

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-A12B

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

Filing Date: **1999-11-08**  
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### FILER

#### **SEQUA CORP /DE/**

CIK: **95301** | IRS No.: **131885030** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **8-A12B** | Act: **34** | File No.: **001-00804** | Film No.: **99742879**  
SIC: **3724** Aircraft engines & engine parts

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-A

FOR REGISTRATION OF CERTAIN CLASSES OF SECURITIES  
PURSUANT TO SECTION 12(b) OR (g) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Sequa Corporation

-----  
(Exact name of registrant as specified in its charter)

Delaware

13-1885030

-----  
(State of incorporation  
or organization)

(I.R.S. Employer  
Identification No.)

200 Park Avenue, 44th Floor, New York, New York

10166

-----  
(Address of principal executive offices)

(Zip Code)

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

Title of each class  
to be so registered  
9% Senior Notes due 2009

Name of each exchange on which  
each class is to be registered  
New York Stock Exchange

-----  
If this form relates to the registration of a class of securities  
pursuant to Section 12(b) of the Exchange Act and is effective  
pursuant to General Instruction A.(c), check the following box.

[ x ]

If this form relates to the registration of a class of securities  
pursuant to Section 12(g) of the Exchange Act and is effective  
pursuant to General Instruction A.(d), check the following box.

[ ]

Securities Act registration statement file number to which this  
form relates:

\_\_\_\_\_  
(if applicable)

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

None

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(Title of class)

Item 1. Description of Registrant's Securities to Be Registered.  
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The title of the securities registered hereby is 9% Senior Notes Due 2009 (the "Notes"). The description of such securities is hereby incorporated by reference to the material set forth under the captions (i) "Description of Notes" in the Prospectus Supplement dated July 26, 1999 ("Prospectus Supplement") to the Prospectus dated January 22, 1999 ("Prospectus") and (ii) "Description of Debt Securities " in the Prospectus which constitutes a part of the Registration Statement on Form S-3, File No. 333-66035, filed under the Securities Act of 1933, as amended (the "Act"). The Prospectus and Prospectus Supplement were filed with the Commission via EDGAR pursuant to Rule 424(b) under the Act on July 28, 1999 and are hereby incorporated by reference.

Item 2. Exhibits  
-----

1. Indenture, dated as of July 29, 1999, between Sequa Corporation and Harris Trust Company of New York (filed herewith).
2. Securities Resolution No. 1 of the Registrant, dated as of July 29, 1999, which establishes the terms of the Notes (filed herewith).

SIGNATURE

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

SEQUA CORPORATION

/s/ Stuart Z. Krinsly

Date:

By:-----

Name: Stuart Z. Krinsly

Title: Senior Executive Vice  
President and General Counsel

EXHIBIT INDEX

Number -----	Description -----
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SEQUA CORPORATION

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DEBT SECURITIES

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INDENTURE

Dated as of July 29, 1999

Harris Trust Company of New York, Trustee

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6.04	316 (a) (1) (B)
6.06	316 (a) (1) (A)
6.07	317 (a) (1)
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7.04	315 (b)
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INDENTURE dated as of July 29, 1999 between SEQUA CORPORATION, a corporation organized and existing under the laws of the State of Delaware (hereinafter called the "Company"), and HARRIS TRUST COMPANY OF NEW YORK, a New York banking corporation, as Trustee ("Trustee").

Each party agrees as follows for the benefit of the Holders of the Company's debt securities issued under this Indenture:

#### ARTICLE 1. DEFINITIONS

##### SECTION 1.01. Definitions.

"AFFILIATE" means any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company.

"AGENT" means any Registrar or Paying Agent.

"AUTHORIZED NEWSPAPER" means a newspaper that is:

- (1) printed in the English language or in an official language of the country of publication;



(2) customarily published on each business day in the place of publication; and

(3) of general circulation in the relevant place or in the financial community of such place.

Whenever successive publications in an Authorized Newspaper are required, they may be made on the same or different business days and in the same or different Authorized Newspapers.

"BEARER SECURITY" means a Security payable to bearer.

"BOARD" means the Board of Directors of the Company or any authorized committee of the Board.

"CAPITAL STOCK" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of any person and all warrants or options to acquire such capital stock.

"COMPANY" means the party named as such above until a successor replaces it and thereafter means the successor.

"CORPORATE TRUST OFFICE" shall mean the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of the execution of this Indenture is located at Wall Street Plaza, 88 Pine Street, New York, New York 10005, Attention: Corporate Trust Department, or at any other time at such other address as the

Trustee may designate from time to time by notice to the Holders.

"coupon" means an interest coupon for a Bearer Security.

"DEFAULT" means any event which is, or after notice or passage of time would be, an Event of Default (as defined below).

"DISCOUNTED DEBT SECURITY" means a Security where the amount of principal due upon acceleration is less than the stated principal amount.

"HOLDER" or "SECURITYHOLDER" means the person in whose name a Registered Security is registered and the bearer of a Bearer Security or coupon.

"INDENTURE" means this Indenture and any Securities Resolution as amended from time to time.

"LIEN" means mortgage, pledge, security interest or other

lien.

"OFFICER" means the Chairman, any Vice-Chairman, the President, any Executive or Senior Vice President, any Vice-President, the Treasurer or any Assistant Treasurer, the Secretary or any Assistant Secretary of the Company.

"OFFICERS' CERTIFICATE" means a certificate signed by two Officers of the Company, and delivered to the Trustee.

"OPINION OF COUNSEL" means a written opinion from legal counsel who is acceptable to the Trustee, and delivered to the Trustee. The counsel may be an employee of or counsel to the Company or the Trustee.

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

"principal" of a debt security means the principal of the security plus the premium, if and when applicable, on the security.

"REGISTERED SECURITY" means a Security registered as to principal and interest by the Registrar.

"SEC" means the Securities and Exchange Commission.

"SECURITIES" means the debt securities issued under this Indenture.

"SECURITIES RESOLUTION" means a resolution authorizing a series adopted by the Board or by a committee of Officers or an Officer pursuant to Board delegation.

"series" means a series of Securities or the Securities of the series.

"SUBSIDIARY" of any person means (i) a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by such person or by one or more other Subsidiaries of such person or by such person and one or more Subsidiaries thereof or (ii) any other person (other than a corporation) in which such person, or one or more Subsidiaries of such person or such person and one or more Subsidiaries thereof, directly or indirectly, has at least a majority ownership and power to direct the policy, management and affairs thereof.

"TIA" means the Trust Indenture Act of 1939 (15 U.S. Code

77aaa-77bbb), as amended.

"TRADING DAY" means each day on which the securities exchange or quotation system which is used to determine the Market Price is open for trading or quotation.

"TRUSTEE" means the party named as such above until a successor replaces it and thereafter means the successor.

"TRUST OFFICER" when used with respect to the Trustee, means any officer assigned to the Corporate Trust Office, including any managing director, vice president, assistant vice president, assistant treasurer, assistant secretary or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and having direct responsibility for the administration of this Indenture, and also, with respect to a particular matter, any other officer, to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"UNITED STATES" means the United States of America, its territories and possessions and other areas subject to its jurisdiction.

#### SECTION 1.02. Other Definitions.

TERM	DEFINED IN SECTION
"ACTUAL KNOWLEDGE"	7.01
"BANKRUPTCY LAW"	6.01
"CONDITIONAL REDEMPTION"	3.04
"CUSTODIAN"	6.01
"LEGAL HOLIDAY"	10.06
"PAYING AGENT"	2.03
"REGISTRAR"	2.03
"TREASURY REGULATIONS"	2.04
"U.S. GOVERNMENT OBLIGATIONS"	8.02

#### SECTION 1.03. Rules of Construction.

Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles in the United States;

- (3) generally accepted accounting principles are those applicable from time to time;
- (4) all terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings assigned to them by such definitions;
- (5) "OR" is not exclusive; and
- (6) words in the singular include the plural, and in the plural include the singular.

## ARTICLE 2. THE SECURITIES

### SECTION 2.01. Issuable in Series.

The aggregate principal amount of Securities that may be issued under this Indenture is unlimited. The Securities may be issued from time to time in one or more series. Each series shall be created by a Securities Resolution that establishes the terms of the series, which may include the following:

- (1) the title of the series;
- (2) the aggregate principal amount of the series;
- (3) the interest rate, if any, or method of calculating the interest rate;
- (4) the date from which interest will accrue;
- (5) the record dates for interest payable on Registered Securities;
- (6) the dates when principal and interest are payable;
- (7) the manner of paying principal and interest;
- (8) the places where principal and interest are payable;

- (9) the Registrar and Paying Agent;
- (10) the terms of any mandatory or optional redemption by the Company or any third party including any sinking fund;
- (11) the terms of any redemption at the option of Holders or put by the Holders;
- (12) the denominations in which Securities are issuable;
- (13) whether Securities will be issuable as Registered Securities, Bearer Securities or uncertificated Securities;
- (14) whether and upon what terms Registered Securities, Bearer Securities and uncertificated Securities may be exchanged;
- (15) whether any Securities will be represented by a Security in global form;
- (16) the terms of any global Security;
- (17) the terms of any tax indemnity;
- (18) the currencies (including any composite currency) in which principal or interest may be paid;
- (19) if payments of principal or interest may be made in a currency other than that in which Securities are denominated, the manner for determining such payments;
- (20) if amounts of principal or interest may be determined by reference to an index, formula or other method, the manner for determining such amounts;
- (21) provisions for electronic issuance of Securities or for Securities in uncertificated form;
- (22) the portion of principal payable upon acceleration of a Discounted Debt Security;
- (23) whether any Events of Default or covenants in addition to or in lieu of those set forth in this Indenture have been added;

- (24) whether and upon what terms Securities may be defeased;
- (25) the forms of the Securities or any coupon, which may be in the form of Exhibit A or B;
- (26) any terms that may be required by or advisable under U.S. laws; and
- (27) any other terms not inconsistent with this Indenture.

All Securities of one series need not be issued at the same time and, unless otherwise provided, a series may be reopened for issuances of additional Securities of such series.

The creation and issuance of a series and the authentication and delivery thereof are not subject to any conditions precedent.

#### SECTION 2.02. Execution and Authentication.

Two Officers shall sign the Securities by manual or facsimile signature. The Company's seal shall be reproduced on the Securities. An Officer shall sign any coupons by facsimile signature.

If an Officer whose signature is on a Security or its coupons no longer holds that office at the time the Security is authenticated or delivered, the Security and coupons shall nevertheless be valid.

A Security and its coupons shall not be valid until the Security is authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

Each Registered Security shall be dated the date of its authentication. Each Bearer Security shall be dated the date of its original issuance or as provided in the Securities Resolution.

Securities may have notations, legends or endorsements required by law, stock exchange rule, agreement or usage.

In the event Securities are issued in electronic or other uncertificated form, such Securities may be validly issued without the signatures or seal contemplated by this Section 2.02.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Securities. An authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate.

#### SECTION 2.03. Agents.

The Company shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Securities may be presented for payment ("Paying Agent"). The Registrar shall keep a register of the Securities and of their transfer and exchange.

The Company may appoint more than one Registrar or Paying Agent for a series. The Company shall notify the Trustee of the name and address of any Agent not a party to this Indenture. If the Company does not appoint or maintain a Registrar or Paying Agent for a series, the Trustee shall act as such.

#### SECTION 2.04. Bearer Securities.

U.S. laws and Treasury Regulations restrict sales or exchanges of and payments on Bearer Securities. Therefore, except as provided below:

- (1) Bearer Securities will be offered, sold or delivered only outside the United States and will be delivered in connection with its original issuance only upon presentation of a certificate in a form prescribed by the Company to comply with U.S. laws and regulations.
- (2) Bearer Securities will not be issued in exchange for Registered Securities.
- (3) All payments of principal and interest (including original issue discount) on Bearer Securities will be made outside the United States by a Paying Agent located outside the United States unless the Company determines that:
  - (A) such payments may not be made by such Paying Agent because the payments are illegal or prevented by exchange controls as described in Treasury

- (B) making the payments in the United States would not have an adverse tax effect on the Company.

If there is a change in the relevant provisions of U.S. laws or Treasury Regulations or the judicial or administrative interpretation thereof, a restriction set forth in paragraph (1), (2) or (3) above will not apply to a series if the Company determines that the relevant provisions no longer apply to the series or that failure to comply with the relevant provisions would not have an adverse tax effect on the Company or on Securityholders or cause the series to be treated as "registration-required" obligations under U.S. law.

The Company shall notify the Trustee of any determinations by the Company under this Section.

"TREASURY REGULATIONS" means regulations of the U.S. Treasury Department under the Internal Revenue Code of 1986, as amended.

#### SECTION 2.05. Paying Agent to Hold Money in Trust.

The Company shall require each Paying Agent for a series other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of the persons entitled thereto all money held by the Paying Agent for the payment of principal of or interest on the series, and will notify the Trustee of any default by the Company in making any such payment.

While any such default continues, the Trustee may require a Paying Agent to pay all money so held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent shall have no further liability for the money.

If the Company or an Affiliate acts as Paying Agent for a series, it shall segregate and hold as a separate trust fund all money held by it as Paying Agent for the series.

#### SECTION 2.06. Securityholder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee semiannually and at such other times as the Trustee may request a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders of Registered Securities and



Holders of Bearer Securities whose names are on the list referred to below.

The Registrar shall keep a list of the names and addresses of Holders of Bearer Securities who file a request to be included on such list. A request will remain in effect for two years, and successive requests may be made.

Whenever the Company or the Trustee is required to mail a notice to all Holders of Registered Securities of a series, it also shall mail the notice to Holders of Bearer Securities of the series whose names are on the list.

Whenever the Company is required to publish a notice to all Holders of Bearer Securities of a series, it also shall mail the notice to such of them whose names are on the list.

#### SECTION 2.07. Transfer and Exchange.

Where Registered Securities of a series are presented to the Registrar with a request to register a transfer or to exchange them for an equal principal amount of Registered Securities of other denominations of the same series, the Registrar shall register the transfer or make the exchange if its requirements for such transactions are met. To permit registrations of transfer and exchanges, the Trustee shall authenticate Registered Securities and Bearer Securities at the Registrar's request.

The Registrar may require a Holder to pay a sum sufficient to cover any taxes imposed on a transfer or exchange.

If a series provides for Registered and Bearer Securities and for their exchange, Bearer Securities may be exchanged for Registered Securities and Registered Securities may be exchanged for Bearer Securities as provided in the Securities or the Securities Resolution if the requirements of the Registrar for such transactions are met and in the case of the exchange of registered securities for bearer securities if Section 2.04 permits the exchange.

The Company may elect not to exchange or register the transfer of any Security for a period of 15 days before a selection of Securities to be redeemed.

#### SECTION 2.08. Replacement Securities.

If the Holder of a Security or coupon claims that it has been lost, destroyed or wrongfully taken, then, in the absence of notice to the Company or the Trustee that the Security or coupon

has been acquired by a protected purchaser, the Company shall issue a replacement Security or coupon if the Company and the Trustee receive:

- (1) evidence satisfactory to them of the loss, destruction or taking;
- (2) an indemnity bond satisfactory to them; and
- (3) payment of a sum sufficient to cover their expenses and any taxes for replacing the Security or coupon.

A replacement Security shall have coupons attached corresponding to those, if any, on the replaced Security.

Every replacement Security or coupon is an additional obligation of the Company.

#### SECTION 2.09. Outstanding Securities.

The Securities outstanding at any time are all the Securities authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation, and those described in this Section as not outstanding.

If a Security is replaced pursuant to Section 2.08, it ceases to be outstanding unless the Trustee and the Company receive proof satisfactory to them that the replaced Security is held by a protected purchaser.

If Securities are considered paid under Section 4.01, they cease to be outstanding and interest on them ceases to accrue.

A Security does not cease to be outstanding because the Company or an Affiliate holds the Security.

#### SECTION 2.10. Discounted Debt Securities.

In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, the principal amount of a Discounted Debt Security shall be the amount of principal that would be due as of the date of such determination if payment of the Security were accelerated on that date.

#### SECTION 2.11. Treasury Securities.

In determining whether the Holders of the required principal amount of Securities have concurred in any direction,

waiver or consent, Securities owned by the Company or an Affiliate shall be disregarded, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities which the Trustee actually knows are so owned shall be so disregarded.

#### SECTION 2.12. Global Securities.

If the Securities Resolution so provides, the Company may issue some or all of the Securities of a series in temporary or permanent global form. A global Security may be in registered form, in bearer form with or without coupons or in uncertificated form. A global Security shall represent that amount of Securities of a series as specified in the global Security or as endorsed thereon from time to time. At the Company's request, the Trustee shall endorse a global Security to reflect the amount of any increase or decrease in the Securities represented thereby.

The Company may issue a global Security only to a depository designated by the Company. A depository may transfer a global Security only as a whole to its nominee or to a successor depository.

The Securities Resolution may establish, among other things, the manner of paying principal and interest on a global Security and whether and upon what terms a beneficial owner of an interest in a global Security may exchange such interest for definitive Securities.

The Company, an Affiliate, the Trustee and any Agent shall not be responsible for any acts or omissions of a depository, for any depository records of beneficial ownership interests or for any transactions between the depository and beneficial owners.

#### SECTION 2.13. Temporary Securities.

Until definitive Securities of a series are ready for delivery, the Company may use temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Temporary Securities may be in global form. Temporary Bearer Securities may have one or more coupons or no coupons. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Securities in exchange for temporary Securities.

#### SECTION 2.14. Cancellation.

The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Securities and coupons surrendered to them for payment, exchange or registration of transfer. The Trustee shall cancel all Securities or coupons surrendered for payment, registration of transfer, exchange or cancellation. The Trustee also will cancel all Bearer Securities and unmatured coupons unless the Company requests the Trustee to hold the same for redelivery. Any Bearer Securities so held shall be considered delivered for cancellation under Section 2.09. The Trustee shall dispose of cancelled Securities and coupons in accordance with its record retention policies in effect at the time or shall deliver them to the Company upon the written request of the Company.

Unless the Securities Resolution otherwise provides, the Company may not issue new Securities to replace Securities that the Company has paid or that the Company has delivered to the Trustee for cancellation.

#### SECTION 2.15. Defaulted Interest.

If the Company defaults in a payment of interest on Registered Securities, it need not pay the defaulted interest to Holders on the regular record date. The Company may fix a special record date for determining Holders entitled to receive defaulted interest, or the Company may pay defaulted interest in any other lawful manner. At least 15 days before the special record date, the Company shall give the Holders of Registered Securities a notice that states the record date, payment date and amount of interest to be paid.

### ARTICLE 3. REDEMPTION

#### SECTION 3.01. Notices to Trustee.

Securities of a series that are redeemable before maturity shall be redeemable in accordance with their terms and, unless the Securities Resolution otherwise provides, in accordance with this Article.

In the case of a redemption by the Company, the Company shall notify the Trustee of the redemption date and the principal amount of Securities to be redeemed. The Company shall notify the Trustee at least 35 days before the redemption date unless a shorter notice is satisfactory to the Trustee.

If the Company is required to redeem Securities, it may

reduce the principal amount of Securities required to be redeemed to the extent that it is permitted a credit against such redemption requirement by the terms of the Securities Resolution and notifies the Trustee of the amount of such credit and the basis for it. If the reduction is based on a credit for acquired or redeemed Securities that the Company has not previously delivered to the Trustee for cancellation, the Company shall deliver the Securities at the same time as the notice.

### SECTION 3.02. Selection of Securities to Be Redeemed.

If less than all the Securities of a series are to be redeemed, the Trustee shall select the Securities to be redeemed from Securities outstanding not previously called for redemption by a method the Trustee considers fair and appropriate. The Trustee shall make the selection from Securities of the series outstanding not previously called for redemption. The Trustee may select for redemption portions of the principal of Securities having denominations larger than the minimum denomination for the series. Securities and portions thereof selected for redemption shall be in amounts equal to the minimum denomination for the series or an integral multiple thereof. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption.

### SECTION 3.03. Notice of Redemption.

At least 30 days before a redemption date, the Company shall mail a notice of redemption by first-class mail to each Holder of Registered Securities whose Securities are to be redeemed.

If Bearer Securities are to be redeemed, the Company shall publish a notice of redemption in an Authorized Newspaper as provided in the Securities.

A notice shall identify the Securities of the series to be redeemed and shall state:

- (1) the redemption date;
- (2) the redemption price;
- (3) the name and address of the Paying Agent;
- (4) that Securities called for redemption, together with all coupons, if any, maturing after the redemption date, must be surrendered to the Paying Agent to collect the redemption price;

- (5) that interest on Securities called for redemption ceases to accrue on and after the redemption date;
- (6) whether the redemption by the Company is mandatory or optional; and
- (7) whether the redemption is conditional as provided in Section 3.04, and if so, the terms of the conditions, and that, if the conditions are not satisfied or are not waived by the Company, the Securities will not be redeemed and such a failure to redeem will not constitute an Event of Default.

A redemption notice given by publication need not identify Registered Securities to be redeemed.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense.

#### SECTION 3.04. Effect of Notice of Redemption.

Except as provided below, once notice of redemption is given, Securities called for redemption become due and payable on the redemption date at the redemption price stated in the notice.

A notice of redemption may provide that it is subject to the occurrence of any event before the date fixed for such redemption as described in such notice ("Conditional Redemption"), and such notice of Conditional Redemption shall be of no effect unless all such conditions to the redemption have occurred on or before such date or have been waived by the Company in its sole discretion.

#### SECTION 3.05. Payment of Redemption Price.

On or before the redemption date, the Company shall deposit with the Paying Agent money sufficient to pay the redemption price of and accrued interest on all Securities to be redeemed on that date.

When the Holder of a Security surrenders it for redemption in accordance with the redemption notice, the Company shall pay to the Holder on the redemption date the redemption price and accrued interest to such date, except that:

- (1) the Company will pay any such interest (except defaulted interest) to Holders on the record date of Registered Securities if the redemption date occurs on an interest payment date; and

- (2) the Company will pay any such interest to Holders of coupons that mature on or before the redemption date upon surrender of such coupons to the Paying Agent.

Coupons maturing after the redemption date on a called Security are void absent a payment default on that date. Nevertheless, if a Holder surrenders for redemption a Bearer Security missing any such coupons, the Company may deduct the face amount of such coupons from the redemption price. If thereafter the Holder surrenders to the Paying Agent the missing coupons, the Company will return the amount so deducted. The Company may waive surrender of the missing coupons if it receives an indemnity bond satisfactory to the Company.

#### SECTION 3.06. Securities Redeemed in Part.

Upon surrender of a Security that is redeemed in part, the Trustee shall authenticate for the Holder and the Company shall deliver to the Holder a new Security of the same series equal in principal amount to the unredeemed portion of the Security surrendered.

### ARTICLE 4. COVENANTS

#### SECTION 4.01. Payment of Securities.

The Company shall pay the principal of and interest on a series in accordance with the terms of the Securities for the series, any related coupons, and this Indenture. Principal and interest on a series shall be considered paid on the date due if the Paying Agent for the series holds on that date money sufficient to pay all principal and interest then due on the series.

#### SECTION 4.02. Overdue Interest.

Unless the Securities Resolution otherwise provides, the Company shall pay interest on overdue principal of a Security of a series at the rate (or yield to maturity in the case of a Discounted Debt Security) borne by the series; the Company shall pay interest on overdue installments of interest at the same rate or yield to maturity to the extent lawful.

#### SECTION 4.03. Compliance Certificate.

The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year of the Company, a brief certificate signed by the principal executive officer, principal

financial officer or principal accounting officer of the Company, as to the signer's knowledge of the Company's compliance with all conditions and covenants under this Indenture (determined without regard to any period of grace or requirement of notice provided herein).

Any other obligor on the Securities shall also deliver to the Trustee such a certificate as to its compliance with this Indenture within 120 days after the end of each of its fiscal years.

The certificates need not comply with Section 10.04.

#### SECTION 4.04. SEC Reports.

The Company shall file with the Trustee, within 15 days after the Company is required to file the same with the SEC, copies of the annual reports and of the information, documents, and other reports (or such portions of the foregoing as the SEC may prescribe) which the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Any other obligor on the Securities shall do likewise as to the above items which it is required to file with the SEC pursuant to those sections.

### ARTICLE 5 . SUCCESSORS

#### SECTION 5.01. When Company May Merge, etc.

Unless the Securities Resolution establishing a series otherwise provides with respect to that series, the Company shall not consolidate with or merge into, or transfer all or substantially all of its assets to, any person in any transaction in which the Company is not the survivor unless:

- (1) the person is organized under the laws of the United States or a State thereof or is organized under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States or a State thereof;
- (2) the person assumes by supplemental indenture all the obligations of the Company under this Indenture, the Securities and any coupons; and
- (3) immediately after the transaction no Default exists.



The successor shall be substituted for the Company, and thereafter all obligations of the Company under this Indenture, the Securities and any coupons shall terminate.

## ARTICLE 6. DEFAULTS AND REMEDIES

### SECTION 6.01. Events of Default.

Unless the Securities Resolution otherwise provides, an "EVENT OF DEFAULT" on a series occurs if:

- (1) the Company defaults in any payment of interest on any Securities of the series when the same becomes due and payable and the Default continues for a period of 60 days;
- (2) the Company defaults in the payment of the principal and premium, if any, of any Securities of the series when the same becomes due and payable at maturity or upon redemption, acceleration or otherwise, and such default shall continue for five or more days;
- (3) the Company defaults in the payment or satisfaction of any sinking fund obligation with respect to any Securities of the series as required by the Securities Resolution establishing such series and the Default continues for a period of 60 days;
- (4) the Company defaults in the performance of any of its other agreements applicable to the series and the Default continues for 90 days after the notice specified below;
- (5) the Company pursuant to or within the meaning of any Bankruptcy Law:
  - (A) commences a voluntary case,
  - (B) consents to the entry of an order for relief against it in an involuntary case,
  - (C) consents to the appointment of a Custodian for it or for all or substantially all of its property, or
  - (D) makes a general assignment for the benefit of its creditors;

- (6) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
- (A) is for relief against the Company in an involuntary case,
  - (B) appoints a Custodian for the Company or for all or substantially all of its property, or
  - (C) orders the liquidation of the Company;
- and the order or decree remains unstayed and in effect for 60 days; or
- (7) there occurs any other Event of Default provided for in the series.

The term "BANKRUPTCY LAW" means Title 11, U.S. Code or any similar Federal or State law for the relief of debtors. The term "CUSTODIAN" means any receiver, trustee, assignee, liquidator or a similar official under any Bankruptcy Law.

A Default under clause (4) is not an Event of Default until the Trustee or the Holders of at least 33-1/3% in principal amount of the series notify the Company of the Default and the Company does not cure the Default within the time specified after receipt of the notice. The notice must specify the Default, demand that it be remedied and state that the notice is a "Notice of Default." If Holders notify the Company of a Default, they shall notify the Trustee at the same time.

The failure to redeem any Security subject to a Conditional Redemption is not an Event of Default if any event on which such redemption is so conditioned does not occur and is not waived before the scheduled redemption date.

#### SECTION 6.02. Acceleration.

If an Event of Default occurs and is continuing on a series, the Trustee by notice to the Company, or the Holders of at least 33-1/3% in principal amount of the series by notice to the Company and the Trustee, may declare the principal of and accrued interest on all the Securities of the series to be due and payable immediately. Discounted Debt Securities may provide that the amount of principal due upon acceleration is less than the stated principal amount.

The Holders of a majority in principal amount of the

series by notice to the Trustee may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default on the series have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration.

#### SECTION 6.03. Other Remedies.

If an Event of Default occurs and is continuing on a series, the Trustee may pursue any available remedy to collect principal or interest then due on the series, to enforce the performance of any provision applicable to the series, or otherwise to protect the rights of the Trustee and Holders of the series.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or coupons or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

#### SECTION 6.04. Waiver of Past Defaults.

Unless the Securities Resolution otherwise provides, the Holders of a majority in principal amount of a series by notice to the Trustee may waive an existing Default on the series and its consequences except:

- (1) a Default in the payment of the principal of or interest on the series, or
- (2) a Default in respect of a provision that under Section 9.02 cannot be amended without the consent of each Securityholder affected.

#### SECTION 6.05. Control by Majority.

The Holders of a majority in principal amount of a series may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or of exercising any trust or power conferred on the Trustee, with respect to the series.

However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture, is unduly prejudicial to the rights of other Securityholders or if the Trustee shall determine that the action or direction might involve the Trustee in personal liability.

SECTION 6.06. Limitation on Suits.

A Securityholder of a series may pursue a remedy with respect to the series only if:

- (1) the Holder gives to the Trustee notice of a continuing Event of Default on the series;
- (2) the Holders of at least 33-1/3% in principal amount of the series make a request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and
- (5) during such 60-day period the Holders of a majority in principal amount of the series do not give the Trustee a direction inconsistent with such request.

A Securityholder may not use this Indenture to prejudice the rights of another Securityholder or to obtain a preference or priority over another Securityholder.

SECTION 6.07. Collection Suit by Trustee.

If an Event of Default in payment of interest, principal or sinking fund specified in Section 6.01(1), (2) or (3) occurs and is continuing on a series, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal and interest remaining unpaid on the series.

SECTION 6.08. Priorities.

If the Trustee collects any money for a series pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee for amounts due under Section 7.06;

Second: to Securityholders of the series for amounts due and unpaid for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable for principal and interest, respectively; and

Third: to the Company.

The Trustee may fix a payment date for any payment to Securityholders.

## ARTICLE 7. TRUSTEE

### SECTION 7.01. Rights of Trustee.

- (1) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.
- (2) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Certificate or Opinion.
- (3) The Trustee may act through agents, attorneys, custodians and nominees and shall not be responsible for the misconduct or negligence of any agent, attorney, custodian or nominee appointed with due care.
- (4) The Trustee shall not be liable for any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.
- (5) The Trustee may refuse to perform any duty or exercise any right or power which it reasonably believes may expose it to any loss, liability or expense unless it receives indemnity satisfactory to it against such loss, liability or expense.
- (6) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.
- (7) The Trustee shall have no duty with respect to a Default unless it has actual knowledge of the Default. As used herein, the term "actual knowledge" means the actual fact or statement of knowing, without any duty to make any investigation with regard thereto.

- (8) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized and within its powers.
- (9) Any Agent shall have the same rights and be protected to the same extent as if it were Trustee.
- (10) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

SECTION 7.02. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Securities or coupons and may otherwise deal with the Company or an Affiliate with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights.

SECTION 7.03. Trustee's Disclaimer.

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities or any coupons; it shall not be accountable for the Company's use of the proceeds from the Securities; it shall not be responsible for any statement in the Securities or any coupons other than its authentication.

SECTION 7.04. Notice of Defaults.

If a Default occurs and is continuing on a series and if the Trustee has actual knowledge of such Default, the Trustee shall mail a notice of the Default within 90 days after it occurs to Holders of Registered Securities of the series. Except in the case of a Default in payment on a series, the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is in the interest of Holders of the series. The Trustee shall withhold notice of a Default described in Section 6.01(4) until at least 90 days after it occurs.

SECTION 7.05. Reports by Trustee to Holders.

Any report required by TIA ' 313(a) to be mailed to Securityholders shall be mailed by the Trustee on or before July 15 of each year.

A copy of each report at the time of its mailing to

Securityholders shall be filed with the SEC and each stock exchange on which any Securities are listed. The Company shall notify the Trustee when any Securities are listed on a stock exchange.

#### SECTION 7.06. Compensation and Indemnity.

The Company shall pay to the Trustee from time to time reasonable compensation for its services. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred by it. Such expenses shall include the reasonable compensation and expenses of the Trustee's agents and counsel.

The Company shall indemnify the Trustee against any loss or liability incurred by it. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent.

The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through negligence or willful misconduct.

To secure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Securities and any coupons on all money or property held or collected by the Trustee, except that held in trust to pay principal or interest on particular securities.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(5) or (6) occurs, such expenses and the compensation for such services are intended to constitute expenses of administration under any Bankruptcy Law.

The provisions of this Section shall survive any termination or discharge of this Indenture (including without limitation any termination under any Bankruptcy Law) and the resignation or removal of the Trustee.

#### SECTION 7.07. Replacement of Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign by so notifying the Company. The Holders of a majority in principal amount of the Securities may remove the Trustee by so notifying the Trustee and may appoint a successor Trustee with the Company's consent.

The Company may remove the Trustee if:

- (1) the Trustee fails to comply with TIA ' 310(a) or ' 310(b) or with Section 7.09;
- (2) the Trustee is adjudged a bankrupt or an insolvent;
- (3) a Custodian or other public officer takes charge of the Trustee or its property;
- (4) the Trustee becomes incapable of acting; or
- (5) an event of the kind described in Section 6.01(5) or (6) occurs with respect to the Trustee.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of a majority in principal amount of the Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with TIA 310(a) or 310(b) or with Section 7.09, any Securityholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of Registered Securities. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.06.

SECTION 7.08. Successor Trustee by Merger, etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business



to, another corporation, the successor corporation without any further act shall be the successor Trustee.

#### SECTION 7.09. Trustee's Capital and Surplus.

The Trustee, or the bank holding company of which the Trustee is a wholly owned Subsidiary, at all times shall have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published report of financial condition.

### ARTICLE 8. DISCHARGE OF INDENTURE

#### SECTION 8.01. Defeasance.

Securities of a series may be defeased in accordance with their terms and, unless the Securities Resolution otherwise provides, in accordance with this Article.

The Company at any time may terminate as to a series all of its obligations under this Indenture, the Securities of the series and any related coupons ("legal defeasance option"). The Company at any time may terminate as to a series its obligations, if any, under any restrictive covenants which may be applicable to a particular series ("covenant defeasance option"). However, in the case of the legal defeasance option, the Company's obligations in Sections 2.03, 2.04, 2.05, 2.06, 2.07, 2.08, 7.06, 7.07 and 8.04 shall survive until the Securities of the series are no longer outstanding; thereafter the Company's obligations in Section 7.06 shall survive.

The Company may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, a series may not be accelerated because of an Event of Default. If the Company exercises its covenant defeasance option, a series may not be accelerated by reference to any restrictive covenants which may be applicable to such series.

The Trustee upon request shall acknowledge in writing the discharge of those obligations or restrictions that the Company terminates by defeasance.

#### SECTION 8.02. Conditions to Defeasance.

The Company may exercise as to a series its legal defeasance option or its covenant defeasance option if:

- (1) the Company irrevocably deposits in trust with the Trustee or another trustee money or U.S. Government

Obligations;

- (2) the Company delivers to the Trustee a certificate from a nationally recognized firm of independent accountants expressing their opinion that the payments of principal and interest when due on the deposited U.S. Government Obligations without reinvestment plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal and interest when due on all the Securities of the series to maturity or redemption, as the case may be;
- (3) immediately after the deposit no Default exists;
- (4) the deposit does not constitute a default under any other agreement binding on the Company;
- (5) the deposit does not cause the Trustee to have a conflicting interest under TIA 310(a) or 310(b) as to another series;
- (6) the Company delivers to the Trustee an Opinion of Counsel to the effect that Holders of the series will not recognize income, gain or loss for Federal income tax purposes as a result of the defeasance; and
- (7) 91 days pass after the deposit is made and during the 91-day period no Default specified in Section 6.01(5) or (6) occurs that is continuing at the end of the period.

Before or after a deposit the Company may make arrangements satisfactory to the Trustee for the redemption of Securities at a future date in accordance with Article 3.

"U.S. GOVERNMENT OBLIGATIONS" means direct obligations of (i) the United States or (ii) an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed by the United States, which, in either case, have the full faith and credit of the United States pledged for payment and which are not callable at the issuer's option, or certificates representing an ownership interest in such obligations.

SECTION 8.03. Application of Trust Money.

The Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to Section 8.02. It shall

apply the deposited money and the money from U.S. Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal and interest on Securities of the defeased series.

#### SECTION 8.04. Repayment to Company.

The Trustee and the Paying Agent shall promptly turn over to the Company upon request any excess money or securities held by them at any time.

The Trustee and the Paying Agent shall pay to the Company upon written request any money held by them for the payment of principal or interest that remains unclaimed for two years. After payment to the Company, Securityholders entitled to the money must look to the Company for payment as unsecured general creditors unless an abandoned property law designates another person.

### ARTICLE 9. AMENDMENTS

#### SECTION 9.01. Without Consent of Holders.

The Company and the Trustee may amend this Indenture, the Securities or any coupons without the consent of any Securityholder:

- (1) to cure any ambiguity, omission, defect or inconsistency;
- (2) to comply with Section 5.01(2).
- (3) to provide that specific provisions of this Indenture shall not apply to a series not previously issued;
- (4) to create a series and establish its terms;
- (5) to provide for a separate Trustee for one or more series; or
- (6) to make any change that does not materially adversely affect the rights of any Securityholder.

#### SECTION 9.02. With Consent of Holders.

Unless the Securities Resolution otherwise provides, the Company and the Trustee may amend this Indenture, the Securities and any coupons with the written consent of the Holders of a majority in principal amount of the Securities of all series affected by the

amendment voting as one class. However, without the consent of each Securityholder affected, an amendment under this Section may not:

- (1) reduce the amount of Securities whose Holders must consent to an amendment;
- (2) reduce the interest on or change the time for payment of interest on any Security;
- (3) change the fixed maturity of any Security;
- (4) reduce the principal of any non-Discounted Debt Security or reduce the amount of principal of any Discounted Debt Security that would be due upon an acceleration thereof;
- (5) change the currency in which principal or interest on a Security is payable;
- (6) make any change that materially adversely affects the right to convert any Security; or
- (7) make any change in Section 6.04 or 9.02, except to increase the amount of Securities whose Holders must consent to an amendment or waiver or to provide that other provisions of this Indenture cannot be amended or waived without the consent of each Securityholder affected thereby.

An amendment of a provision included solely for the benefit of one or more series does not affect Securityholders of any other series.

Securityholders need not consent to the exact text of a proposed amendment or waiver; it is sufficient if they consent to the substance thereof.

#### SECTION 9.03. Compliance with Trust Indenture Act.

Every amendment pursuant to Section 9.01 or 9.02 shall be set forth in a supplemental indenture (except any amendment pursuant to Section 9.01(4), which may be set forth in a Securities Resolution) that complies with the TIA.

If a provision of the TIA requires or permits a provision of this Indenture and the TIA provision is amended, then the Indenture provision shall be automatically amended to like effect.

#### SECTION 9.04. Effect of Consents.

An amendment or waiver becomes effective in accordance with its terms and thereafter binds every Securityholder entitled to consent to it.

A consent to an amendment or waiver by a Holder of a Security is a continuing consent by the Holder and every subsequent Holder of a Security that evidences the same debt as the consenting Holder's Security. Any Holder or subsequent Holder may revoke the consent as to his Security if the Trustee receives notice of the revocation before the amendment or waiver becomes effective.

The Company may fix a record date for the determination of Holders of Registered Securities entitled to give a consent. The record date shall not be less than 10 nor more than 60 days prior to the first written solicitation of Securityholders.

#### SECTION 9.05. Notation on or Exchange of Securities.

The Company or the Trustee may place an appropriate notation about an amendment or waiver on any Security thereafter authenticated. The Company may issue in exchange for affected Securities and the Trustee shall authenticate new Securities that reflect the amendment or waiver.

#### SECTION 9.06. Trustee Protected.

The Trustee need not sign any supplemental indenture that adversely affects its rights. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel and an Officers' Certificate each stating that the execution of any amendment or supplement or waiver authorized pursuant to this Article is authorized or permitted by this Indenture, and that such amendment or supplement or waiver constitutes the legal, valid and binding obligation of the Company.

### ARTICLE 10. MISCELLANEOUS

#### SECTION 10.01. Trust Indenture Act.

The provisions of TIA 310 through 317 that impose duties on any person (including the provisions automatically deemed included herein unless expressly excluded by this Indenture) are a part of and govern this Indenture, whether or not expressly set forth herein.

If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control. If any provision of this Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or excluded, as the case may be.

SECTION 10.02. Notices.

Any notice by one party to another is duly given if in writing and delivered in person, sent by facsimile transmission confirmed by mail or mailed by first-class mail to the other's address shown below:

Company:

Sequa Corporation  
200 Park Avenue  
New York, New York 10166  
Fax: (212) 370-1969  
Attention: Treasurer

Trustee:

Harris Trust Company of New York  
Wall Street Plaza  
88 Pine Street  
New York, New York 10005  
Fax: (212) 701-7698  
Attention: Corporate Trust Department

A party by notice to the other parties may designate additional or different addresses for subsequent notices.

Any notice mailed to a Securityholder shall be mailed to his address shown on the register kept by the Registrar or on the list referred to in Section 2.06. Failure to mail a notice to a Securityholder or any defect in a notice mailed to a Securityholder shall not affect the sufficiency of the notice mailed to other Securityholders or the sufficiency of any published notice.

If a notice is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice to Securityholders, it shall mail a copy to the Trustee and each Agent at the same time.

If in the Company's opinion it is impractical to mail a notice required to be mailed or to publish a notice required to be published, the Company may give such substitute notice as the Trustee approves. Failure to publish a notice as required or any defect in it shall not affect the sufficiency of any mailed notice.

All notices shall be in the English language, except that any published notice may be in an official language of the country of publication.

A "notice" includes any communication required by this Indenture.

#### SECTION 10.03. Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall if so requested furnish to the Trustee:

- (1) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and
- (2) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

#### SECTION 10.04. Statements Required in Certificate or Opinion.

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

- (1) a statement that the person making such certificate or opinion has read such covenant or condition;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed

opinion as to whether or not such covenant or condition has been complied with; and

- (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 10.05. Rules by Company and Agents.

The Company may make reasonable rules for action by or a meeting of Securityholders. An Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 10.06. No Lien Created, etc.

Except as provided in Section 7.06, this Indenture and the Securities do not create a Lien, charge or encumbrance on any property of the Company or any Subsidiary.

SECTION 10.07. Legal Holidays.

A "LEGAL HOLIDAY" is a Saturday, a Sunday or a day on which banking institutions are not required to be open. If a payment date is a Legal Holiday at a place of payment, unless the Securities Resolution establishing a series otherwise provides with respect to Securities of the series, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 10.08. No Recourse Against Others.

All liability described in the Securities of any director, officer, employee or stockholder, as such, of the Company is waived and released.

SECTION 10.09. Duplicate Originals.

The parties may sign any number of copies of this Indenture. One signed copy is enough to prove this Indenture.

SECTION 10.10. Governing Law.

The laws of the State of New York shall govern this Indenture, the Securities and any coupons, unless federal law governs.



SIGNATURES

Dated: July 29, 1999

SEQUA CORPORATION

By /s/ Kenneth A. Drucker

-----  
Name: Kenneth A. Drucker  
Title: Vice President and  
Treasurer

Dated: July 29, 1999

HARRIS TRUST COMPANY OF  
NEW YORK

By /s/ Amy Roberts

-----  
Name: Amy Roberts  
Title: Vice President

EXHIBIT A

A Form of Registered Security

No.

\$

SEQUA CORPORATION  
[Title of Security]

Sequa Corporation  
promises to pay to

or registered assigns  
the principal sum of

Dollars on

Interest Payment Dates:  
Record Dates:

Dated:  
SEQUA CORPORATION

by

(SEAL)-----  
Chairman of the Board

Authenticated:  
[Name of Trustee], as  
Trustee

Dated:  
By

-----  
Authorized Signature

-----  
Vice President

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SEQUA CORPORATION  
[Title of Security]  
[Explanatory Notes follow Exhibit B]

1. INTEREST. (1)

Sequa Corporation ("Company"), a corporation organized and existing under the laws of the State of Delaware, promises to pay interest on the principal amount of this Security at the rate per annum shown above. The Company will pay interest on \_\_\_\_\_ and of each year commencing \_\_\_\_\_, 19\_\_\_. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from \_\_\_\_\_, 19\_\_\_. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. METHOD OF PAYMENT. (2)

The Company will pay interest on the Securities to the persons who are registered holders of Securities at the close of business on the record date for the next interest payment date, except as otherwise provided in the Indenture. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. The Company may pay principal and interest by check payable in such money. It may mail an interest check to a holder's registered address.

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3. AGENTS.

Initially, \_\_\_\_\_, \_\_\_\_\_ Attention:  
\_\_\_\_\_, will act as Paying Agent and  
Registrar. The Company may change any Paying Agent or

Registrar without notice or provide for more than one such agent. The Company or any Affiliate may act in any such capacity.

4. INDENTURE.

The Company issued the securities of this series ("Securities") under an Indenture dated as of \_\_\_\_\_, \_\_\_\_\_ ("Indenture") between the Company and \_\_\_\_\_ ("Trustee"). The terms of the Securities include those stated in the Indenture and in the Securities Resolution creating the Securities and those made part of the Indenture by the Trust Indenture Act of 1939 (15 U.S. Code §§ 77aaa-77bbb), as amended. Securityholders are referred to the Indenture, the Securities Resolution and the Act for a statement of such terms.

5. OPTIONAL REDEMPTION. (3)

On or after \_\_\_\_\_, the Company may redeem all the Securities at any time or some of them from time to time at the following redemption prices (expressed in percentages of principal amount), plus accrued interest to the redemption date.

If redeemed during the 12-month period beginning, \_\_\_\_\_  
Year \_\_\_\_\_ Percentage \_\_\_\_\_ Year \_\_\_\_\_ Percentage \_\_\_\_\_  
and thereafter at 100%.

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6. MANDATORY REDEMPTION. (4)

The Company will redeem \$ \_\_\_\_\_ principal amount of Securities on \_\_\_\_\_ and on each \_\_\_\_\_ thereafter through \_\_\_\_\_ at a redemption price of 100% of principal amount, plus accrued interest to the redemption date.(5) The Company may reduce the principal amount of Securities to be redeemed pursuant to this paragraph by subtracting 100% of the principal amount (excluding premium) of any Securities (i) that the Company has

acquired or that the Company has redeemed other than pursuant to this paragraph and (ii) that the Company has delivered to the Registrar for cancellation. The Company may so subtract the same Security only once.

7. ADDITIONAL OPTIONAL REDEMPTION. (6)

In addition to redemptions pursuant to the above paragraph(s), the Company may redeem not more than \$ \_\_\_\_\_ principal amount of Securities on \_\_\_\_\_ and on each \_\_\_\_\_ thereafter through \_\_\_\_\_ at a redemption price of 100% of principal amount, plus accrued interest to the redemption date.

8. NOTICE OF REDEMPTION. (7)

Notice of redemption will be mailed at least 30 days before the redemption date to each holder of Securities to be redeemed at his registered address.

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A notice of redemption may provide that it is subject to the occurrence of any event before the date fixed for such redemption as described in such notice ("Conditional Redemption") and such notice of Conditional Redemption shall be of no effect unless all such conditions to the redemption have occurred before such date or have been waived by the Company.

9. DENOMINATIONS, TRANSFER, EXCHANGE.

The Securities are in registered form without coupons in denominations of \$1,000 (8) and whole multiples of \$1,000. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or the Indenture. The Trustee need not exchange or register the transfer of any Security or portion of a Security selected for redemption. Also, it need not exchange or register the transfer of any Securities for a period of 15 days before a selection of Securities to be redeemed.

10. PERSONS DEEMED OWNERS.

The registered holder of a Security may be treated as its owner for all purposes.

11. AMENDMENTS AND WAIVERS.

Subject to certain exceptions, the Indenture or the Securities may be amended with the consent of the holders of a majority in principal amount of the securities of all series affected by the amendment. (9) Subject to certain exceptions, a default on a series may be waived with the consent of the holders of a majority in principal amount of the series.

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Without the consent of any Securityholder, the Indenture or the Securities may be amended, among other things, to cure any ambiguity, omission, defect or inconsistency; to provide for assumption of Company obligations to Securityholders; or to make any change that does not materially adversely affect the rights of any Securityholder.

12. RESTRICTIVE COVENANTS. (10)

The Securities are unsecured general obligations of the Company limited to \$ \_\_\_\_\_ principal amount. The Indenture does not limit other unsecured debt.

13. SUCCESSORS.

When a successor assumes all the obligations of the Company under the Securities and the Indenture, the Company will be released from those obligations.

14. DEFEASANCE PRIOR TO REDEMPTION OR MATURITY. (11)

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Securities to redemption or maturity. U.S. Government Obligations are securities backed by the full faith and credit of the United States of America or certificates representing an ownership interest in such Obligations.

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15. DEFAULTS AND REMEDIES.

An Event of Default (12) includes: default for 60 days in payment of interest on the Securities; default in payment of principal on the Securities; default for 60 days in payment or satisfaction of any sinking fund obligation; default by the Company for a specified period after notice to it in the performance of any of its other agreements applicable to the Securities; certain events of bankruptcy or insolvency; and any other Event of Default provided for in the series. If an Event of Default occurs and is continuing, the Trustee or the holders of at least 33-1/3% in principal amount of the Securities may declare the principal (13) of all the Securities to be due and payable immediately. Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in their interests. The Company must furnish an annual compliance certificate to the Trustee.

16. TRUSTEE DEALINGS WITH COMPANY.

, the Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not Trustee.

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17. NO RECOURSE AGAINST OTHERS.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each

Securityholder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

18. AUTHENTICATION.

This Security shall not be valid until authenticated by a manual signature of the Trustee.

19. ABBREVIATIONS.

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

THE COMPANY WILL FURNISH TO ANY SECURITYHOLDER UPON WRITTEN REQUEST AND WITHOUT CHARGE A COPY OF THE INDENTURE AND THE SECURITIES RESOLUTION WHICH CONTAINS THE TEXT OF THIS SECURITY IN LARGER TYPE. REQUESTS MAY BE MADE TO: SEQUA CORPORATION, 200 PARK AVENUE, NEW YORK, NEW YORK 10166, ATTENTION: TREASURER.

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EXHIBIT B  
A Form of Bearer Security

No. \$

SEQUA CORPORATION  
[Title of Security]  
[Explanatory Notes follow]

Sequa Corporation  
promises to pay to bearer

the principal sum of Dollars on ,

Interest Payment Dates: Dated:

SEQUA CORPORATION

Authenticated: (SEAL) by

-----  
Chairman of the Board

[Name of Trustee], as  
Trustee

By  
-----  
Authorized Signature

-----  
Vice President

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SEQUA CORPORATION  
[Title of Security]

1. INTEREST. (1)

Sequa Corporation ("Company"), a corporation organized and existing under the laws of the State of Delaware, promises to pay to bearer interest on the principal amount of this Security at the rate per annum shown above. The Company will pay interest on \_\_\_\_\_ and \_\_\_\_\_ of each year commencing \_\_\_\_\_, 19\_\_.

Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from \_\_\_\_\_, 19\_\_.

Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. METHOD OF PAYMENT. (2)

Holder must surrender Securities and any coupons to a Paying Agent to collect principal and interest payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. The Company may pay principal and interest by check payable in such money.

3. AGENTS.

Initially, \_\_\_\_\_, Attention: \_\_\_\_\_, will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice or provide for more than one such agent. The Company or any Affiliate may act in any such capacity.

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4. INDENTURE.

The Company issued the securities of this series ("Securities") under an Indenture dated as of \_\_\_\_\_ ("Indenture") between the Company and \_\_\_\_\_ ("Trustee"). The terms of the Securities include those stated in the Indenture and the Securities Resolution and those made part of the Indenture by the Trust Indenture Act of 1939 (15 U.S. Code §§ 77aaa-77bbb), as amended. Securityholders are referred to the Indenture, the Securities Resolution and the Act for a statement of such terms.

5. OPTIONAL REDEMPTION. (3)

On or after \_\_\_\_\_, the Company may redeem all the Securities at any time or some of them from time to time at the following redemption prices (expressed in percentages of principal amount), plus accrued interest to the redemption date.

If redeemed during the 12-month period beginning,			
Year	Percentage	Year	Percentage

and thereafter 100%.

6. MANDATORY REDEMPTION. (4)

The Company will redeem \$ \_\_\_\_\_ principal amount of Securities on \_\_\_\_\_ and on each \_\_\_\_\_ thereafter through \_\_\_\_\_ at a redemption price of 100% of principal amount, plus accrued interest to the redemption date. (5) The Company may reduce the principal amount of Securities to be redeemed pursuant to this paragraph by

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subtracting 100% of the principal amount (excluding premium) of any Securities (i) that the Company has acquired or that the Company has redeemed other than pursuant to this paragraph and (ii) that the Company has delivered to the Registrar for cancellation. The Company may so subtract the same Security only once.

7. ADDITIONAL OPTIONAL REDEMPTION. (6)

In addition to redemptions pursuant to the above paragraph(s), the Company may redeem not more than \$ \_\_\_\_\_ principal amount of Securities on

and on each thereafter through  
at a redemption price of 100% of  
principal amount, plus accrued interest to the redemption  
date.

8. NOTICE OF REDEMPTION. (7)

Notice of redemption will be published once in an Authorized Newspaper in The City of New York and if the Securities are listed on any stock exchange located outside the United States and such stock exchange so requires, in any other required city outside the United States at least 30 days before the redemption date. Notice of redemption also will be mailed to holders who have filed their names and addresses with the Transfer Agent within the two preceding years. A holder of Securities may miss important notices if he fails to maintain his name and address with the Transfer Agent.

A notice of redemption may provide that it is subject to the occurrence of any event before the date fixed for such redemption as described in such notice ("Conditional Redemption") and such notice of Conditional Redemption shall be of no effect unless all such conditions to the redemption have occurred before such date or have been waived by the Company.

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9. DENOMINATIONS, TRANSFER, EXCHANGE.

The Securities are in bearer form with coupons in denominations of \$5,000 (8) and whole multiples of \$5,000. The Securities may be transferred by delivery and exchanged as provided in the Indenture. Upon an exchange, the Trustee may require a holder, among other things, to furnish appropriate documents and to pay any taxes and fees required by law or the Indenture. The Trustee need not exchange any Security or portion of a Security selected for redemption. Also, it need not exchange any Securities for a period of 15 days before a selection of Securities to be redeemed.

10. PERSONS DEEMED OWNERS.

The holder of a Security or coupon may be treated as its owner for all purposes.

11. AMENDMENTS AND WAIVERS.

Subject to certain exceptions, the Indenture or the Securities may be amended with the consent of the holders of a majority in principal amount of the securities of all series affected by the amendment. (9) Subject to certain exceptions, a default on a series may be waived with the consent of the holders of a majority in principal amount of the series.

Without the consent of any Securityholder, the Indenture or the Securities may be amended, among other things, to cure any ambiguity, omission, defect or inconsistency; to provide for assumption of Company obligations to Securityholders; or to make any change that does not materially adversely affect the rights of any Securityholder.

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12. RESTRICTIVE COVENANTS. (10)

The Securities are unsecured general obligations of the Company limited to \$ \_\_\_\_\_ principal amount. The Indenture does not limit other unsecured debt.

13. SUCCESSORS.

When a successor assumes all the obligations of the Company under the Securities, any coupons and the Indenture, the Company will be released from those obligations.

14. DEFEASANCE PRIOR TO REDEMPTION OR MATURITY. (11)

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under the Securities, any coupons and the Indenture if the Company deposits with the Trustee money or U.S.

Government Obligations for the payment of principal and interest on the Securities to redemption or maturity. U.S. Government Obligations are securities backed by the full faith and credit of the United States of America or certificates representing an ownership interest in such Obligations.

15. DEFAULTS AND REMEDIES.

An Event of Default (12) includes: default for 60 days in payment of interest on the Securities; default in payment of principal on the Securities; default for 60 days in payment or satisfaction of any sinking fund obligation; default by the Company for a specified period after notice to it in the performance of any of its other agreements applicable to the Securities;

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certain events of bankruptcy or insolvency; and any other Event of Default provided for in the series. If an Event of Default occurs and is continuing, the Trustee or the holders of at least 33-1/3% in principal amount of the Securities may declare the principal (13) of all the Securities to be due and payable immediately.

Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in their interests. The Company must furnish annual compliance certificates to the Trustee.

16. TRUSTEE DEALINGS WITH COMPANY.

, the Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not Trustee.

17. NO RECOURSE AGAINST OTHERS.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each

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Securityholder by accepting a Security waives and releases

all such liability. The waiver and release are part of the consideration for the issue of the Securities.

18. AUTHENTICATION.

This Security shall not be valid until authenticated by a manual signature of the Trustee.

19. ABBREVIATIONS.

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

THE COMPANY WILL FURNISH TO ANY SECURITYHOLDER UPON WRITTEN REQUEST AND WITHOUT CHARGE A COPY OF THE INDENTURE AND THE SECURITIES RESOLUTION WHICH CONTAINS THE TEXT OF THIS SECURITY IN LARGER TYPE. REQUESTS MAY BE MADE TO: SEQUA CORPORATION, 200 PARK AVENUE, NEW YORK, NEW YORK 10166, ATTENTION: TREASURER.

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[FACE OF COUPON]

.....  
[\$].....  
Due.....

SEQUA CORPORATION

[Title of Security]

Unless the Security attached to this coupon has been called for redemption, Sequa Corporation (the "Company") will pay to bearer, upon surrender, the amount shown hereon when due. This coupon may be surrendered for payment to any Paying Agent listed on the back of this coupon unless the Company has replaced such Agent. Payment may be made by check. This coupon represents months'

interest

SEQUA CORPORATION

By \_\_\_\_\_

[REVERSE OF COUPON]

PAYING AGENTS

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NOTES TO EXHIBITS A AND B

- 1 If the Security is not to bear interest at a fixed rate per annum, insert a description of the manner in which the rate of interest is to be determined. If the Security is not to bear interest prior to maturity, so state.
- 2 If the method or currency of payment is different, insert a statement thereof.
- 3 If applicable. A restriction on redemption or refunding or any provision applicable to its redemption other may be added.
- 4 Such provisions as are applicable, if any.
- 5 If the Security is a Discounted Debt Security, insert amount to be redeemed or method of calculating such amount.
- 6 If applicable. Also insert, if applicable, provisions for repayment of Securities at the option of the Securityholder.
- 7 If applicable.
- 8 If applicable. Insert additional or different denominations and terms as appropriate.
- 9 If different terms apply, insert a brief summary thereof.
- 10 If applicable. If additional or different covenants apply, insert a brief summary thereof.
- 11 If applicable. If different defeasance terms apply, insert a

brief summary thereof.

12 If additional or different Events of Default apply, insert a brief summary thereof.

13 If the Security is a Discounted Debt Security, set forth the amount due and payable upon an Event of Default.

Note: U.S. tax law may require certain legends on Discounted Debt and Bearer Securities.

EXHIBIT C

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

\_\_\_\_\_

(Insert assignee's soc. sec. or tax I.D. no.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

and irrevocably appoint \_\_\_\_\_ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_  
\_\_\_\_\_

(Sign exactly as your name appears on the other side of this Security)

9% SENIOR NOTES DUE 2009

SECURITIES RESOLUTION NO. 1  
OF  
SEQUA CORPORATION

The actions described below are taken by the Board of Directors (the "Board") of SEQUA CORPORATION (the "Company"), or by an Officer or committee of Officers pursuant to Board delegation, in accordance with resolutions adopted by the Board as of June 24, 1999, and Section 2.02 of the Indenture to be dated as of July 29, 1999 (the "Indenture") between the Company and Harris Trust Company of New York, Trustee. Terms used herein and not defined have the same meaning given such terms in the Indenture.

RESOLVED, that a new series of Securities is authorized as follows:

1. The title of the series is 9% Senior Notes due 2009 ("Notes").
2. The form of Notes shall be substantially in the form of Exhibit 1 hereto.
3. The Notes shall have the terms set forth in Exhibit 1.
4. The Notes shall have such other terms as are set forth in Exhibit 2 hereto.
5. The Notes shall be sold to the underwriters named in the Prospectus Supplement dated July 26, 1999 on the following terms:

Price to Public: 99.305%  
Underwriting Discount: 1.625%  
Closing Date: July 29, 1999

This Securities Resolution shall be effective as of July 28, 1999.

IN WITNESS WHEREOF, the undersigned have adopted the foregoing Resolutions this 28th day of July, 1999.



By: /s/ Norman E. Alexander  
-----

Name: Norman E. Alexander  
Title: Chairman and Chief  
Executive Officer

By: /s/ John J. Quicke  
-----

Name: John J. Quicke  
Title: Chairman and Chief  
Operating Officer

By: /s/ Stuart Z. Krinsly  
-----

Name: Stuart Z. Krinsly  
Title: Senior Executive  
Vice President and  
General Counsel

By: /s/ Alvin Dworman  
-----

Name: Alvin Dworman  
Title: Chairman, ADCO  
Group and Member,  
Sequa Corporation  
Executive  
Committee of the  
Board of Directors

CUSIP 817320AH7

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Company or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

SEQUA CORPORATION  
9% Senior Notes due August 1, 2009

SEQUA CORPORATION  
promises to pay to Cede & Co.

or registered assigns  
the principal sum of Five Hundred Million Dollars on  
August 1, 2009

Interest Payment Dates: February 1 and August 1  
Record Dates: January 15 and July 15

IN WITNESS WHEREOF, the Company has caused this Note to  
be signed manually or by facsimile by its duly authorized offi-  
cers.

Dated: July 29, 1999

HARRIS TRUST COMPANY  
OF NEW YORK

SEQUA CORPORATION

Transfer Agent and Paying  
Agent

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

By:-----  
Name:  
Title:

Authenticated:  
HARRIS TRUST COMPANY OF NEW YORK  
as Trustee,

(CORPORATE SEAL)

By:  
\_\_\_\_\_  
Authorized Signature

SEQUA CORPORATION  
9% Senior Notes due 2009

1. INTEREST.

Sequa Corporation ("Company"), a corporation organized and existing under the laws of the State of Delaware, promises to pay interest on the principal amount of this Note at the rate per annum shown above. The Company shall pay interest on February 1 and August 1 of each year, commencing February 1, 2000. Interest on the Notes shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including July 29, 1999. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

2. METHOD OF PAYMENT.

The Company shall pay interest on the Notes to the persons who are registered holders of Notes at the close of business on the record date for the next interest payment date, except as otherwise provided in the Indenture. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company shall pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. The Company may pay principal and interest by check payable in such money. It may mail an interest check to a holder's registered address.

3. AGENTS.

Initially, Harris Trust Company of New York, Wall Street Plaza, 88 Pine Street, New York, New York 10005, Attention: Corporate Trust Department, shall act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice or provide for more than one such agent. The Company or any Affiliate may act in any such capacity.

4. INDENTURE.

The Company issued the securities of this series ("Notes") under an Indenture dated as of July 29, 1999 ("Indenture") between the Company and Harris Trust Company of New York ("Trustee"). The terms of the Notes include those stated in the Indenture and in the Securities Resolution creating the Notes and those made part of the Indenture by the Trust Indenture Act of 1939 (15 U.S. Code 77aaa-77bbbb), as amended. Securityholders are referred to the Indenture, the Securities Resolution and the Act for a statement of such terms. Capitalized terms herein are used as defined in the Indenture or in the Securities Resolution, unless otherwise indicated.

5. OPTIONAL REDEMPTION.

The Company may at its option redeem all or part of the Notes on at least 30 days, but not more than 60 days, prior notice mailed to the registered address of each Holder of Notes. The redemption price shall equal the greater of:

100% of the principal amount of the Notes to be redeemed; and

the sum of the present values of the Remaining Scheduled Payments discounted to the date of redemption, on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months), at the Treasury Rate plus 50 basis points

plus accrued and unpaid interest thereon to the date of redemption.

6. NOTICE OF REDEMPTION.

Notice of redemption shall be mailed by first class mail at least 30 days but not more than 60 days before the redemption date to each holder of Notes to be redeemed at his registered address.

A notice of redemption may provide that it is subject to the occurrence of any event before the date fixed

for such redemption as described in such notice ("Conditional Redemption") and such notice of Conditional Redemption shall be of no effect unless all such conditions to the redemption have occurred before such date or have been waived by the Company.

7. DENOMINATIONS, TRANSFER, EXCHANGE.

The Notes are in registered form without coupons in denominations of \$1,000 and whole multiples of \$1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or the Indenture. The Trustee need not exchange or register the transfer of any Note or portion of a Note selected for redemption. Also, it need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed.

8. PERSONS DEEMED OWNERS.

The registered holder of a Note may be treated as its owner for all purposes.

9. AMENDMENTS AND WAIVERS.

Subject to certain exceptions, the Indenture or the Securities may be amended with the written consent of the Holders of a majority in principal amount of the securities of all series affected by the amendment voting as one class. Subject to certain exceptions, a default on a series may be waived with the consent of the holders of a majority in principal amount of the series.

Without the consent of any Securityholder, the Indenture or the Securities may be amended, among other things, to cure any ambiguity, omission, defect or inconsistency; to provide for assumption of Company obligations to Securityholders in a transaction in which the Company is not the survivor; or to make any change that does not materially adversely affect the rights of any Securityholder.

10. RESTRICTIVE COVENANTS.

The Notes are unsecured general obligations of the Company limited to \$500,000,000 principal amount. The Indenture does not limit other unsecured debt. The Indenture and the Securities Resolution creating the Notes contain certain covenants, including, without

limitation, covenants with respect to the following matters: (i) Liens, (ii) Sale and Leaseback Transactions and (iii) mergers and certain transfers of assets.

11. CHANGE OF CONTROL

Subject to the terms and conditions of the Indenture and the Securities Resolution, in the event of a Change of Control, the Company shall be required to commence, within 30 days following the date upon which the Change of Control occurred, an offer to all Holders to purchase all of the outstanding Notes at a purchase price equal to 101% of the aggregate principal amount of the Notes plus accrued and unpaid interest, if any, to the Change of Control Payment Date.

12. SUCCESSORS.

When a successor assumes all the obligations of the Company under the Securities and the Indenture, the Company shall be released from those obligations.

13. DEFEASANCE PRIOR TO REDEMPTION OR MATURITY.

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under the Notes and the Indenture if the Company deposits with the Trustee sufficient money or U.S. Government Obligations for the payment of principal and interest on the Notes to redemption or maturity. U.S. Government Obligations are securities backed by the full faith and credit of the United States of America or certificates representing an ownership interest in such Obligations.

14. DEFAULTS AND REMEDIES.

An Event of Default includes: default for 60 days in payment of interest on any Notes; default in payment of principal and premium, if any, on any Notes; default for 60 days in payment or satisfaction of any sinking fund obligation; default by the Company for a 90-day period after notice to it in the performance of any of its other agreements applicable to the Notes; certain events of bankruptcy or insolvency; and any other Event of Default provided for in the series. If an Event of Default occurs and is continuing, the Trustee or the holders of at least 33-1/3% in principal amount of the Notes may declare the principal of all the Notes to be due and payable immediately. Securityholders may not

enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Notes. Subject to certain limitations, holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing default (except a default in payment of principal or interest) if it determines in good faith that withholding notice is in their interests. The Company must furnish an annual compliance certificate to the Trustee.

15. TRUSTEE DEALINGS WITH COMPANY.

Harris Trust Company of New York, the Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not Trustee.

16. NO RECOURSE AGAINST OTHERS.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Securityholder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

17. AUTHENTICATION.

This Note shall not be valid until authenticated by a manual signature of the Registrar.

18. ABBREVIATIONS.

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

The Company shall furnish to any Securityholder upon written request and without charge a copy of the Indenture and

the Securities Resolution which contains the text of this Security in larger type. Requests may be made to: Sequa Corporation, 200 Park Avenue, New York, New York 10166, Attention: Treasurer.

ASSIGNMENT FORM

To assign this Note, fill in the form below:  
I or we assign and transfer this Security to

\_\_\_\_\_

(Insert assignee's soc. sec. or tax I.D. no.)

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(Print or type assignee's name, address and zip code)  
and irrevocably appoint \_\_\_\_\_ agent to  
transfer this Note on the books of the Company. The agent may  
substitute another to act for him.

Date: \_\_\_\_\_

Your Signature: -----  
-----

(Sign exactly as your name appears on the other side of this  
Note)

EXHIBIT 2

9% Senior Notes due 2009

Supplemental Terms

In addition to the terms set forth in Exhibit 1 to Securities Resolution No. 1, the 9% Senior Notes due 2009 (the "Notes") shall have the following terms:

Section 1. Definitions. Capitalized terms used and not defined herein shall have the meaning given such terms in the Indenture. The following are additional definitions applicable to the Notes:

"Affiliated Person" of any specified person means any other person directly or indirectly controlling or con-



trolled by or under direct or indirect common control with such specified person.

"Attributable Debt" when used in connection with a Sale and Leaseback Transaction, shall mean, as of any particular time, the lesser of: (i) the fair market value, as determined in good faith by the Board and evidenced by a Board resolution set forth in an Officers' Certificate delivered to the Trustee, of the property subject to such arrangement; and (ii) the then present value (computed by discounting the rate of interest implicit in such Sale and Leaseback Transaction, determined in accordance with GAAP) of the obligation of a lessee for net rental payments during the remaining term of any lease in respect of such property (including any period for which such lease has been extended or may, at the option of the lessor, be extended). The term "net rental payments" under any lease for any period means the sum of the rental payments required to be paid in such period by the lessee thereunder, not including, however, any amounts required to be paid by such lessee (whether or not designated as rental or additional rental) on account of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges required to be paid by such lessee thereunder or any amounts required to be paid by such lessee thereunder contingent upon the amount of sales, maintenance and

repairs, insurance taxes, assessments, water rates or similar charges.

"Capital Stock" means (1) with respect to any person formed as a corporation, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, including, without limitation, common stock and preferred stock of such person and (2) with respect to any person formed other than as a corporation, any and all partnership or other equity interests of such other person.

"Change of Control" means the occurrence of any of the following: (1) the sale, lease, exchange or other transfer, in one or a series of related transactions, of all or substantially all of the Company's assets to any person or group (as such term is used in Section 13(d) of the Exchange Act); (2) the adoption of a plan by the stockholders of the Company relating to the liquidation or dissolution of the Company; (3) except as provided below, the acquisition of beneficial ownership by any person or group, together with any Affiliated Persons

thereof (collectively, the "Interested Stockholders"), of a direct or indirect interest in more than 35% (or, in the case of Gabelli, 49%) of the voting power of the then outstanding Capital Stock of the Company entitled to vote generally in the election of the Board; or (4) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board (together with any new directors whose election or appointment by the Board or whose nomination for election or appointment by the stockholders of the Company was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board then in office; provided, however, that for the purposes of the foregoing clauses (1) and (3), the terms "person" or "group" shall not be deemed to include Norman E. Alexander ("Alexander"), his spouse, any descendant of Alexander or the spouse of any such descendant, the estate of Alexander, or any trust or other similar arrangement for the benefit of Alexander or his spouse, any descendant of Alexander or the spouse of any such descendant or the estate of Alexander or any corporation or other person controlled solely by one or more of Alexander or his spouse, any descendant of Alexander or the spouse of any such descendant or the estate of Alexander through the ownership of a majority of the outstanding voting Capital Stock of such corporation or

other person (collectively, the "Alexander Stockholders"); and provided, further, that there shall not be a "Change of Control" pursuant to clause (3) above so long as the Alexander Stockholders beneficially own a greater percentage of the voting power of the then outstanding Capital Stock of the Company than the Interested Stockholders.

"Comparable Treasury Issue" means the fixed rate United States Treasury security selected by an Independent Investment Banker as having a maturity most comparable to the remaining term of the Notes (and which is not callable prior to maturity) to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practices, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes to be redeemed.

"Comparable Treasury Price" means: (i) the average of the bid and asked prices for the Comparable Treasury

Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities"; or (ii) if such release (or any successor release) is not published or does not contain such prices on such business day, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest or lowest of such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Consolidated Assets" means the Company's assets, determined in accordance with GAAP and consolidated for financial reporting purposes in accordance with GAAP, such assets to be valued at book value.

"Control" means (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the

ability to exercise voting power, by contract or otherwise.

"Depository" means, with respect to the Notes issued as a global Security, The Depository Trust Company, New York, New York, or any successor thereto registered under the Securities Exchange Act of 1934 or other applicable statute or regulation.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Funded Indebtedness" means all Indebtedness of the Company and its Restricted Subsidiaries maturing by its terms more than one year after, or which is renewable or extendable at our option for a period ending more than one year after, the date as of which Funded Indebtedness is being determined.

"GAAP" means generally accepted accounting principles set

forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

"Gabelli" means any person controlled by, or which is an Affiliated Person of, Mario Gabelli.

"Indebtedness" means, without duplication: (i) all obligations in respect of borrowed money or for the deferred purchase or acquisition price of property (including all types of real, personal, tangible, intangible or mixed property) or services (excluding trade accounts payable, deferred taxes and accrued liabilities which arise in the ordinary course of business) which are, in accordance with GAAP, includible as a liability on a balance sheet consolidated for financial reporting purposes in accordance with GAAP; (ii) all amounts representing the capitalization of rental obli

gations in accordance with GAAP; and (iii) all Contingent Obligations with respect to the foregoing.

For purposes of clause (iii) above, "Contingent Obligation" means, as to any person, any obligation of such person guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such person, whether or not contingent: (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor; (b) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; (c) to purchase property, securities or services primarily for the purpose of assuring the beneficiary of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation; or (d) otherwise to assure or hold harmless the beneficiary of such primary obligation against loss in respect thereof;

provided, however, that the term "Contingent Obligation" shall not include the endorsement of instruments

for deposit or collection in the ordinary course of business. The term "Contingent Obligation" shall also include the liability of a general partner in respect of the primary obligations of a partnership in which it is a general partner. The amount of any Contingent Obligation of a person shall be deemed to be an amount equal to the principal amount of the primary obligation in respect to which such Contingent Obligation is made.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Company.

"Investment Grade Rating" means (1) with respect to S&P, any of the categories from and including AAA to and including BBB- (or equivalent successor categories) and (2) with respect to Moody's, any of the categories from and including Aaa to and including Baa3 (or equivalent successor categories).

"Moody's" means Moody's Investors Service, Inc. and any successor thereto which is a nationally recognized statistical rating organization.

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

"Principal Property" means the principal manufacturing facilities owned by the Company or a Restricted Subsidiary located in the United States, except such as the Board, in its good faith opinion, reasonably determines is not significant to the business, financial condition and earnings of the Company and its consolidated Subsidiaries taken as a whole, as evidenced by a Board resolution, and except for: (i) any and all personal property, including, without limitation, (A) motor vehicles and other rolling stock, and (B) office furnishings and equipment and information and electronic data processing equipment; (ii) any property financed through obligations issued by a state, territory or possession of the United States, or any political subdivision or instrumentality of the foregoing; or (iii) any real property held for development or sale.

"Reference Treasury Dealer" means each of Bear, Stearns & Co. Inc. and Chase Securities Inc. and their respective successors. If any of the foregoing shall cease to be a primary U.S. Government securities dealer in

New York City (a "Primary Treasury Dealer"), the Company shall appoint in its place another nationally recognized investment banking firm that is a Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date.

"Remaining Scheduled Payments" means, with respect to each Note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date if such Note were not redeemed. However, if such redemption date is not an interest payment date with respect to such Note, the amount of the next succeeding scheduled interest payment thereon shall be reduced by the amount of interest accrued thereon to such redemption date.

"Restricted Subsidiary" means any of the Company's consolidated Subsidiaries that own any Principal Property.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor thereto which is a nationally recognized statistical rating organization.

"Treasury Rate" means an annual rate equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The semiannual equivalent yield to maturity shall be computed as of the second business day immediately preceding such redemption date.

Section 2. Securities Issuable as Global Securities.

(a) The Notes shall be issued in the form of one or more permanent global Securities and shall, except as otherwise provided in this Section 2, be registered only in the name of the

Depository or its nominee. Each global Security shall bear a legend substantially to the following effect:

"Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Company or its agent for registration of transfer, exchange, or payment, and any certificate

issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein."

(b) If at any time (i) the Depository with respect to the Notes notifies the Company that it is unwilling or unable to continue as Depository for such global Security or (ii) the Depository for the Notes shall no longer be eligible or in good standing under the Securities Exchange Act of 1934 or other applicable statute or regulation, the Company shall appoint a successor Depository with respect to such global Security. If a successor Depository for such global Security is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, the Transfer Agent shall register the exchange of such global Security for an equal principal amount of Registered Securities in the manner provided in Section 2.07 of the Indenture.

(c) The Transfer Agent shall register the transfer or exchange of a global Security for Registered Securities pursuant to Section 2.07 of the Indenture if (i) a Default or Event of Default shall have occurred and be continuing with respect to the Notes or (ii) the Company determines that the Notes shall no longer be represented by global Securities.

(d) In any exchange provided for in the preceding paragraphs (b) or (c), the Company shall execute and the Registrar shall authenticate and deliver Registered Securities. Registered Securities issued in exchange for a global Security shall be in such names and denominations as the Depository for such global Security shall instruct the Registrar. The Registrar shall deliver such Registered Securities to the persons in whose names such Securities are so registered.

Section 3. Optional Redemption. The Company may at its option redeem all or part of the Notes on at least 30 da-

ys, but not more than 60 days, prior notice mailed to the registered address of each Holder of Notes. The redemption price shall equal the greater of:

(i) 100% of the principal amount of the Notes to be redeemed; and

(ii) the sum of the present values of the Remaining Scheduled Payments discounted to the date of redemption, on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months), at the Treasury Rate plus 50 basis points;

plus accrued and unpaid interest thereon to the date of redemption.

On and after the redemption date, interest shall cease to accrue on the Notes or any portion thereof called for redemption. On or before the redemption date, the Company shall deposit with a paying agent (or the Trustee) money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on such date. If less than all of the Notes are to be redeemed, the Trustee shall select the Notes to be redeemed by a method determined by the Trustee to be fair and appropriate.

Section 4. Limitation on Sale and Leaseback Transactions. The Company shall not, and shall not permit any Restricted Subsidiary to, lease any Principal Property owned by the Company or such Restricted Subsidiary (except for leases for a term of not more than three years), which has been or is to be sold or transferred by the Company or such Restricted Subsidiary on the security of such Principal Property (a "Sale and Leaseback Transaction"), unless either:

(a) the Company or such Restricted Subsidiary would be entitled pursuant to the "Limitation on Liens" covenant described in Section 5 below to incur Indebtedness secured by a Lien on the Principal Property to be leased back equal in amount to the Attributable Debt with respect to such Sale and Leaseback Transaction without equally and ratably securing the Notes; or

(b) the Company applies an amount equal to the greater of the net proceeds or the fair market value, as determined in good faith by the Board and evidenced by a Board resolution set forth in an Officers' Certificate delivered to the



Trustee, of the property so sold to the purchase of Principal Property or to the retirement (other than any mandatory retirement), within 365 days of the effective date of any such Sale and Leaseback Transaction, of Notes or other Funded Indebtedness. Any such retirement of Notes shall be made in accordance with the Indenture. The amount to be applied to such retirement of Notes or other Funded Indebtedness shall be reduced by an amount equal to the sum of:

(i) an amount equal to the principal amount of any Notes delivered within 365 days after the effective date of such Sale and Leaseback Transaction to the Trustee for retirement and cancellation, plus

(ii) the principal amount of other Funded Indebtedness voluntarily retired by the Company within such 365-day period,

excluding, in each case, retirements pursuant to mandatory sinking fund or prepayment provisions, if any, and payments at maturity.

The Company or any Restricted Subsidiary may enter into Sale and Leaseback Transactions in addition to any permitted by the immediately preceding paragraph and without any obligation to retire any Notes or other Funded Indebtedness if at the time of entering into such Sale and Leaseback Transaction and after giving effect thereto, Attributable Debt resulting from such Sale and Leaseback Transaction, plus the aggregate amount of all Indebtedness secured by a Lien (not including Indebtedness excluded as provided in clauses (i) through (v) under the "Limitation on Liens" covenant below), does not exceed 20% of Consolidated Assets.

Section 5. Limitations on Liens. The Company shall not, and shall not permit any of its Restricted Subsidiaries to, create or assume any notes, bonds, debentures or other similar evidences of Indebtedness secured by any mortgage, pledge, security interest or lien (any such mortgage, pledge, security interest or lien being referred to herein as a "Lien" or "Liens") of or upon any Principal Property owned by the Company or by any Restricted Subsidiary or on shares of capital stock or evidence of Indebtedness of any Restricted Subsidiary, unless, for as long as such Indebtedness is secured by the Lien, the Notes (together

with, at the Company's election, any other Indebtedness) are secured by such a Lien equally and ratably with (or prior to) any and all other Indebtedness thereby secured.

The foregoing shall not apply to any of the following:

(i) Liens on any Principal Property, shares of capital stock or Indebtedness of any corporation existing at the time such corporation becomes a Subsidiary;

(ii) Liens on any Principal Property, shares of capital stock or Indebtedness acquired, constructed or improved by the Company or any Restricted Subsidiary after the date of the Indenture which are created or assumed prior to or at the time of such acquisition, construction or improvement or within 365 days after the acquisition, completion of construction or improvement or commencement of commercial operation of such property, to secure or provide for the payment of all or any part of the purchase price or the cost of such construction or improvement thereof;

(iii) Liens on any Principal Property, shares of capital stock or Indebtedness existing at the time of acquisition thereof (including acquisition through merger or consolidation);

(iv) Liens on any Principal Property or shares of capital stock or Indebtedness acquired from a corporation which is merged with or into the Company or a Restricted Subsidiary;

(v) Liens on any Principal Property, shares of capital stock or Indebtedness to secure Indebtedness to the Company or to a Restricted Subsidiary;

(vi) Liens on any Principal Property, shares of capital stock or Indebtedness in favor of the United States of America or any state thereof or The Commonwealth of Puerto Rico, or any department, agency or instrumentality or political subdivision of the United States of America or any

state thereof or The Commonwealth of Puerto Rico, to secure partial, progress, advance or other payments, or to secure any Indebtedness incurred for the purpose of financing all or any part of the cost of acquiring, constructing or improving any Principal Property, shares of capital stock or Indebtedness subject to such Liens (including Liens incurred in connection with pollution control, industrial revenue, Title XI maritime financings or similar financings), or other Liens in connection with the issuance of tax-exempt industrial revenue bonds;

(vii) Liens existing as of the date of original issuance of the Notes;

(viii) Liens for taxes, assessments or other government charges, the validity of which is being contested in good faith by appropriate proceedings and materialmen's, mechanics' and other like Liens or deposits to obtain the release of such Liens;

(ix) Liens created or deposits made to secure the payment of workers' compensation claims or the performance of, or in connection with, tenders, bids, leases, public or statutory obligations, surety and appeal bonds, contracts, performance and return-of-money bonds or to secure (or in lieu of) surety or appeal bonds and Liens made in the ordinary course of business for similar purposes; and

(x) any extension, renewal or replacement of any Liens referred to in the foregoing clauses (i) to (ix), inclusive. However, such extension, renewal or replacement shall be limited to the property, shares of capital stock or Indebtedness which secured the Lien so extended, renewed or replaced (plus improvements on such property).

The Company or any Restricted Subsidiary may create or assume Liens in addition to those permitted above, and renew, extend or create such Liens, provided, that at the time of such creation, assumption, renewal or replacement, and after giving effect thereto, the aggregate amount of all Indebtedness so secured by a Lien (without regard to Indebtedness permitted in clauses (i) through (x) above), plus all Attributable Debt of the Company and its Restricted Subsidiaries in respect of Sale and Leaseback Transactions which would not be permitted by either

clause (i) or (ii) of the first paragraph under the "Limitation on Sale and Leaseback Transactions" covenant found in Section 4 hereof does not exceed 20% of Consolidated Assets.

Section 6. Change of Control. In the event of a Change of Control, the Company shall be required to commence a Change of Control Offer (as defined below) to purchase all outstanding Notes at a purchase price equal to 101% of the aggregate principal amount of the Notes plus accrued and unpaid interest, if any, to the date of purchase (the "Change of Control Price"). Within 30 days following the date upon which the Change of Control occurred, the Company must send, by first class mail, a notice to each Holder of the Notes, with a copy to the Trustee, stating:

(1) that an offer to purchase the Notes is being made pursuant to the covenant entitled "Change of Control" (the "Change of Control Offer") and that all Notes tendered shall

be accepted for payment;

(2) the purchase price and the purchase date, which shall be no earlier than 30 days nor later than 40 days from the date such notice is mailed other than as may be required by law (the "Change of Control Payment Date");

(3) that any Note not tendered shall continue to accrue interest;

(4) that, unless the Company defaults in the payment of the Change of Control Price, all Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer shall be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Notes completed, to the applicable Paying Agent at the address specified in the notice no later than the close of business on the business day immediately prior to the Change of Control Payment Date;

(6) that Holders shall be entitled to withdraw their election if the applicable Paying Agent receives, not later than the close of business on the business day two business days immediately prior to the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to \$1,000 in principal amount or an integral multiple of \$1,000.

On the Change of Control Payment Date, the Company shall:

(1) accept for payment Notes or portions of Notes tendered pursuant to the Change of Control Offer;

(2) deposit in immediately available funds with the ap-

plicable Paying Agent an amount equal to the Change of Control Price in respect of all Notes or portions of Notes so tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the principal amount of the Notes or portions of Notes tendered to the Company.

The Paying Agent shall promptly mail to each Holder of Notes so accepted the Change of Control Price for such Notes and return any Notes which were tendered but for which a withdrawal election was received by the Paying Agent before the Change of Control Payment Date, and the Trustee shall promptly authenticate and mail to each Holder a new Note equal in principal amount to any unpurchased portion of such Notes surrendered, if any; provided, however, that each such new Note shall be in a principal amount of \$1,000 or an integral multiple of \$1,000.

The Company shall comply with the requirements of Section 14(e) and Rule 14e-1 under the Exchange Act and any other securities laws and regulations under those laws to the extent those laws and regulations are applicable to the repurchase of the Notes in connection with a Change of Control. If the provisions of any those laws or rules conflict with the provisions of the Indenture and the Securities Resolution establishing the Notes relating to a Change of Control Offer, the Company shall be required to comply with the provisions of those laws or rules and shall be deemed not to have breached its obligations relating to the Change of Control Offer by virtue of such compliance.

During any period in which (1) no Default or Event of Default has occurred and is continuing and (2) both Moody's and S&P assign to the Notes an Investment Grade Rating (the "Suspension Period"), the Company shall not be subject to the provisions of this Section 6; provided, however, that if subsequently both Moody's and S&P withdraw their ratings of the Notes, or downgrade the ratings assigned to the Notes to below an Investment Grade Rating, upon such withdrawal or downgrading the Suspension Period shall terminate and the Company shall be again subject to the provisions of this Section 6; provided, further, however, that if a Change of Control occurs during a Suspension Period and such Suspension Period is terminated as provided above, such Change of Control shall be deemed to have occurred immediately after such termination.