whole and shall deliver it to the Issuer with an appropriate debit advice. If a Global Note is to be redeemed in part, the Trustee will cancel such Global Note and issue a Global Note which shall represent the remaining portion of such Global Note and shall bear the CUSIP number of the canceled Global Note.

C-17

(d) Manner of Payment. The total amount of any principal and

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interest due on Global Notes on any Interest Payment Date or at Maturity shall be paid by the Issuer to the Trustee in immediately available funds on such date available for use as of 9:30 a.m., New York City time. The Issuer will make such payment on such Global Notes by wire transfer to the Trustee. The Issuer will confirm instructions regarding payment in writing to the Trustee. Prior to 1:00 p.m., New York City time, on each date of Maturity of a Book-Entry Note or as soon as possible thereafter, the Trustee will pay by separate wire transfer (using Fedwire message entry instructions in a form previously specified by DTC) to an account at the Federal Reserve Bank of New York previously specified by DTC in funds available for immediate use by DTC, each payment of principal (together with interest thereon) due at Maturity on Book-Entry Notes. On each Interest Payment Date, interest payment shall be made to DTC in same day funds in accordance with existing arrangements between the Trustee and DTC. Thereafter, on each such date, DTC will pay, in accordance with its SDFS operating procedures then in effect, such amounts in funds available for immediate use to the respective Participants in whose names the Book-Entry Notes represented by such Global Notes are recorded in the book-entry system maintained by DTC. NEITHER THE ISSUER NOR THE TRUSTEE SHALL HAVE ANY DIRECT RESPONSIBILITY OR LIABILITY FOR THE PAYMENT BY DTC TO SUCH PARTICIPANTS OF THE PRINCIPAL OF AND ANY PREMIUM AND INTEREST ON THE BOOK-ENTRY NOTES.

(e) Withholding Taxes. The amount of any taxes required under

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applicable law to be withheld from any interest payment on a Book-Entry Note will be determined and withheld by the Participant, indirect participant in DTC or other person responsible for forwarding payments and materials directly to the beneficial owner of such Note.

Details for Settlement

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For each offer for Book-Entry Notes accepted by the Issuer, the Presenting Distributor shall communicate to the Issuer's Treasury Department prior to 11:00 a.m., on the first Market Day after the sale date (or on the sale date if such sale is to be settled within one Market Day), by telephone, telex, facsimile transmission or other acceptable means, the following information (the "Purchase Information"):

1. Principal amount of the Notes.
2. Stated Maturity of the Notes.

3. In the case of Fixed Rate Notes, the interest rate of the Notes; in the case of Floating Rate Notes, the interest rate formula, the Spread or Spread Multiplier (if any), the maximum or minimum interest rate limitation (if any), the Calculation Agent, the Calculation Dates, the Initial Interest Rate, the Interest Payment Dates, the Regular Record Dates, the Index Maturity, the Interest Determination Dates and the Interest Reset Dates, in each case, to the extent applicable with respect to the Notes.
4. Redemption and/or repayment provisions, if any, of the Notes.
5. Trade date of the Notes.
6. Settlement Date (Issue Date) of the Notes.
7. Presenting Distributor's commission (to be paid in the form of a discount from the proceeds remitted to the Issuer upon settlement).
8. Price.
9. Currency or currency unit in which the Notes are to be denominated and exchange rate applicable to purchase Foreign Currency Notes payable in U.S. dollars.
10. Original issue discount, if any.
11. Any additional applicable terms of the Notes.

The Issue Date of, and the Settlement Date for, Book-Entry Notes will be the same. Before accepting any offer to purchase Book-Entry Notes to be settled in less than three Market Days, the Issuer shall verify that the Trustee will have adequate time to prepare and authenticate the Global Notes.

If the initial interest rate for a Floating Rate Book-Entry Note has not been determined at the time that the foregoing procedure is completed, the procedures described in the following two paragraphs shall be completed as soon as such rate has been determined but no later than 12:00 Noon and 2:00 p.m., as the case may be, on the Market Day before the Settlement Date.

Immediately after receiving the details for each offer for Book-Entry Notes from the Presenting Distributor and in any

event no later than 12:00 Noon on the first Market Day after the sale date (or on the sale date if such sale is to be settled within one Market Day), the Issuer will, after recording the details and any necessary calculations,

communicate the Purchase Information by telephone, telex, facsimile transmission or other acceptable means, to the Trustee. Each such instruction given by the Issuer to the Trustee shall constitute a continuing representation and warranty by the Issuer to the Trustee and the Distributors that (i) the issuance and delivery of such Note have been duly and validly authorized by the Issuer and (ii) such Note, when duly issued, shall constitute the valid and legally binding obligation of the Issuer.

Immediately after receiving the Purchase Information from the Issuer and in any event no later than 2:00 p.m. on the first Market Day after the sale date (or on the sale date if such sale is to be settled within one Market Day), the Trustee will assign a CUSIP number to the Global Note representing such Book-Entry Note and will telephone the Issuer and advise the Issuer of such CUSIP number and, as soon thereafter as practicable, the Issuer shall notify the Presenting Distributor of such CUSIP number.

The Trustee will enter a pending deposit message through DTC's Participant Terminal System, providing settlement information to DTC (which shall route such information to Standard & Poor's Corporation). Standard & Poor's Corporation will use the information received in the pending deposit message to include the amount of any interest payable and certain other information regarding the related Global Note in the appropriate daily or weekly bond report published by Standard & Poor's Corporation.

#### Settlement; Global Note Delivery and Cash Payment

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The Issuer will deliver to the Trustee at the commencement of the program and from time to time thereafter a supply of duly executed Global Notes with pre-printed control numbers adequate to implement the program. Upon the receipt of appropriate documentation and instructions from the Issuer in accordance with the applicable Officers' Certificate and verification thereof, the Trustee will cause the Global Note to be completed and authenticated and hold the Global Note for delivery against payment.

Prior to 10:00 a.m., on the Settlement Date, the Trustee will enter instructions through DTC's Participant Terminal System, using the function MT II, and DTC will credit such Note to the

C-20

Trustee's participant account at DTC. Prior to 2:00 p.m., on the Settlement Date, the Trustee will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC to (i) debit such Note to the Trustee's participant account and credit such Note to the Presenting Distributor's participant account and (ii) debit the Presenting Distributor's settlement account and credit the Trustee's settlement account for an amount equal to the price of such Note less such Distributor's commission (in accordance with SDFS operating procedures in effect on the Settlement Date). The entry of such a deliver order shall constitute a representation and warranty by the Trustee to

DTC that (i) the Global Note representing such Book-Entry Note has been executed, delivered and authenticated and (ii) the Trustee is holding such Global Note pursuant to the relevant Medium-Term Note Certificate Agreement between the Trustee and DTC.

Prior to 2:00 p.m., on the Settlement Date, the Presenting Distributor will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC (i) to debit such Note to such Distributor's participant account and credit such Note to the Participant accounts of the Participants with respect to such Note and (ii) to debit the settlement accounts of such Participants and credit the settlement account of such Distributor for an amount equal to the price of such Note (in accordance with SDFS operating procedures in effect on the Settlement Date).

Transfers of funds are subject to extension in accordance with any extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the Settlement Date.

The Trustee, upon confirming receipt of such funds, will wire transfer the amount transferred to the Trustee, in funds available for immediate use, for the account of \_\_\_\_\_ to account no. \_\_\_\_\_ at [name of bank], [location of bank] (ABA No. \_\_\_\_\_)

Fails  
- -----

If settlement of a Book-Entry Note is rescheduled or canceled, the Issuer shall notify the Trustee, and upon receipt of such notice, the Trustee will deliver to DTC, through DTC's Participant Terminal System, a cancellation message to such effect by no later than 2:00 p.m., New York City time, on the Market Day immediately preceding the scheduled Settlement Date.

C-21

If the Agent or Trustee has not entered an SDFS deliver order with respect to a Book-Entry Note, then upon written request (which may be evidenced by telecopy transmission) of the Issuer, the Trustee shall deliver to DTC, through DTC's Participant Terminal System, as soon as practicable, but no later than 2:00 p.m. on any Market Day, a withdrawal message instructing DTC to debit such Note to the Trustee's participant account. DTC will process the withdrawal message, provided that the Trustee's participant account contains a principal amount of the Global Note representing such Note that is at least equal to the principal amount to be debited. If withdrawal messages are processed with respect to all the Book-Entry Notes represented by a Global Note, the Trustee will mark such Global Note "canceled," make appropriate entries in the Trustee's records and send such canceled Global Note to the Issuer. The CUSIP number assigned to such Global Note shall, in accordance with CUSIP Service Bureau procedures, be canceled and not immediately reassigned. If withdrawal messages are processed with respect to one or more, but not all, of the Book-Entry Notes represented by a Global Note, the Trustee will exchange such Global

Note for two Global Notes, one of which shall represent such Book-Entry Note or Notes and shall be canceled immediately after issuance and the other of which shall represent the remaining Book-Entry Notes previously represented by the surrendered Global Note and shall bear the CUSIP number of the surrendered Global Note.

If the purchase price for any Book-Entry Note is not timely paid to the Participants with respect to such Note by the beneficial purchaser thereof (or a person, including an indirect participant in DTC, acting on behalf of such purchaser), such Participants and, in turn, the Presenting Distributor may enter an SDFS deliver order through DTC's Participant Terminal System debiting such Note to such Distributor's participant account and crediting such Note to the participant account of the Trustee and shall notify the Trustee and the Issuer thereof. Thereafter, the Trustee (i) will immediately notify the Issuer, once the Trustee has confirmed that such Note has been credited to its participant account, and the Issuer shall immediately transfer by Fedwire (in immediately available funds) to the Presenting Distributor an amount equal to the price of such Note which was previously sent by wire transfer to the account of the Issuer maintained at \_\_\_\_\_, and (ii) will deliver the withdrawal message and take the related actions described in the preceding paragraph. Such debits and credits will be made on the Settlement Date, if possible, and in any event not later than 5:00 p.m. on the following Market Day. If the fail shall have occurred for any reason other than failure of the Presenting Distributor to provide the

C-22

Purchase Information to the Issuer or to provide a confirmation to the purchaser, the Issuer will reimburse the Presenting Distributor on an equitable basis for its loss of the use of funds during the period when the funds were credited to the account of the Issuer.

Notwithstanding the foregoing, upon any failure to settle with respect to a Book-Entry Note, DTC may take any actions in accordance with its SDFS operating procedures then in effect. In the event of a failure to settle with respect to one or more, but not all, of the Book-Entry Notes to have been represented by a Global Note, the Trustee will provide for the authentication and issuance of a Global Note representing the other Book-Entry Notes to have been represented by such Global Note and will make appropriate entries in its records.

C-23

INSTRUMENT OF RESIGNATION, APPOINTMENT AND ACCEPTANCE, dated as of May 16, 1994, among Lukens Inc., a Delaware corporation, duly organized and existing under the laws of the State of Delaware, having its principal office at 50 South First Avenue, Coatesville, Pennsylvania 19320-0911 (the "Company"), Continental Bank, National Association, a national banking association having its principal corporate trust office at 231 South LaSalle Street, Chicago, Illinois 60697 (the "Successor Trustee") and Morgan Guaranty Trust Company of New York, a New York corporation, having its principal corporate trust office at 60 Wall Street, New York, New York 10260 (the "Resigning Trustee").

RECITALS

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A. There are presently issued and outstanding \$150,000,000 of the Company's 7 5/8% Notes Due 2004 (the "Notes") issued under an Indenture, dated as of July 1, 1992 (the "Indenture"), between the Company and the Resigning Trustee, as trustee.

B. The Resigning Trustee wishes to resign as Trustee, Security Registrar and Paying Agent for the Notes and for any series of Securities issued under the Indenture; the Company wishes to appoint the Successor Trustee to succeed the Resigning Trustee as Trustee, Security Registrar and Paying Agent for the Notes and for any series of Securities issued under the Indenture; and the Successor Trustee wishes to accept appointment as Trustee, Security Registrar and Paying Agent for the Notes and for any series of Securities issued under the Indenture.

NOW THEREFORE, the Company, the Resigning Trustee and the Successor Trustee agree as follows:

ARTICLE ONE  
THE RESIGNING TRUSTEE

Section 101. Pursuant to Section 610 of the Indenture, the Resigning Trustee  
- -----  
notified the Company on May 16, 1994 that the Resigning Trustee had resigned as Trustee, Security Registrar and Paying Agent under the Indenture.

Section 102. The Resigning Trustee hereby represents and warrants to the  
- -----  
Successor Trustee that:

- (a) To the best of the knowledge of the Responsible Officers of the Resigning Trustee assigned to its Corporate Trust Department, no Event of Default and no event which, after notice or lapse of

time or both, would become an Event of Default, had occurred and is continuing under the Indenture;

- (b) No covenant or condition contained in the Indenture has been waived by the Resigning Trustee or, to the best of the knowledge of the Responsible Officers of the Resigning Trustee assigned to its Corporate Trust Department, by the Holders of the percentage in aggregate principal amount of the Securities required by the Indenture to effect any such waiver; and
- (c) There is no action, suit or proceeding pending or, to the best of the knowledge of the Responsible Officers of the Resigning Trustee assigned to its Corporate Trust Department, threatened against the Resigning Trustee before any court or governmental authority arising out of any action or omission by the Resigning Trustee as Trustee under the Indenture.

Section 103. The resigning Trustee hereby assigns, transfers, delivers and  
- -----

confirms to the Successor Trustee all right, title and interest of the Resigning Trustee in and to the Trust under the Indenture and all the rights, powers and trusts of the Trustee under the Indenture. The Resigning Trustee shall execute and deliver such further instruments and shall do such other things as the Successor Trustee may reasonably require so as to more fully and certainly vest and confirm in the Successor Trustee all the rights, trusts and powers hereby assigned, transferred, delivered and confirmed to the Successor Trustee.

ARTICLE TWO  
THE COMPANY

Section 201. The Secretary of the Company attesting to the execution of this  
- -----

Instrument by the Company hereby certifies that the officer of the Company executing this Instrument is authorized to, among other things: (a) accept the Resigning Trustee's resignation as Trustee under the Indenture; (b) appoint the Successor Trustee as Trustee under the Indenture; and (c) execute and deliver such agreements and other instruments as may be necessary or desirable to effectuate the succession of the Successor Trustee as Trustee under the Indenture.

Section 202. The Company hereby appoints the Successor Trustee as Trustee,  
- -----

Security Registrar and Paying Agent under the Indenture and confirms to the Successor Trustee all the rights, trusts and powers hereby assigned, transferred, delivered and confirmed to the Successor Trustee.

ARTICLE THREE  
THE SUCCESSOR TRUSTEE

Section 301. The Successor Trustee hereby represents and warrants to the  
- -----  
Resigning Trustee and to the Company that the Successor Trustee is qualified  
and eligible under the provisions of Section 609 of the Indenture.

Section 302. The Successor Trustee hereby accepts its appointment as Trustee,  
- -----  
Security Registrar and Paying Agent under the Indenture and shall hereby be  
vested with all the rights, powers, trusts and duties of the Trustee under the  
Indenture.

ARTICLE FOUR  
MISCELLANEOUS

Section 401. Except as otherwise expressly provided or unless the context  
- -----  
otherwise requires, all terms used herein which are defined in the Indenture  
shall have the meanings assigned to them in the Indenture.

Section 402. This Instrument and the resignation, appointment and acceptance  
- -----  
effected hereby shall be effective as of the opening of business on the date  
first above written upon the execution and delivery hereof by each of the  
parties hereto.

Section 403. Notwithstanding the resignation of the Resigning Trustee  
- -----  
effected hereby; the Company shall remain obligated under Section 607 of the  
Indenture to compensate, reimburse and Indemnify the Resigning Trustee in  
connection with its trusteeship under the Indenture.

Section 404. The Instrument shall be governed by and construed in accordance  
- -----  
with the laws of the jurisdiction which govern the Indenture and its  
construction.

Section 405. This instrument 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.

IN WITNESS WHEREOF, the parties hereby have caused this Instrument  
of Resignation, Appointment and Acceptance to be duly executed and their  
respective seals to be affixed hereunto and duly attested all as of the day  
and year first above written.

Lukens Inc.  
(the "Company")

Attest: \_\_\_\_\_

By: \_\_\_\_\_

Morgan Guaranty Trust Company of  
New York (the "Resigning Trustee")

Attest: \_\_\_\_\_

By: \_\_\_\_\_

Continental Bank, National Association  
(the "Successor Trustee")

Attest: \_\_\_\_\_

By: \_\_\_\_\_

[LETTERHEAD OF SKADDEN, ARPS, SLATE, MEAGHER & FLOM APPEARS HERE]

May 17, 1994

Lukens Inc.  
50 South First Avenue  
Coatesville, Pennsylvania 19320-0911

Re: Registration Statement on Form S-3 of Lukens Inc. for  
Registration of \$100,000,000 Principal Amount of Debt  
Securities  
-----

Gentlemen:

We have acted as special counsel to Lukens Inc., a Delaware corporation (the "Company"), in connection with a Registration Statement on Form S-3 of the Company (the "Registration Statement") filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933 (the "Act") relating to the proposed issuance and sale of an aggregate of up to \$100,000,000 initial public offering price of debt securities (the "Debt Securities") or the equivalent thereof, based on the applicable exchange rate at the time of sale, in one or more foreign currencies, currency units or composite currencies as shall be designated by the Company, to be issued in one or more series.

This opinion is delivered in accordance with the requirements of Item 601(b) (5) of Regulation S-K under the Act.

In connection with this opinion, we have examined and are familiar with originals or copies, certified or otherwise identified to our satisfaction, of (i) the Restated Certificate of Incorporation and By-Laws of the Company, as amended to date, (ii) the Registration Statement as filed with the Commission on May 17, 1994, (iii) the applicable resolutions of the Board of Directors of

Lukens Inc.  
May 17, 1994  
Page 2

the Company, (iv) the form of Distribution Agreement to be entered into between the Company and CS First Boston Corporation and J.P. Morgan Securities Inc. (the "Distribution Agreement") in the form filed as an exhibit to the Registration

Statement and (v) the Indenture between the Company and Continental Bank, National Association, as successor trustee (the "Trustee"), pursuant to which the Debt Securities will be issued (the "Indenture"). We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such records of the Company and such agreements, certificates of public officials, certificates of officers or other representatives of the Company and others, and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein.

In our examination, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies and the authenticity of the originals of such latter documents. In making our examination of documents executed by parties other than the Company, we have assumed that such parties had the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and execution and delivery by such parties of such documents and the validity and binding effect thereof. As to any facts material to the opinions expressed herein which were not independently established or verified, we have relied upon oral or written statements and representations of officers and other representatives of the Company and others.

Members of this Firm are admitted to the Bars of the States of New York and Delaware and we express no opinion as to the laws of any other jurisdiction. The Securities may be issued from time to time on a delayed or continuous basis, and this opinion is limited to the

Lukens Inc.  
May 17, 1994  
Page 3

laws, including the rules and regulations, as in effect on the date hereof.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Indenture has been duly authorized, executed and delivered by the Company, and is a valid and binding agreement, enforceable against the Company in accordance with its terms, except to the extent that enforcement thereof may be limited by (a) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, (b) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity), (c) public policy considerations which may limit the rights of parties to obtain further remedies, (d) requirements that a claim with respect to any Debt Securities denominated other than in United States dollars (or a judgment denominated other than in United States dollars in respect of such claim) be converted into United States dollars at a rate of exchange prevailing on a date

determined pursuant to applicable law, and (e) governmental authority to limit, delay or prohibit the making of payments outside the United States or in foreign currencies, currency units or composite currencies.

2. With respect to any series of Debt Securities (the "Offered Debt Securities"), when (i) the Registration Statement, as finally amended (including all necessary post-effective amendments), has become effective; (ii) an appropriate Prospectus Supplement with respect to the Offered Debt Securities has been prepared, delivered and filed in compliance with the Securities Act and the applicable rules and regulations thereunder; (iii) the Board, including any appropriate committee appointed thereby, and appropriate officers of the Company have taken all necessary corporate action to approve the issuance and terms of the Offered Debt Securities and related matters; (iv) the terms of the Offered Debt Securities and of their issuance and sale have been duly established in conformity with the Indenture so as not to

Lukens Inc.  
May 17, 1994  
Page 4

violate any applicable law, the Restated Certificate of Incorporation or By-laws of the Company or result in a default under or breach of any agreement or instrument binding upon the Company and so as to comply with any requirement or restriction imposed by any court or governmental body having jurisdiction over the Company; and (v) the Offered Debt Securities have been duly executed and authenticated in accordance with the provisions of the Indenture and duly delivered to the purchasers thereof upon payment of the agreed upon consideration therefor, the Offered Debt Securities, when issued and sold in accordance with the Indenture, the Distribution Agreement and the applicable Terms Agreement or any other duly authorized, executed and delivered applicable valid and binding purchase agreement will be valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except to the extent that enforcement thereof may be limited by (a) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, (b) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity), (c) public policy considerations which may limit the rights of parties to obtain further remedies, (d) requirements that a claim with respect to any Offered Debt Securities denominated other than in United States dollars (or a judgment denominated other than in United States dollars in respect of such claim) be converted into United States dollars at a rate of exchange prevailing on a date determined pursuant to applicable law, and (e) governmental authority to limit, delay or prohibit the making of payments outside the United States or in foreign currencies, currency units or composite currencies.

We note that, as of the date of this opinion, a judgment for money in an action based on a Debt Security denominated in a foreign currency, currency unit or composite currency in a federal or state court in the United States

ordinarily would be enforced in the United States only in United States dollars.  
The date used to determine the rate of conversion of the foreign currency,

Lukens Inc.  
May 17, 1994  
Page 5

currency unit or composite currency in which a particular Debt Security is  
denominated into United States dollars will depend upon various factors,  
including which court renders the judgment.

We hereby consent to the filing of this opinion as an exhibit to the  
Registration Statement and the reference to the Firm under the heading "Validity  
of Offered Debt Securities" in the Registration Statement. In giving such  
consent, we do not thereby admit that we are in the category of persons whose  
consent is required under Section 7 of the Act.

Very truly yours,

/s/ Skadden, Arps, Slate, Meagher & Flom

May 17, 1994

Lukens Inc.  
50 South First Avenue  
Coatesville, Pennsylvania 19320-0911

Re: Registration Statement on Form S-3 of  
Lukens Inc. for Registration of  
\$100,000,000 Principal Amount of Debt  
Securities  
-----

Gentlemen:

We have acted as special counsel to Lukens Inc., a Delaware corporation (the "Company"), in connection with a Registration Statement on Form S-3 of the Company (the "Registration Statement") filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933 (the "Act") relating to the proposed issuance and sale of an aggregate of up to \$100,000,000 initial public offering price of debt securities (the "Debt Securities") or the equivalent thereof, based on the applicable exchange rate at the time of sale, in one or more foreign currencies, currency units or composite currencies as shall be designated by the Company, to be issued in one or more series.

In connection with this opinion, we have examined and are familiar with originals or copies, certified or otherwise identified to our satisfaction, of (i) the Restated Certificate of Incorporation and By-Laws of the Company, as amended to date, (ii) the Registration Statement, (iii) the applicable resolutions of the Board of Directors of the Company, (iv) the form of Distribution Agreement to be entered into between the Company and CS First Boston Corporation and J.P. Morgan Securities Inc. in the form filed as an exhibit to the Registration Statement, (v) the Indenture between the Company and Continental Bank, National Association, as successor trustee, pursuant to which the Debt Securities will be issued, (vi) the prospectus supplement included as part of the Registration Statement (the "Prospectus Supplement") and (vii) such other documents, certificates and other records as we have deemed necessary or appropriate as a basis for the opinion set forth below. In our examination, we have assumed the genuineness of all signatures, the legal

Lukens Inc.  
May 12, 1994

capacity of all natural persons, the authenticity of all documents, certificates and records submitted to us as originals, the conformity to original documents, certificates and records of all documents, certificates and records submitted to us as certified or photostatic copies and the authenticity of the originals of such copies. As to any facts material to this opinion which were not independently established or verified, we have relied upon oral or written statements and representations of officers and other representatives of the Company and others.

In rendering this opinion, we have relied upon the Internal Revenue Code of 1986, as amended, Treasury regulations, judicial decisions, published positions of the Internal Revenue Service and such other authorities as we have considered relevant, all as in effect on the date hereof and all of which are subject to change or different interpretations.

Based upon and subject to the foregoing, we confirm that the discussion in the Prospectus Supplement under the caption "United States Taxation," to the extent that such discussion constitutes matters of law or legal conclusions, is correct in all material respects. We express no opinion as to whether such discussion addresses all of the Federal income tax consequences that may be applicable to any particular holder of the Debt Securities. In addition, we express no opinion as to Federal tax consequences other than as set forth in this letter or as to any state, local or foreign tax consequences.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ SKADDEN, ARPS, SLATE, MEAGHER & FLOM

## LUKENS INC.

## COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

&lt;TABLE&gt;

&lt;CAPTION&gt;

	1Q94	1Q93	1993	1992	1991	1990	1989
	-----	-----	-----	-----	-----	-----	-----
	(DOLLARS IN THOUSANDS)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Earnings							
Earnings before taxes from continuing operations.....	\$ (4,095)	10,038	20,283	39,083	22,231	58,690	57,267
Add:							
Fixed charges.....	5,031	4,840	19,670	16,032	3,188	3,663	4,569
Capitalized interest amortization.....	65	62	247	238	238	238	236
Deduct:							
Interest capitalized...	(151)	0	(83)	0	0	(21)	(825)
Earnings for computation.	\$ 850	14,940	40,117	55,353	25,657	62,570	61,247
	=====	=====	=====	=====	=====	=====	=====
Fixed charges							
Interest expense.....	\$ 4,097	4,257	16,380	13,563	2,012	2,416	2,758
Capitalized interest....	151	0	83	0	0	21	825
Interest factor on rents.....	783	583	3,207	2,469	1,176	1,226	986
	-----	-----	-----	-----	-----	-----	-----
Fixed charges for computation.....	\$ 5,031	4,840	19,670	16,032	3,188	3,663	4,569
	=====	=====	=====	=====	=====	=====	=====
Ratio of earnings to fixed charges.....	0.17	3.09	2.04	3.45	8.05	17.08	13.40
	=====	=====	=====	=====	=====	=====	=====

&lt;/TABLE&gt;

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our reports dated February 1, 1994, included in the Lukens Inc. Annual Report on Form 10-K for the year ended December 25, 1993 and to all references to our Firm included in this registration statement.

Arthur Andersen & Co.

Philadelphia, Pa.  
May 17, 1994

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM T-1

STATEMENT OF ELIGIBILITY  
UNDER THE TRUST INDENTURE ACT OF 1939 OF A  
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE  
ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION  
305 (b) (2) \_\_\_\_\_

-----  
CONTINENTAL BANK, NATIONAL ASSOCIATION  
(EXACT NAME OF TRUSTEE AS SPECIFIED IN ITS CHARTER)

36-0947896  
(I.R.S. EMPLOYER  
IDENTIFICATION NO.)

231 SOUTH LASALLE STREET, CHICAGO, ILLINOIS  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

60697  
(ZIP CODE)

-----  
LUKENS INC.  
(EXACT NAME OF OBLIGOR AS SPECIFIED IN ITS CHARTER)

DELAWARE  
(STATE OR OTHER JURISDICTION  
OF INCORPORATION OR ORGANIZATION)

23-2451900  
(I.R.S. EMPLOYER  
IDENTIFICATION NO.)

50 SOUTH FIRST AVENUE  
COATESVILLE, PENNSYLVANIA  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

19320-0911  
(ZIP CODE)

DEBT SECURITIES  
(TITLE OF THE INDENTURE SECURITIES)

-----  
-----  
ITEM 1. GENERAL INFORMATION.

FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

- (A) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISING AUTHORITY TO WHICH IT IS SUBJECT.

Comptroller of the Currency, Washington, D.C.

Chicago Clearing House Association, 164 W. Jackson Boulevard,  
Chicago, Illinois.

Federal Deposit Insurance Corporation, Washington, D.C.

The Board of Governors of the Federal Reserve System, Washington,  
D.C.

- (B) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

Yes.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

IF THE OBLIGOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

The obligor is not an affiliate of the trustee.

ITEM 3. VOTING SECURITIES OF THE TRUSTEE.

FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF VOTING SECURITIES OF THE TRUSTEE:

AS OF MAY 17, 1994

COL. A TITLE OF CLASS -----	COL. B AMOUNT OUTSTANDING -----
-----------------------------------	---------------------------------------

Not applicable by virtue of response to Item 13.

ITEM 4. TRUSTEESHIPS UNDER OTHER INDENTURES.

IF THE TRUSTEE IS A TRUSTEE UNDER ANOTHER INDENTURE UNDER WHICH ANY OTHER SECURITIES, OR CERTIFICATES OF INTEREST OR PARTICIPATION IN ANY OTHER SECURITIES, OF THE OBLIGOR ARE OUTSTANDING, FURNISH THE FOLLOWING INFORMATION:

(A) TITLE OF THE SECURITIES OUTSTANDING UNDER EACH SUCH OTHER INDENTURE.

Not applicable by virtue of response to Item 13.

(B) A BRIEF STATEMENT OF THE FACTS RELIED UPON AS A BASIS FOR THE CLAIM THAT NO CONFLICTING INTEREST WITHIN THE MEANING OF SECTION 310(B)(1) OF THE ACT ARISES AS A RESULT OF THE TRUSTEESHIP UNDER ANY SUCH OTHER INDENTURE, INCLUDING A STATEMENT AS TO HOW THE INDENTURE SECURITIES WILL RANK AS COMPARED WITH THE SECURITIES ISSUED UNDER SUCH OTHER INDENTURE.

Not applicable by virtue of response to Item 13.

ITEM 5. INTERLOCKING DIRECTORATES AND SIMILAR RELATIONSHIPS WITH THE OBLIGOR OR UNDERWRITERS.

IF THE TRUSTEE OR ANY OF THE DIRECTORS OR EXECUTIVE OFFICERS OF THE TRUSTEE IS A DIRECTOR, OFFICER, PARTNER, EMPLOYEE, APPOINTEE, OR REPRESENTATIVE OF THE OBLIGOR OR OF ANY UNDERWRITER FOR THE OBLIGOR, IDENTIFY EACH SUCH PERSON HAVING ANY SUCH CONNECTION AND STATE THE NATURE OF EACH SUCH CONNECTION.

Not applicable by virtue of response to Item 13.

ITEM 6. VOTING SECURITIES OF THE TRUSTEE OWNED BY THE OBLIGOR OR ITS OFFICIALS.

FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF THE TRUSTEE OWNED BENEFICIALLY BY THE OBLIGOR AND EACH DIRECTOR, PARTNER AND EXECUTIVE OFFICER OF THE OBLIGOR.

AS OF MAY 17, 1994

COL. A NAME OF OWNER -----	COL. B TITLE OF CLASS -----	COL. C AMOUNT OWNED BENEFICIALLY -----	COL. D PERCENTAGE OF VOTING SECURITIES REPRESENTED BY AMOUNT GIVEN IN COL. C -----
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Not applicable by virtue of response to Item 13.

ITEM 7. VOTING SECURITIES OF THE TRUSTEE OWNED BY UNDERWRITERS OR THEIR OFFICIALS.

FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF THE TRUSTEE OWNED BENEFICIALLY BY EACH UNDERWRITER FOR THE OBLIGOR AND EACH DIRECTOR, PARTNER, AND EXECUTIVE OFFICER OF EACH SUCH UNDERWRITER.

AS OF MAY 17, 1994

COL. A NAME OF OWNER -----	COL. B TITLE OF CLASS -----	COL. C AMOUNT OWNED BENEFICIALLY -----	COL. D PERCENTAGE OF VOTING SECURITIES REPRESENTED BY AMOUNT GIVEN IN COL. C -----
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Not applicable by virtue of response to Item 13.

ITEM 8. SECURITIES OF THE OBLIGOR OWNED OR HELD BY THE TRUSTEE.

FURNISH THE FOLLOWING INFORMATION AS TO SECURITIES OF THE OBLIGOR OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY THE TRUSTEE:

AS OF MAY 17, 1994

<TABLE>  
<CAPTION>

COL. A <S> TITLE OF CLASS -----	COL. B <C> WHETHER THE SECURITIES ARE VOTING OR NONVOTING SECURITIES -----	COL. C <C> AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT -----	COL. D <C> PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C -----
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</TABLE>

Not applicable by virtue of response to Item 13.

2

ITEM 9. SECURITIES OF UNDERWRITERS OWNED OR HELD BY THE TRUSTEE.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT ANY SECURITIES OF AN UNDERWRITER FOR THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF SECURITIES OF SUCH UNDERWRITER ANY OF WHICH ARE SO OWNED OR HELD BY THE TRUSTEE.

AS OF MAY 17, 1994

<TABLE>  
<CAPTION>

COL. A <S> NAME OF ISSUER AND TITLE OF CLASS -----	COL. B <C> AMOUNT OUTSTANDING -----	COL. C <C> AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY TRUSTEE -----	COL. D <C> PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C -----
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</TABLE>

Not applicable by virtue of response to Item 13.

ITEM 10. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF VOTING SECURITIES OF CERTAIN AFFILIATES OR SECURITY HOLDERS OF THE OBLIGOR.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT VOTING SECURITIES OF A PERSON WHO, TO THE KNOWLEDGE OF THE TRUSTEE (1) OWNS 10 PERCENT OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR OR (2) IS AN AFFILIATE, OTHER THAN A SUBSIDIARY, OF THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF SUCH PERSON.

AS OF MAY 17, 1994

<TABLE>  
<CAPTION>

COL. A	COL. B	COL. C	COL. D
<S>	<C>	<C>	<C>
NAME OF ISSUER AND TITLE OF CLASS	AMOUNT OUTSTANDING	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY TRUSTEE	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C
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</TABLE>

Not applicable by virtue of response to Item 13.

ITEM 11. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF ANY SECURITIES OF A PERSON OWNING 50 PERCENT OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT ANY SECURITIES OF A PERSON WHO, TO THE KNOWLEDGE OF THE TRUSTEE, OWNS 50 PERCENT OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF SECURITIES OF SUCH PERSON ANY OF WHICH ARE SO OWNED OR HELD BY THE TRUSTEE.

AS OF MAY 17, 1994

<TABLE>  
<CAPTION>

COL. A	COL. B	COL. C	COL. D
<S>	<C>	<C>	<C>
NAME OF ISSUER AND TITLE OF CLASS	AMOUNT OUTSTANDING	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY TRUSTEE	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C
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</TABLE>

Not applicable by virtue of response to Item 13.

3

ITEM 12. INDEBTEDNESS OF THE OBLIGOR TO THE TRUSTEE.

EXCEPT AS NOTED IN THE INSTRUCTIONS, IF THE OBLIGOR IS INDEBTED TO THE TRUSTEE, FURNISH THE FOLLOWING INFORMATION:

AS OF MAY 17, 1994

COL. A	COL. B	COL. C
NATURE OF INDEBTEDNESS	AMOUNT OUTSTANDING	DATE DUE
-----	-----	-----

Not applicable by virtue of response to Item 13.

ITEM 13. DEFAULTS BY THE OBLIGOR.

(A) STATE WHETHER THERE IS OR HAS BEEN A DEFAULT WITH RESPECT TO THE SECURITIES UNDER THIS INDENTURE. EXPLAIN THE NATURE OF ANY SUCH DEFAULT.

There is not nor has there been a default with respect to the securities under this indenture.

(B) IF THE TRUSTEE IS A TRUSTEE UNDER ANOTHER INDENTURE UNDER WHICH ANY OTHER SECURITIES, OR CERTIFICATES OF INTEREST OR PARTICIPATION IN ANY OTHER SECURITIES, OF THE OBLIGOR ARE OUTSTANDING, OR IS TRUSTEE FOR MORE THAN ONE OUTSTANDING SERIES OF SECURITIES UNDER THE INDENTURE, STATE WHETHER THERE HAS BEEN A DEFAULT UNDER ANY SUCH INDENTURE OR SERIES, IDENTIFY THE INDENTURE OR SERIES AFFECTED, AND EXPLAIN THE NATURE OF ANY SUCH DEFAULT.

There is not nor has there been a default with respect to the securities under this indenture. The trustee is not a trustee under other indentures under which securities issued by the obligor are outstanding.

ITEM 14. AFFILIATIONS WITH THE UNDERWRITERS.

IF ANY UNDERWRITER IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

Not applicable by virtue of response to Item 13.

ITEM 15. FOREIGN TRUSTEE.

IDENTIFY THE ORDER OR RULE PURSUANT TO WHICH THE FOREIGN TRUSTEE IS AUTHORIZED TO ACT AS SOLE TRUSTEE UNDER INDENTURES QUALIFIED OR TO BE QUALIFIED UNDER THE ACT.

Not applicable.

ITEM 16. LIST OF EXHIBITS.

LIST BELOW ALL EXHIBITS FILED AS A PART OF THIS STATEMENT OF ELIGIBILITY.

1. A copy of the Articles of Association of Continental Bank, National Association as now in effect, incorporated herein by reference to Exhibit 1 to T-1; Registration No. 33-40462.

2. A copy of the certificate of authority to commence business, incorporated herein by reference to Exhibit 2 to T-1; Registration No. 33-26747.

3. A copy of the authorization to exercise corporate trust powers, incorporated herein by reference to Exhibit 3 of Amendment No. 1 to T-1; Registration No. 2-51075.

4. A copy of the existing By-laws of Continental Bank, National Association as now in effect, incorporated herein by reference to Exhibit 4 to T-1; Registration No. 33-43020.

5. Not applicable.

4

6. The consent of the trustee required by Section 321(b) of the Trust Indenture Act of 1939, incorporated herein by reference to Exhibit 6 of Amendment No. 1 to T-1; Registration No. 2-51075.

7. A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority, filed herewith.

8. Not applicable.

9. Not applicable.

SIGNATURE

PURSUANT TO THE REQUIREMENTS OF THE TRUST INDENTURE ACT OF 1939, THE TRUSTEE, CONTINENTAL BANK, NATIONAL ASSOCIATION, A NATIONAL BANKING ASSOCIATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE UNITED STATES OF AMERICA, HAS DULY

CAUSED THIS STATEMENT OF ELIGIBILITY TO BE SIGNED ON ITS BEHALF BY THE  
 UNDERSIGNED, THEREUNTO DULY AUTHORIZED, ALL IN THE CITY OF CHICAGO, AND STATE  
 OF ILLINOIS, AS OF THE 17TH DAY OF MAY, 1994.

CONTINENTAL BANK, NATIONAL  
 ASSOCIATION

By /s/ K. L. Clark

-----  
 K. L. Clark  
 Trust Officer

5

EXHIBIT 7

(OFFICIAL PUBLICATION)  
 REPORT OF CONDITION  
 CONSOLIDATING DOMESTIC AND FOREIGN SUBSIDIARIES OF THE

(LOGO) CONTINENTAL BANK, NATIONAL ASSOCIATION

Charter No. 13639

National Bank Region No. 7

in the state of Illinois at the close of business on December 31, 1993  
 published in response to call made by Comptroller of the Currency, under title  
 12, United States Code, Section 161.

<TABLE>  
 <CAPTION>

ASSETS	In Millions
<S>	<C>
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin.....	\$ 2,042
Interest-bearing balances.....	1,802
Securities.....	1,893
Federal funds sold and securities purchased under agreements to resell in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs:	
Federal funds sold.....	608
Securities purchased under agreements to resell.....	922
Loans and lease financing receivables:	
Loans and leases, net of unearned income.....	\$11,930
LESS: Allowance for loan and lease losses.....	328
LESS: Allocated transfer risk reserve.....	0
Loans and leases, net of unearned income, allowance and reserve....	11,602
Assets held in trading accounts.....	1,637
Premises and fixed assets (including capitalized leases).....	222
Other real estate owned.....	143
Investments in unconsolidated subsidiaries and associated companies..	0
Customers' liability to this bank on acceptances outstanding.....	69
Intangible assets.....	1
Other assets.....	1,390
	-----
TOTAL ASSETS.....	\$22,331
	=====

LIABILITIES

Deposits:	
In domestic offices.....	\$10,223
Noninterest-bearing.....	\$2,924
Interest-bearing.....	7,299
In foreign offices, Edge and Agreement subsidiaries, and IBFs.....	3,802
Noninterest-bearing.....	\$ 70
Interest-bearing.....	3,732
Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs:	
Federal funds purchased.....	1,312
Securities sold under agreements to repurchase.....	418
Demand notes issued to the U.S. Treasury.....	1,300
Other borrowed money.....	1,670
Mortgage indebtedness and obligations under capitalized leases.....	0

Bank's liability on acceptances executed and outstanding.....	69
Notes and debentures subordinated to deposits.....	398
Other liabilities.....	993
	-----
TOTAL LIABILITIES.....	20,185
	-----
Limited-life preferred stock.....	0
EQUITY CAPITAL	
Perpetual preferred stock.....	0
Common stock.....	685
Surplus.....	827
Undivided profits and capital reserves.....	604
LESS: Net unrealized loss on marketable equity securities.....	(35)
Cumulative foreign currency translation adjustments.....	(5)
	-----
TOTAL EQUITY CAPITAL.....	2,146
	-----
TOTAL LIABILITIES, LIMITED-LIFE PREFERRED STOCK, AND EQUITY CAPITAL	\$22,331
	=====

</TABLE>

I, John J. Higgins, Controller of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

/s/ JOHN J. HIGGINS  
-----  
Controller

February 11, 1994