

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

Filing Date: **1994-01-14** | Period of Report: **1994-01-14**  
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### FILER

#### **CAPITAL HOLDING CORP**

CIK: **17206** | IRS No.: **510108922** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-06701** | Film No.: **94501573**  
SIC: **6311** Life insurance

Business Address  
680 FOURTH AVE  
COMMONWEALTH BLDG  
P O BOX 32830  
LOUISVILLE KY 40202  
5025602000

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934

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Date of Report (Date of earliest event reported):  
January 14, 1994

CAPITAL HOLDING CORPORATION  
(Exact name of registrant as specified in its charter)

<TABLE>  
<CAPTION>

<S>	<C>	<C>
Delaware	1-6701	51-0108922
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

</TABLE>

400 West Market Street, Louisville, Kentucky	40202
(Address of principal executive offices)	(Zip Code)

(502) 560-2000  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name or former address, if changed since last report)

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits.

The following exhibits relating to Capital Holding Corporation's (the "Company") Medium-Term Notes, Series D (the "Notes"), to be issued under the Indenture dated as of January 1, 1994, between the Company and Morgan Guaranty Trust Company of New York, as Trustee, are filed herewith:

- (1) Distribution Agreement, dated January 14, 1994, among the Company, Goldman, Sachs & Co., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated.
- (4.1) Forms of Fixed Rate Note and Floating Rate Note.
- (4.2) Paying, Calculation and Issuing Agent Appointment Letter, dated January 14, 1994, between the Company and Morgan Guaranty Trust Company of New York.
- (4.3) Letter of Representations, dated January 14, 1994, among the Company, Morgan Guaranty Trust Company of New York and The Depository Trust Company.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: January 14, 1994

CAPITAL HOLDING CORPORATION

By: /s/ Sherry F. Hardy

Sherry F. Hardy  
Assistant General Counsel

EXHIBIT  
NUMBER

EXHIBIT INDEX

PAGE  
NUMBER

- | ----- | -----   | ----- |
|-------|---|-------|
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CAPITAL HOLDING CORPORATION

\$400,000,000

Medium-Term Notes, Series D

Distribution Agreement

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January 14, 1994

Goldman, Sachs & Co.,  
85 Broad Street,  
New York, New York 10004.

Merrill Lynch & Co.,  
Merrill Lynch, Pierce, Fenner  
& Smith Incorporated,  
North Tower,  
World Financial Center,  
New York, New York 10281-1323.

Dear Sirs:

Capital Holding Corporation, a Delaware corporation (the "Company"), proposes to issue and sell from time to time its Medium-Term Notes, Series D (the "Securities") at an aggregate initial public offering price of up to \$400,000,000 and agrees with each of you (individually, an "Agent", and collectively, the "Agents") as set forth in this Agreement.

Subject to the terms and conditions stated herein and to the reservation by the Company of the right to sell Securities directly on its own behalf, the Company hereby (i) appoints each Agent as an agent of the Company for the purpose of soliciting and receiving offers to purchase Securities from the Company pursuant to Section 2(a) hereof and (ii) agrees that, except as otherwise contemplated herein, whenever it determines to sell Securities directly to any Agent as principal, it will enter into a separate agreement (which agreement may either be in writing, or the terms of which may be agreed upon orally, with written confirmation prepared by the Agent and mailed or transmitted to the Company, each a "Terms Agreement"), substantially in the form of Annex I hereto, relating to such sale in accordance with Section 2(b) hereof.

The Securities will be issued under the Indenture, dated as of January

1, 1994 (the "Indenture"), between the Company and Morgan Guaranty Trust Company of New York, as Trustee (the "Trustee"). The Securities shall have the maturity ranges, interest rates, if any, redemption provisions and other terms set forth in the Prospectus referred to below as it may be amended or supplemented from time to time. The Securities will be issued, and the terms and rights of holders thereof established, from time to time by the Company in accordance with the Indenture.

1. The Company represents and warrants to, and agrees with, each Agent that:

(a) Two registration statements in respect of the Securities have been filed with the Securities and Exchange Commission (the "Commission"); such registration statements and any post-effective amendment thereto, each in the form heretofore delivered or to be delivered to such Agent and excluding exhibits to such registration statements but including all documents incorporated by reference in the prospectus relating to such debt securities contained therein, have been declared effective by the Commission in such form; no other document with respect to such registration statements or document incorporated by reference therein has heretofore been filed or transmitted for filing with the Commission; and no stop order suspending the effectiveness of any such registration statement has been issued and no proceeding for that purpose has been instituted or threatened by the Commission (any preliminary prospectus included in such registration statements or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Securities Act of 1933, as amended (the "Act"), being hereinafter called a "Preliminary Prospectus"; the various parts of such registration statements, including all exhibits thereto and the documents incorporated by reference in the prospectus contained in the registration statements at the time such part of such registration statements became effective but excluding Form T-1, each as amended at the time such part of the registration statements became effective, being hereinafter collectively called the "Registration Statement"; the prospectus (including the prospectus supplement) relating to the Securities, in the form in which it has most recently been filed, or transmitted for filing, with the Commission on or prior to the date of this Agreement, being hereinafter called the "Prospectus"; any reference herein to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference

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therein pursuant to the applicable form under the Act, as of the date of such Preliminary Prospectus or Prospectus, as the case may be; any reference to any amendment or supplement to any Preliminary Prospectus or the Prospectus, including any supplement to the Prospectus that sets forth only the terms of the particular issue of the Securities (a "Pricing Supplement"), shall be deemed to refer to and include any documents filed after the date of such Preliminary Prospectus or Prospectus, as the case may be, under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and incorporated by reference in such Preliminary Prospectus or the Prospectus, as the case may be; any reference to any amendment to the Registration Statement shall be deemed to include any

annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement; and any reference to the Prospectus as amended or supplemented shall be deemed to refer to and include the Prospectus as amended or supplemented (including by the applicable Pricing Supplement filed in accordance with Section 4(a) hereof) in relation to Securities sold pursuant to this Agreement, in the form in which it is filed with the Commission pursuant to Rule 424(b) under the Act and in accordance with Section 4(a) hereof, including any documents incorporated by reference therein as of the date of such filing);

(b) The documents incorporated by reference in the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and any further documents so filed and incorporated by reference in the Prospectus, or any further amendment or supplement thereto, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any

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statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company

by any Agent expressly for use in the Prospectus as amended or supplemented to relate to a particular issuance of Securities;

(c) The Registration Statement and the Prospectus conform, and any further amendments or supplements to the Registration Statement or the Prospectus will conform, in all material respects to the requirements of the Act and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date in the case of the Registration Statement and any amendment thereto and as of the applicable filing date in the case of the Prospectus and any amendment or supplement thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any

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statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by any Agent expressly for use in the Prospectus as amended or supplemented to relate to a particular issuance of Securities;

(d) Neither the Company nor any of its Subsidiaries has sustained since the date of the latest audited financial statements included or incorporated by reference in the Prospectus any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Prospectus; and, since the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been any change in the capital stock (except as a result of issuances relating to employee stock option or other benefit plans of the Company) or long-term debt of the Company or any of its Subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company and its Subsidiaries, otherwise than as set forth or contemplated in the Prospectus (the term "Subsidiary" as used in this Agreement referring to Commonwealth Life Insurance Company, Durham Life Insurance Company, CHC Durham Corporation, First Deposit Corporation, National Home Life Assurance Company, National Liberty Corporation, Peoples Security Life Insurance Company and any other subsidiary of the Company

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that would constitute a "significant subsidiary" of the Company under Rule 1.02(v) of Regulation S-X under the Act);

(e) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus;

(f) The Company has an authorized capitalization as set forth in the Prospectus, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable; and all of the issued shares of capital stock of each Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and (except for directors' qualifying shares) are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims;

(g) The Securities have been duly authorized, and, when Securities are issued and delivered pursuant to this Agreement and any Terms Agreement, such Securities will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the Indenture, which will be substantially in the form incorporated by reference in the Prospectus; the Indenture has been duly authorized, executed and delivered and duly qualified under the Trust Indenture Act and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the



Indenture conforms, and the Securities of any particular issuance of Securities will conform, to the descriptions thereof in the Prospectus as amended or supplemented to relate to such issuance of Securities;

(h) The issue and sale of the Securities, the compliance by the Company with all of the provisions of the Securities, the Indenture, this Agreement and any Terms Agreement, and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which

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the Company or any of its Subsidiaries is bound nor will such action result in any violation of the provisions of the Certificate of Incorporation, as amended, or the By-Laws of the Company or any statute or any order, rule or regulation of any such court or governmental agency or body having jurisdiction over the Company or any of its Subsidiaries or any of their properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the solicitation of offers to purchase Securities, the issue and sale of the Securities or the consummation by the Company of the other transactions contemplated by this Agreement, any Terms Agreement or the Indenture, except such as have been, or will have been prior to the Commencement Date (as defined in Section 3 hereof), obtained under the Act or the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities, insurance or Blue Sky laws in connection with the solicitation by such Agent of offers to purchase Securities from the Company and with purchases of Securities by such Agent as principal, as the case may be, in each case in the manner contemplated hereby;

(i) There are no legal or governmental proceedings pending to which the Company or any of its Subsidiaries is a party or of which any property of the Company or any of its Subsidiaries is the subject, other than as set forth in the Prospectus and other than litigation incident to the kind of business conducted by the Company and its Subsidiaries which, in the judgment of the Company, would not individually or in the aggregate have a material adverse effect on the financial position, stockholders' equity or results of operations of the Company and its Subsidiaries; to the best of the Company's knowledge no such proceedings are threatened or contemplated by governmental authorities or threatened by others; the amounts accrued for taxes on the latest consolidated statement of financial condition of the Company and its subsidiaries included or incorporated by reference in the Prospectus are sufficient for the payment of all federal, state, county and local taxes of the Company and its Subsidiaries, whether or not disputed, which are properly accruable; and all federal, state, county and local taxes due and payable by the Company, any of its Subsidiaries or Capital Liberty, L.P. have been paid or adequate provision has been made for such payment;

(j) Immediately after any sale of Securities by the Company hereunder

or under any Terms Agreement, the aggregate amount of Securities which shall have been issued

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and sold by the Company hereunder or under any Terms Agreement and of any debt securities of the Company (other than such Securities) that shall have been issued and sold pursuant to the Registration Statement will not exceed the amount of debt securities registered under the Registration Statement; and

(k) Ernst & Young, who have certified certain financial statements of the Company and its subsidiaries, are independent certified public accountants as required by the Act and the rules and regulations of the Commission thereunder.

2. (a) On the basis of the representations and warranties, and subject to the terms and conditions herein set forth, each of the Agents hereby severally and not jointly agrees, as agent of the Company, to use its reasonable efforts to solicit and receive offers to purchase the Securities from the Company upon the terms and conditions set forth in the Prospectus as amended or supplemented from time to time. So long as the provisions of this Agreement relating to the solicitation of offers to purchase Securities from the Company shall not have been terminated pursuant to Section 10 with respect to any Agent, the Company shall not, without the consent of such Agent, solicit or accept offers to purchase, or sell, any debt securities with a maturity at the time of original issuance of 9 months or more except pursuant to this Agreement or any Terms Agreement or except pursuant to a private placement not constituting a public offering under the Act or except in connection with a firm commitment underwriting pursuant to an underwriting agreement that does not provide for a continuous offering of medium-term debt securities. However, (i) the Company reserves the right to sell, and may solicit and accept offers to purchase, Securities directly on its own behalf, and, in the case of any such sale not resulting from a solicitation made by any Agent, no commission will be payable with respect to such sale; and (ii) the Company shall have the right at any time to request the Agents to execute, prior to the date fifteen business days after such request, an amendment to this Agreement to provide for another person as an Agent hereunder on substantially the same terms as the Agents hereunder on the date of such request and each Agent shall have the right either to execute such amendment or to terminate the provisions of this Agreement relating to the solicitation of offers to purchase Securities from the Company pursuant to Section 10 with respect to such Agent. These provisions shall not

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limit Section 4(f) hereof or any similar provision included in any Terms Agreement.

Procedural details relating to the issue and delivery of Securities, the solicitation of offers to purchase Securities and the payment in each case therefor shall be as set forth in the Administrative Procedure attached hereto

as Annex II as it may be amended from time to time by written agreement between the Agents and the Company (the "Administrative Procedure"). The provisions of the Administrative Procedure shall apply to all transactions contemplated hereunder other than those made pursuant to a Terms Agreement. Each Agent and the Company agree to perform the respective duties and obligations specifically provided to be performed by each of them in the Administrative Procedure. The Company will furnish to the Trustee a copy of the Administrative Procedure as from time to time in effect.

The Company reserves the right, in its sole discretion, to instruct the Agents to suspend at any time, for any period of time or permanently, the solicitation of offers to purchase the Securities. As soon as practicable, but in any event not later than one business day in New York City, after receipt of notice from the Company, the Agents will suspend solicitation of offers to purchase Securities from the Company until such time as the Company has advised the Agents that such solicitation may be resumed.

The Company agrees to pay each Agent a commission, at the time of settlement of any sale of a Security by the Company as a result of a solicitation made by such Agent, in an amount equal to the following applicable percentage of the principal amount of such Security sold:

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Range of Maturities -----	Commission (percentage of aggregate principal amount of Securities Sold) -----
From 9 months to less than 1 year .....	.125%
From 1 year to less than 18 months.....	.150%
From 18 months to less than 2 years.....	.200%
From 2 years to less than 3 years.....	.250%
From 3 years to less than 4 years.....	.350%
From 4 years to less than 5 years.....	.450%
From 5 years to less than 6 years.....	.500%
From 6 years to less than 7 years.....	.550%
From 7 years to less than 10 years.....	.600%
From 10 years to less than 15 years.....	.625%
From 15 years to less than 20 years.....	.675%
20 years and more.....	.750%

(b) Each sale of Securities to any Agent as principal shall be made in accordance with the terms of this Agreement and (unless the Company and such Agent shall otherwise agree) a Terms Agreement which will provide for the sale of such Securities to, and the purchase thereof by, such Agent. A Terms Agreement may also specify certain provisions relating to the reoffering of such Securities by such Agent. The commitment of any Agent to purchase Securities as

principal, whether pursuant to any Terms Agreement or otherwise, shall be deemed to have been made on the basis of the representations and warranties of the Company herein contained and shall be subject to the terms and conditions herein set forth. Each Terms Agreement shall specify the principal amount of Securities to be purchased by any Agent pursuant thereto, the price to be paid to the Company for such Securities, any provisions relating to rights of, and default by, underwriters acting together with such Agent in the reoffering of the Securities and the time and date and place of delivery of and payment for such Securities. Such Terms Agreement shall also specify any requirements for opinions of counsel, accountants' letters and officers' certificates pursuant to Section 4 hereof.

For each sale of Securities to an Agent as principal that is not made pursuant to a Terms Agreement, the procedural details relating to the issue and delivery of such Securities and payment therefor shall be as set forth in the Administrative Procedure. For each such sale of Securities to an Agent as principal that is not made pursuant to a Terms Agreement, the Company agrees to pay such Agent a commission (or grant an equivalent discount) as

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provided in Section 2(a) hereof and in accordance with the schedule set forth therein.

Each time and date of delivery of and payment for Securities to be purchased by an Agent as principal, whether set forth in a Terms Agreement or in accordance with the Administrative Procedure, is referred to herein as a "Time of Delivery".

(c) Each Agent agrees, with respect to any Security denominated in a currency other than U.S. dollars, as agent, directly or indirectly, not to solicit offers to purchase, and as principal under any Terms Agreement or otherwise, directly or indirectly, not to offer, sell or deliver, such Security in, or to residents of, the country issuing such currency (or, if such Security is denominated in a composite currency, in any country issuing a currency comprising a portion of such composite currency), except as permitted by applicable law.

3. The documents required to be delivered pursuant to Section 6 hereof on the Commencement Date (as defined below) shall be delivered to the Agents at the offices of Sullivan & Cromwell, 125 Broad Street, New York, New York, at 11:00 a.m., New York City time, on the date of this Agreement, which date and time of such delivery may be postponed by agreement between the Agents and the Company but in no event shall be later than the day prior to the date on which solicitation of offers to purchase Securities is commenced or on which any Terms Agreement is executed (such time and date being referred to herein as the "Commencement Date").

4. The Company covenants and agrees with each Agent:

(a) (i) To make no amendment or supplement to the Registration

Statement or the Prospectus (A) prior to the Commencement Date which shall be disapproved by any Agent promptly after reasonable notice thereof or (B) after the date of any Terms Agreement or other agreement by an Agent to purchase Securities as principal and prior to the related Time of Delivery which shall be disapproved by any Agent party to such Terms Agreement or so purchasing as principal promptly after reasonable notice thereof; (ii) to prepare, with respect to any Securities to be sold through or to such Agent pursuant to this Agreement, a Pricing Supplement with respect to such Securities in a form previously approved by such Agent and to file such Pricing Supplement pursuant to Rule 424(b)(3) under the Act not

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later than the close of business of the Commission on the fifth business day after the date on which such Pricing Supplement is first used; (iii) to make no amendment or supplement to the Registration Statement or Prospectus, other than any Pricing Supplement, at any time prior to having afforded each Agent a reasonable opportunity to review and comment on it; (iv) to file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act for so long as the delivery of a prospectus is required in connection with the offering or sale of the Securities, and during such same period to advise such Agent, promptly after the Company receives notice thereof, of the time when any amendment to the Registration Statement has been filed or has become effective or any supplement to the Prospectus or any amended Prospectus (other than any Pricing Supplement that relates to Securities not purchased through or by such Agent) has been filed with, or mailed for filing to, the Commission, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any prospectus relating to the Securities, of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amendment or supplement of the Registration Statement or Prospectus or for additional information; and (v) in the event of the issuance of any such stop order or of any such order preventing or suspending the use of any prospectus relating to the Securities or suspending any such qualification, to use promptly its best efforts to obtain its withdrawal;

(b) Promptly from time to time to take such action as such Agent reasonably may request to qualify the Securities for offering and sale under the securities laws of such jurisdictions as such Agent may request and to comply with such laws so as to permit the continuance of sales and dealings therein for as long as may be necessary to complete the distribution or sale of the Securities; provided, however, that in connection therewith the Company shall

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

(c) To furnish such Agent with copies of the Registration Statement and each amendment thereto, with copies of the Prospectus as each time amended or supplemented, other than any Pricing Supplement (except as provided in the

which it is filed with the Commission pursuant to Rule 424 under the Act, and with copies of the documents incorporated by reference therein, all in such quantities as such Agent may reasonably request from time to time; and, if the delivery of a prospectus is required at any time in connection with the offering or sale of the Securities (including Securities purchased from the Company by such Agent as principal) and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act, the Exchange Act or the Trust Indenture Act, to notify such Agent and request such Agent, in its capacity as agent of the Company, to suspend solicitation of offers to purchase Securities from the Company (and, if so notified, such Agent shall cease such solicitations as soon as practicable, but in any event not later than one business day later); and if the Company shall decide to amend or supplement the Registration Statement or the Prospectus as then amended or supplemented, to so advise such Agent promptly by telephone (with confirmation in writing) and to prepare and cause to be filed promptly with the Commission an amendment or supplement to the Registration Statement or the Prospectus as then amended or supplemented that will correct such statement or omission or effect such compliance; provided, however, that if during such same period such Agent

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continues to own Securities purchased from the Company by such Agent as principal or such Agent is otherwise required to deliver a prospectus in respect of transactions in the Securities, the Company shall promptly prepare and file with the Commission such an amendment or supplement;

(d) To make generally available to its security holders as soon as practicable, but in any event not later than eighteen months after (i) the effective date of the Registration Statement (as defined in Rule 158(c)), (ii) the effective date of each post-effective amendment to the Registration Statement, and (iii) the date of each filing by the Company with the Commission of an Annual Report on Form 10-K that is incorporated by reference in the Registration Statement, an earning statement of the Company and its subsidiaries (which need not be audited) complying with

Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(e) So long as any Securities are outstanding, to furnish to such Agent copies of all reports or other communications (financial or other) furnished to

stockholders, and deliver to such Agent (i) as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed; and (ii) such additional information concerning the business and financial condition of the Company as such Agent may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated in reports furnished to its stockholders generally or to the Commission);

(f) That, from the date of any Terms Agreement with such Agent or other agreement by such Agent to purchase Securities as principal and continuing to and including the earlier of (i) the termination of the trading restrictions for the Securities purchased thereunder, as notified to the Company by such Agent and (ii) the related Time of Delivery, the Company will not, without the prior written consent of such Agent, offer, sell, contract to sell or otherwise dispose of any debt securities of the Company which both mature more than 9 months after such Time of Delivery and are substantially similar to the Securities;

(g) That each acceptance by the Company of an offer to purchase Securities hereunder (including any purchase by such Agent as principal not pursuant to a Terms Agreement), and each execution and delivery by the Company of a Terms Agreement with such Agent, shall be deemed to be an affirmation to such Agent that the representations and warranties of the Company contained in or made pursuant to this Agreement are true and correct as of the date of such acceptance or of such Terms Agreement, as the case may be, as though made at and as of such date, and an undertaking that such representations and warranties will be true and correct as of the settlement date for the Securities relating to such acceptance or as of the Time of Delivery relating to such sale, as the case may be, as though made at and as of such date (except that such representations and warranties shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented relating to such Securities);

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(h) That reasonably in advance of each time the Registration Statement or the Prospectus shall be amended or supplemented (other than by a Pricing Supplement) and each time a document filed under the Act or the Exchange Act is incorporated by reference into the Prospectus, and each time the Company sells Securities to such Agent as principal pursuant to a Terms Agreement and such Terms Agreement specifies the delivery of an opinion or opinions by Sullivan & Cromwell, counsel to the Agents, as a condition to the purchase of Securities pursuant to such Terms Agreement, the Company shall furnish to such counsel such papers and information as they may reasonably request to enable them to furnish to such Agent the opinion or opinions referred to in Section 6(b) hereof;

(i) That each time the Registration Statement or the Prospectus shall be amended or supplemented (other than by a Pricing Supplement), each time a document filed under the Act or the Exchange Act is incorporated by reference into the Prospectus and each time the Company sells Securities to such Agent as

principal pursuant to a Terms Agreement and such Terms Agreement specifies the delivery of an opinion under this Section 4(i) as a condition to the purchase of Securities pursuant to such Terms Agreement, the Company shall furnish or cause to be furnished forthwith to such Agent a written opinion of Stites & Harbison, counsel for the Company, or other counsel for the Company satisfactory to such Agent, dated the date of such amendment, supplement or incorporation or the Time of Delivery relating to such sale, as the case may be, in form satisfactory to such Agent, to the effect that such Agent may rely on the opinion of such counsel referred to in Section 6(c) hereof which was last furnished to such Agent to the same extent as though it were dated the date of such letter authorizing reliance (except that the statements in such last opinion shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to such date) or, in lieu of such opinion, an opinion of the same tenor as the opinion of such counsel referred to in Section 6(c) hereof but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to such date;

(j) That each time the Company files an annual report pursuant to Section 13(a) or 15(d) of the Exchange Act and each time the Company sells Securities to such Agent as principal pursuant to a Terms Agreement and such Terms Agreement specifies the delivery of an opinion under this Section 4(j) as a condition to the purchase of Securities pursuant to such Terms Agreement, the Company shall furnish

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or cause to be furnished forthwith to such Agent a written opinion of the General Counsel of the Company in form and substance satisfactory to such Agent, dated the date of such filing or the Time of Delivery relating to such sale, as the case may be, in form satisfactory to such Agent, to the effect that such Agent may rely on the opinion of such counsel referred to in Section 6(d) hereof which was last furnished to such Agent to the same extent as though it were dated the date of such letter authorizing reliance;

(k) That each time the Registration Statement or the Prospectus shall be amended or supplemented and each time that a document filed under the Act or the Exchange Act is incorporated by reference into the Prospectus, in either case to set forth financial information included in or derived from the Company's consolidated financial statements or accounting records, and each time the Company sells Securities to such Agent as principal pursuant to a Terms Agreement and such Terms Agreement specifies the delivery of a letter under this Section 4(k) as a condition to the purchase of Securities pursuant to such Terms Agreement, the Company shall cause the independent certified public accountants who have audited the financial statements of the Company and its subsidiaries included or incorporated by reference in the Registration Statement to furnish such Agent a letter, dated the date of such amendment, supplement or incorporation or the Time of Delivery relating to such sale, as the case may be, and furnished no later than the date (the "Comfort Letter Delivery Date") that is five business days after the date of such amendment, supplement or incorporation or at such Time of Delivery, as the case may be, in form satisfactory to such Agent, of the same tenor as the letter referred to in



Section 6(e) hereof but modified to relate to the Registration Statement and the Prospectus as amended or supplemented to the date of such letter, with such changes as may be necessary to reflect changes in the financial statements and other information derived from the accounting records of the Company, to the extent such financial statements and other information are available as of a date not more than five business days prior to the date of such letter; provided, however, that, with respect to any financial information or other

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matter, such letter may reconfirm as true and correct at such date as though made at and as of such date, rather than repeat, statements with respect to such financial information or other matter made in the letter referred to in Section 6(e) hereof which was last furnished to such Agent;

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(l) That each time the Registration Statement or the Prospectus shall be amended or supplemented (other than by a Pricing Supplement), each time a document filed under the Act or the Exchange Act is incorporated by reference into the Prospectus, and each time the Company sells Securities to such Agent as principal and the applicable Terms Agreement specifies the delivery of a certificate under this Section 4(l) as a condition to the purchase of Securities pursuant to such Terms Agreement, the Company shall furnish or cause to be furnished forthwith to such Agent a certificate, dated the date of such supplement, amendment or incorporation or the Time of Delivery relating to such sale, as the case may be, in such form and executed by such officers of the Company as shall be satisfactory to such Agent, to the effect that the statements contained in the certificates referred to in Section 6(h) hereof which were last furnished to such Agent are true and correct at such date as though made at and as of such date (except that such statements shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to such date) or, in lieu of such certificate, certificates of the same tenor as the certificates referred to in said Section 6(h) but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to such date; and

(m) To offer to any person who has agreed to purchase Securities as the result of an offer to purchase solicited by such Agent the right to refuse to purchase and pay for such Securities if, on the related settlement date fixed pursuant to the Administrative Procedure, any condition set forth in Section 6(a), 6(f) or 6(g) hereof shall not have been satisfied (it being understood that the judgment of such person with respect to the impracticability or inadvisability of such purchase of Securities shall be substituted, for purposes of this Section 4(m), for the respective judgments of an Agent with respect to certain matters referred to in such Sections 6(a), 6(f) and 6(g), and that such Agent shall have no duty or obligation whatsoever to exercise the judgment permitted under such Sections 6(a), 6(f) and 6(g) on behalf of any such person).

5. The Company covenants and agrees with each Agent that the Company will pay or cause to be paid the following: (i) the fees and expenses of the Company's counsel and accountants in connection with the registration of the Securities under the Act and all other expenses in connection with the

preparation, printing and filing of the Registration Statement, any Preliminary Prospectus, the

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Prospectus and any Pricing Supplements and all other amendments and supplements thereto and the mailing and delivering of copies thereof to such Agent; (ii) the reasonable fees and reasonable expenses of counsel for the Agents in connection with the establishment of the program contemplated hereby, any opinions to be rendered by such counsel hereunder and the transactions contemplated hereunder; (iii) the cost of printing, preparing by word processor or reproducing this Agreement, any Terms Agreement, the Indenture, any Blue Sky and Legal Investment Memoranda and any other documents in connection with the offering, purchase, sale and delivery of the Securities; (iv) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 4(b) hereof, including fees and disbursements of counsel for the Agents in connection with such qualification and in connection with the Blue Sky and legal investment surveys; (v) any fees charged by securities rating services for rating the Securities; (vi) any filing fees incident to any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of the Securities; (vii) the cost of preparing, and providing any CUSIP or other identification numbers for, the Securities; (viii) the fees and expenses of the Trustee and any agent of the Trustee and any transfer or paying agent of the Company and the fees and disbursements of counsel for any Trustee or such agent in connection with any Indenture and the Securities; (ix) the fees and expenses of any Depositary (as defined in the Indenture) and any nominees thereof in connection with the Securities; (x) any advertising expenses connected with the solicitation of offers to purchase and the sale of Securities so long as such advertising expenses have been approved in advance by the Company; and (xi) all other costs and expenses incident to the performance of the Company's obligations hereunder which are not otherwise specifically provided for in this Section. Except as provided in Sections 7 and 8 hereof, each Agent shall pay all other expenses it incurs.

6. The obligation of any Agent, as agent of the Company, at any time ("Solicitation Time") to solicit offers to purchase the Securities and the obligation of any Agent to purchase Securities as principal, pursuant to any Terms Agreement or otherwise, shall in each case be subject, in such Agent's discretion, to the condition that all representations and warranties and other statements of the Company herein (and, in the case of an obligation of an Agent under a Terms Agreement, in or incorporated in such Terms Agreement by reference) are true and correct at and as of the Commencement Date and any applicable date referred to in

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Section 4(1) hereof that is prior to such Solicitation Time or Time of Delivery, as the case may be, and at and as of such Solicitation Time or Time of Delivery, as the case may be, the condition that prior to such Solicitation Time or Time

of Delivery, as the case may be, the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) (i) With respect to any Securities sold at or prior to such Solicitation Time or Time of Delivery, as the case may be, the Prospectus as amended or supplemented (including the Pricing Supplement) with respect to such Securities shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 4(a) hereof; (ii) no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and (iii) all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of such Agent;

(b) Sullivan & Cromwell, counsel to the Agents, shall have furnished to such Agent (i) such opinion or opinions, dated the Commencement Date, with respect to this agreement, the incorporation of the Company, the validity of the Indenture, the Securities, the Registration Statement, the Prospectus as amended or supplemented and other related matters as such Agent may reasonably request, and (ii) if and to the extent requested by such Agent, with respect to each applicable date referred to in Section 4(h) hereof that is on or prior to such Solicitation Time or Time of Delivery, as the case may be, an opinion or opinions, dated such applicable date, to the effect that such Agent may rely on the opinion or opinions which were last furnished to such Agent pursuant to this Section 6(b) to the same extent as though it or they were dated the date of such letter authorizing reliance (except that the statements in such last opinion or opinions shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to

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such date) or, in any case, in lieu of such an opinion or opinions, an opinion or opinions of the same tenor as the opinion or opinions referred to in clause (i) but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to such date; and in each case such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Stites & Harbison, counsel for the Company, or other counsel for the Company satisfactory to such Agent, shall have furnished to such Agent their written opinions, dated the Commencement Date and each applicable date referred to in Section 4(i) hereof that is on or prior to such Solicitation Time or Time of Delivery, as the case may be, in form and substance satisfactory to such Agent, to the effect that (such counsel being entitled to (x) rely in respect of the opinions in clause (iv) below upon opinions of local counsel and in respect of any matters of fact upon certificates of officers of the Company and its Subsidiaries and of public

officials, provided that such counsel shall state that they believe that both the Agents and they are justified in relying upon such opinions and certificates and (y) state in respect of the opinion in clause (viii) below that they have assumed that at the time of the issuance, sale and delivery of each Security the authorization of the Securities will not have been modified or rescinded and there will not have occurred any change in law affecting the validity or legally binding character of the Securities and that they have also assumed that neither the issuance, sale and delivery of any Security, nor any of the terms of such Security nor the compliance by the Company with such terms will violate any applicable law, instrument or agreement then binding upon the Company, or any restriction imposed by any court or governmental body having jurisdiction over the Company):

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with power and authority (corporate and other) to own its properties and conduct its

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business as described in the Prospectus as amended or supplemented;

(ii) The Company has an authorized capitalization as set forth in the Prospectus as amended or supplemented and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable;

(iii) The Company has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification;

(iv) Each Subsidiary has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification and as to which failure to be so qualified would subject such Subsidiary to any material liability or disability; and each Subsidiary has all necessary authorizations, approvals, orders, licenses, certificates and permits of and from all governmental regulatory officials and bodies (including, without limitation, each insurance commission having jurisdiction over any insurance Subsidiary) to own or lease its properties and to conduct its business as described in the Prospectus;

(v) All of the issued shares of capital stock of each Subsidiary have been duly and validly authorized and issued, are fully paid and nonassessable, and (except for directors' qualifying shares) are owned

directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims;

(vi) To the best of such counsel's knowledge, there are no legal or governmental proceedings pending to which the Company or any of its Subsidiaries is a party or of which any property

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of the Company or any of its Subsidiaries is the subject, other than as set forth in the Prospectus and other than litigation incident to the kind of business conducted by the Company and its Subsidiaries, which, in the opinion of such counsel, individually and in the aggregate is not material to the Company and its Subsidiaries; to the best of such counsels' knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others; and, to the best of such counsel's knowledge, the Company, its Subsidiaries and Capital Liberty, L.P. are in substantial compliance with all applicable federal and state tax statutes, regulations and official rulings and interpretations;

(vii) This Agreement and any applicable Terms Agreement have been duly authorized, executed and delivered by the Company;

(viii) The Securities have been duly authorized and, when duly executed, authenticated, issued and delivered by the Company, will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the Indenture; and the Indenture conforms and the Securities will conform to the descriptions thereof in the Prospectus as amended or supplemented;

(ix) The Indenture has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Indenture has been duly qualified under the Trust Indenture Act;

(x) The issue and sale of the Securities, the compliance by the Company with all of the provisions of the Securities, the Indenture, this Agreement and any applicable Terms Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default

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under, (a) any indenture, mortgage, deed of trust, loan agreement or

other agreement or instrument known to such counsel to which the Company is a party or by which the Company is bound or (b) any indenture, mortgage, deed of trust, loan agreement, financing agreement or instrument, lease or agreement relating to an acquisition or divestiture known to such counsel to which any of the Subsidiaries is a party or by which any of the Subsidiaries is bound, nor will such action result in any violation of the provisions of the Certificate of Incorporation, as amended, of the Company or the By-Laws of the Company or any statute or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction over the Company or any of its Subsidiaries or any of their properties;

(xi) No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required for the solicitation of offers to purchase Securities, the issue and sale of the Securities or the consummation by the Company of the other transactions contemplated by this Agreement, any applicable Terms Agreement or the Indenture, except such as have been obtained under the Act and the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities, insurance or Blue Sky laws in connection with the solicitation by the Agents of offers to purchase Securities from the Company and with purchases of Securities by an Agent as principal, as the case may be, in each case in the manner contemplated hereby;

(xii) The documents incorporated by reference in the Prospectus or any amendment or supplement thereto (other than the financial statements and related schedules therein, as to which such counsel need express no opinion), when they became effective or were filed with the Commission, as the case may be, complied as to form in all material respects with the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder; and they have no reason to believe that any of such documents, when they became effective or

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were so filed, as the case may be, contained, in the case of a registration statement which became effective under the Act, an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or, in the case of other documents which were filed under the Act or the Exchange Act with the Commission, an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such documents were so filed, not misleading; and

(xiii) The Registration Statement and the Prospectus as amended

and supplemented and any further amendments and supplements thereto made by the Company prior to the date of such opinion (other than the financial statements and related schedules therein, as to which such counsel need express no opinion) comply as to form in all material respects with the requirements of the Act and the Trust Indenture Act and the rules and regulations thereunder; they have no reason to believe that, as of its effective date, the Registration Statement or any further amendment thereto made by the Company prior to the date of such opinion (other than the financial statements and related schedules therein, as to which such counsel need express no opinion) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that, as of its date, the Prospectus as amended or supplemented or any further amendment or supplement thereto made by the Company prior to the date of such opinion (other than the financial statements and related schedules therein, as to which such counsel need express no opinion) contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or that, as of the date of such opinion, either the Registration Statement or the Prospectus as amended or supplemented or any amendment or supplement thereto made by the Company prior to the date of such opinion (other than the financial statements and related

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schedules therein, as to which such counsel need express no opinion) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading; and they do not know of any amendment to the Registration Statement required to be filed or any contracts or other documents of a character required to be filed as an exhibit to the Registration Statement or required to be incorporated by reference into the Prospectus as amended or supplemented or required to be described in the Registration Statement or the Prospectus as amended or supplemented which are not filed or incorporated by reference or described as required;

(d) The General Counsel of the Company, shall have furnished to you his written opinions, dated the Commencement Date and each applicable date referred to in Section 4(j) hereof that is on or prior to such Solicitation Time or Time of Delivery, as the case may be, in form and substance satisfactory to such Agent, to the effect that the issue and sale of the Securities, the compliance by the Company with all of the provisions of the Securities, the Indenture, this Agreement and any applicable Terms Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or

instrument known to him to which any of the Subsidiaries is a party or by which any of the Subsidiaries is bound (such counsel being entitled to rely in respect of any matters of fact upon certificates of officers of the Subsidiaries and of public officials, provided that such counsel shall state that he believes that both such Agent and he are justified in relying upon such certificates);

(e) (i) Not later than 10:00 a.m., New York City time, on the Commencement Date and on each Comfort Letter Delivery Date or Time of Delivery referred to in Section 4(k) hereof that is on or prior to such Solicitation Time or Time of

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Delivery, as the case may be, the independent certified public accountants who have certified the financial statements of the Company and its subsidiaries included or incorporated by reference in the Registration Statement shall have furnished to such Agent a letter, dated the Commencement Date or the related applicable date referred to in Section 4(k), as the case may be, and (ii) if such Solicitation Time is on or after any applicable date referred to in Section 4(k) but prior to the related Comfort Letter Delivery Date, such accountants shall have furnished to such Agent a letter, dated such applicable date, such letters being, in any such case described in clause (i) or (ii), in form and substance satisfactory to such Agent, to the effect set forth in Annex III hereto;

(f) (i) Neither the Company nor any of its Subsidiaries shall have sustained since the date of the latest audited financial statements included or incorporated by reference in the Prospectus as amended or supplemented any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Prospectus as amended or supplemented and (ii) since the respective dates as of which information is given in the Prospectus as amended or supplemented there shall not have been any change in the capital stock or long-term debt of the Company on a consolidated basis or any change, or any development involving a prospective change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company and its Subsidiaries, otherwise than as set forth or contemplated in the Prospectus as amended or supplemented, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of such Agent so material and adverse as to make it impracticable or inadvisable to proceed with the solicitation by such Agent of offers to purchase Securities from the Company or the purchase by such Agent of Securities from the Company as principal, as the case may be, on the terms and

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in the manner contemplated in the Prospectus as amended or supplemented;



(g) There shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities of the Company in particular or securities generally on the New York Stock Exchange; (ii) a general moratorium on commercial banking activities in New York declared by either Federal or New York State authorities; (iii) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, if the effect of any such event specified in this clause (iii) in the judgment of such Agent makes it impracticable or inadvisable to proceed with the solicitation of offers to purchase Securities or the purchase of Securities from the Company as principal, pursuant to the applicable Terms Agreement or otherwise, as the case may be, on the terms and in the manner contemplated in the Prospectus as amended or supplemented; (iv) any downgrading in the rating accorded the Company's debt securities by any "nationally recognized statistical rating organization", as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Act; or (v) any such "nationally recognized statistical rating organization" shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities; and

(h) The Company shall have furnished or caused to be furnished to such Agent certificates of officers of the Company dated the Commencement Date and each applicable date referred to in Section 4(l) hereof that is on or prior to such Solicitation Time or Time of Delivery, as the case may be, in such form and executed by such officers of the Company as shall be satisfactory to such Agent, as to the accuracy of the representations and warranties of the Company herein at and as of the Commencement Date or such applicable date, as the case may be, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to the Commencement Date or such applicable date, as the case may be, as to the matters set forth in subsections (a) and (f)

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of this Section 6, and as to such other matters as such Agent may reasonably request.

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

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the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Prospectus, the Registration Statement, the Prospectus, the Prospectus as amended or supplemented or any other prospectus relating to the Securities, or any such amendment or supplement, in reliance upon and in conformity with written information furnished to the Company by such Agent expressly for use therein.

(b) Each Agent will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, the Registration Statement, the Prospectus, the Prospectus as amended or supplemented or any other prospectus relating to the Securities, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any Preliminary Prospectus, the Registration

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Statement, the Prospectus, the Prospectus as amended or supplemented or any other prospectus relating to the Securities, or any such amendment or supplement, in reliance upon and in conformity with written information furnished to the Company by such Agent expressly for use therein; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such

indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnifying party shall not be required to indemnify the indemnified party for any amount paid or payable by the indemnified party in the settlement of any action, proceeding or investigation without the written consent of the indemnifying party, which consent shall not be unreasonably withheld.

(d) If the indemnification provided for in this Section 7 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such

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losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and each Agent on the other from the offering of the Securities to which such loss, claim, damage or liability (or action in respect thereof) relates. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and each Agent on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and each Agent on the other shall be deemed to be in the same proportion as the total net proceeds from the sale of such Securities (before deducting expenses) received by the Company bear to the total commissions or discounts received by such Agent in respect thereof. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or by any Agent on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and each Agent agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by per capita allocation (even if all Agents were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), an Agent shall not be required to contribute any amount in excess of the amount by which the total public offering price at which the Securities purchased by or through it were

sold exceeds the amount of any damages which such Agent has otherwise been required to pay by reason of

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such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of each of the Agents under this subsection (d) to contribute are several in proportion to the respective purchases made by or through it to which such loss, claim, damage or liability (or action in respect thereof) relates and are not joint.

(e) The obligations of the Company under this Section 7 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Agent within the meaning of Section 15 of the Act or Section 20 of the Exchange Act; and the obligations of each Agent under this Section 7 shall be in addition to any liability which such Agent may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act.

8. Each Agent, in soliciting offers to purchase Securities from the Company and in performing the other obligations of such Agent hereunder (other than in respect of any purchase by an Agent as principal, pursuant to a Terms Agreement or otherwise) is acting solely as agent for the Company and not as principal. Each Agent will make reasonable efforts to assist the Company in obtaining performance by each purchaser whose offer to purchase Securities from the Company was solicited by such Agent and has been accepted by the Company, but such Agent shall not have any liability to the Company in the event such purchase is not consummated for any reason. If the Company shall default on its obligation to deliver Securities to a purchaser whose offer it has accepted, the Company shall (i) hold each Agent harmless against any loss, claim or damage arising from or as a result of such default by the Company and (ii) notwithstanding such default, pay to the Agent that solicited such offer any commission to which it would be entitled in connection with such sale.

9. The respective indemnities, agreements, representations, warranties and other statements by any Agent and the Company set forth in or made pursuant to this Agreement shall remain in full force and effect regardless of any investigation (or any statement as to the results thereof)

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made by or on behalf of any Agent or any controlling person of any Agent or the Company, or any officer or director or any controlling person of the Company, and shall survive each delivery of and payment for any of the Securities.

Anything herein to the contrary notwithstanding, the indemnity agreement

of the Company in subsection (a) of Section 7 hereof, the representations and warranties in subsections (b), (c) and (d) of Section 1 hereof and any representation or warranty as to the accuracy of the Registration Statement, the Prospectus or any amendment or supplement thereto contained in any certificate furnished by the Company pursuant to Section 6 hereof, insofar as they may constitute a basis for indemnification for liabilities (other than payment by the Company of expenses incurred or paid in the successful defense of any action, suit or proceeding) arising under the Act, shall not extend to the extent of any interest therein of a controlling person or partner of an Agent who is a director, officer or controlling person of the Company when and after the Registration Statement has become effective, except in each case to the extent that an interest of such character shall have been determined by a court of appropriate jurisdiction as not against public policy as expressed in the Act. Unless in the opinion of counsel for the Company the matter has been settled by controlling precedent, the Company will, if a claim for such indemnification is asserted, submit to a court of appropriate jurisdiction the question whether such interest is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

10. The provisions of this Agreement relating to the solicitation of offers to purchase Securities from the Company may be suspended or terminated at any time by the Company as to any Agent or by any Agent as to such Agent upon the giving of written notice of such suspension or termination to such Agent or the Company, as the case may be. In the event of such suspension or termination with respect to any Agent, (x) this Agreement shall remain in full force and effect with respect to any Agent as to which such suspension or termination has not occurred, (y) this Agreement shall remain in full force and effect with respect to the rights and obligations of any party which have previously accrued or which relate to Securities which are already issued, agreed to be issued or the subject of a pending offer at the time of such suspension or termination and (z) in any event, this Agreement shall remain in full force and effect insofar as the fourth paragraph of Sec-

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tion 2(a), Section 4(d), Section 4(e), Section 5, Section 7, Section 8 and Section 9 hereof are concerned.

11. Except as otherwise specifically provided herein or in the Administrative Procedure, all statements, requests, notices and advices hereunder shall be in writing, or by telephone if promptly confirmed in writing, and if to Goldman, Sachs & Co. shall be sufficient in all respects when delivered or sent by facsimile transmission or registered mail to 85 Broad Street, New York, New York 10004, Facsimile Transmission No. (212) 902-4103, Attention: Registration Department, and if to Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated shall be sufficient in all respects when delivered or sent by telex, facsimile transmission or registered mail to World Financial Center, North Tower, New York, New York 10281, Facsimile Transmission No. (212) 449-2239, Attention: [Pat Hannon], MTN Product Management and if to the Company shall be sufficient in all respects when delivered or sent by facsimile transmission or registered mail to it at its

address set forth in the Prospectus.

12. This Agreement and any Terms Agreement shall be binding upon, and inure solely to the benefit of, each Agent and the Company, and to the extent provided in Section 7, Section 8 and Section 9 hereof, the officers and directors of the Company and any person who controls any Agent or the Company, and their respective personal representatives, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement or any Terms Agreement. No purchaser of any of the Securities through or from any Agent hereunder shall be deemed a successor or assign by reason of such purchase.

13. Time shall be of the essence in this Agreement and any Terms Agreement. As used herein, the term "business day" shall mean any day when the office of the Commission in Washington, D.C. is open for business.

14. This Agreement and any Terms Agreement shall be governed by, and  
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construed in accordance with, the laws of the State of New York.  
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15. This Agreement and any Terms Agreement may be executed by any one or more of the parties hereto and thereto in any number of counterparts, each of which shall be deemed to be an original, but all of such respective counterparts shall together constitute one and the same instrument.

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If the foregoing is in accordance with your understanding, please sign and return to us five counterparts hereof, whereupon this letter and the acceptance by each of you thereof shall constitute a binding agreement between the Company and each of you in accordance with its terms.

Very truly yours,

CAPITAL HOLDING CORPORATION

By: /s/ Sherry F. Hardy

\_\_\_\_\_  
Sherry F. Hardy  
Assistant General Counsel

Accepted in New York, New York,  
as of the date hereof:

/s/ Goldman, Sachs & Co.

(Goldman, Sachs & Co.)

MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED

By: /s/ Scott Primrose

Authorized Signatory

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ANNEX I

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CAPITAL HOLDING CORPORATION

[Title of Security]

Terms Agreement

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....., 19..

[Goldman, Sachs & Co.,  
85 Broad Street,  
New York, New York 10004.]

[Merrill Lynch & Co.,  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated,  
North Tower,  
World Financial Center,  
New York, New York 10281-1323]

Dear Sirs:

Capital Holding Corporation (the "Company") proposes, subject to the terms and conditions stated herein and in the Distribution Agreement, dated January 14, 1994 (the "Distribution Agreement"), between the Company on the one hand and Goldman, Sachs & Co. and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Agents") on the other, to issue and sell to [Goldman, Sachs & Co.] [Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated] the securities specified in the Schedule hereto (the

"Purchased Securities"). Each of the provisions of the Distribution Agreement not specifically related to the solicitation by the Agents, as agents of the Company, of offers to purchase Securities is incorporated herein by reference in its entirety, and shall be deemed to be part of this Terms Agreement to the same extent as if such provisions had been set forth in full herein. Nothing contained herein or in the Distribution Agreement shall make any party hereto an agent of the Company or make such party subject to the provisions therein relating to the solicitation of offers to purchase securities from the Company, solely by virtue of its execution of this Terms Agreement. Each of the representations and warranties set forth therein shall be deemed to have been made at and as of the date of

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this Terms Agreement, except that each representation and warranty in Section 1 of the Distribution Agreement which makes reference to the Prospectus shall be deemed to be a representation and warranty as of the date of the Distribution Agreement in relation to the Prospectus (as therein defined), and also a representation and warranty as of the date of this Terms Agreement in relation to the Prospectus as amended and supplemented to relate to the Purchased Securities.

An amendment to the Registration Statement, or a supplement to the Prospectus, as the case may be, relating to the Purchased Securities, in the form heretofore delivered to you is now proposed to be filed with the Commission.

Subject to the terms and conditions set forth herein and in the Distribution Agreement incorporated herein by reference, the Company agrees to issue and sell to [Goldman, Sachs & Co.] [Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated] and [Goldman, Sachs & Co.] [Merrill Lynch, Pierce, Fenner & Smith Incorporated] agree[s] to purchase from the Company the Purchased Securities, at the time and place, in the principal amount and at the purchase price set forth in the Schedule hereto.

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If the foregoing is in accordance with your understanding, please sign and return to us ..... counterparts hereof, and upon acceptance hereof by you this letter and such acceptance hereof, including those provisions of the Distribution Agreement incorporated herein by reference, shall constitute a binding agreement between you and the Company.

CAPITAL HOLDING CORPORATION

By:.....  
([Title])



Accepted:

[.....  
(Goldman, Sachs & Co.)]

[MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED

By:.....  
([Title])]

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Schedule to Annex I

Title of Purchased Securities:

[ [ %] Medium-Term Notes]

Aggregate Principal Amount:

[\$ or units of other Specified Currency]

[Price to Public:]

Purchase Price by [Goldman, Sachs & Co.]

[Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith  
Incorporated]:

% of the principal amount of the Purchased Securities[, plus accrued  
interest from to ] [and accrued amortization, if any,  
from to ]

Method of and Specified Funds for Payment of Purchase Price:

[By certified or official bank check or checks, payable to the order of the  
Company, in [[New York] Clearing House] [immediately available] funds]

[By wire transfer to a bank account specified by the Company in [next day]  
[immediately available] funds]]

Indenture:

Time of Delivery:

Closing Location:

Maturity:

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Interest Rate:

[ %]

Interest Payment Dates:

[months and dates]

Documents to be Delivered:

The following documents referred to in the Distribution Agreement shall be delivered as a condition to the Closing:

- [(1) The opinion or opinions of counsel to the Agents referred to in Section 4(h).]
- [(2) The opinion of counsel to the Company referred to in Section 4(i).]
- [(3) The opinion of the General Counsel of the Company referred to in Section 4(j).]
- [(4) The accountants' letter referred to in Section 4(k).]
- [(5) The officers' certificate referred to in Section 4(l).]

Other Provisions:

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CAPITAL HOLDING CORPORATION

Administrative Procedure  
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This Administrative Procedure relates to the Securities defined in the Distribution Agreement, dated January 14, 1994 (the "Distribution Agreement"), between Capital Holding Corporation (the "Company") and Goldman, Sachs & Co. and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated (together, the "Agents"), to which this Administrative Procedure is attached as Annex II. Defined terms used herein and not defined herein shall have the meanings given such terms in the Distribution Agreement, the Prospectus as amended or supplemented or the Indenture. To the extent any procedure set forth below conflicts with the provisions of the Securities, the Indenture or the Distribution Agreement, the relevant provisions of the Securities, the Indenture and the Distribution Agreement shall control.

The procedures to be followed with respect to the settlement of sales of Securities directly by the Company to purchasers solicited by an Agent, as agent, are set forth below. Part I describes procedures of general applicability with respect to such Securities. Part II below describes procedures specifically and exclusively applicable (any procedure in Part I below to the contrary notwithstanding) to such Securities which are either Permanent Global Securities or Book-Entry Securities (each as defined below). The terms and settlement details related to a purchase of Securities by an Agent, as principal, from the Company will be set forth in a Terms Agreement pursuant to the Distribution Agreement, unless the Company and such Agent otherwise agree as provided in Section 2(b) of the Distribution Agreement, in which case the procedures to be followed in respect of the settlement of such sale will be as set forth below. An Agent, in relation to a purchase of a Security by a purchaser solicited by such Agent, is referred to herein as the "Selling Agent" and, in relation to a purchase of a Security by such Agent as principal other than pursuant to a Terms Agreement, as the "Purchasing Agent".

The Company will advise each Agent in writing of those persons with whom such Agent is to communicate regarding offers to purchase Securities and the related settlement details.

Each Security will be issued only in fully registered form and will be initially represented by either a

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permanent global certificate (a "Global Certificate") delivered to the Trustee, as agent for The Depository Trust Company, New York, New York (the "Depository"), or a certificate (a "Definitive Certificate") delivered to a person designated by an Agent. Each security which is represented by a Global Certificate is referred to herein as a "Book-Entry Security" (it being understood that only such Global Certificate -- and not any such Book-Entry

Security represented thereby -- constitutes a "Security" under the Indenture).

Pursuant to Sections 301 and 1002 of the Indenture, the Company has appointed Morgan Guaranty Trust Company of New York ("Morgan Guaranty") as Paying Agent (the "Paying Agent") and as Calculation Agent (the "Calculation Agent") for the Securities. Pursuant to Section 614 of the Indenture, the Trustee has appointed Morgan Guaranty as Authenticating Agent (the "Authenticating Agent") with respect to the Securities. In addition, the Company has appointed Morgan Guaranty as its agent (the "Issuing Agent") in connection with certain procedures to be followed with respect to the settlement of sales of Securities as set forth in this Administrative Procedure.

PART I: PROCEDURES OF GENERAL APPLICABILITY

Posting Rates by Company:

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The Company and the Agents will discuss from time to time the rates of interest per annum to be borne by and the maturity of Securities that may be sold as a result of the solicitation of offers by an Agent. The Company may establish a fixed set of interest rates and maturities for an offering period ("posting"). If the Company decides to change already posted rates, it will promptly advise the Agents to suspend solicitation of offers until the new posted rates have been established with the Agents.

Acceptance of Offers by Company:

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Each Agent will promptly advise the Company by telephone or other appropriate means of all reasonable offers to purchase Securities, other than those rejected by such Agent. Each Agent may, in its discretion reasonably exercised, reject any offer received by it in whole or in part. Each Agent also may make offers to the Company to purchase Securities as a Purchasing Agent. The Company will have the sole right to accept offers to purchase Securities and may reject any such offer in whole or in part.

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The Company will promptly notify the Selling Agent or Purchasing Agent, as the case may be, of its acceptance or rejection of an offer to purchase Securities. If the Company accepts an offer to purchase Securities, it will confirm such acceptance in writing to the Selling Agent or Purchasing Agent, as the case may be, and the Issuing Agent.

Communication of Sale Information  
to Company by Selling Agent:

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After the acceptance of an offer by the Company, the Selling Agent or

Purchasing Agent, as the case may be, will communicate the following details of the terms of such offer (the "Sale Information") to the Company by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means:

- (1) Principal amount of Securities to be purchased;
- (2) If a Fixed Rate Security, the interest rate;
- (3) The Interest Payment Date on a Fixed Rate Security, if other than March 15 and September 15 of each year and at Maturity;
- (4) The Regular Record Date on a Fixed Rate Note, if other than the September 1 and March 1 (whether or not a Business Day), as the case may be, next preceding the September 15 and March 15 Interest Payment Dates;
- (5) Maturity Date;
- (6) Specified Currency and, if the Specified Currency is other than U.S. dollars, the applicable Exchange Rate for such Specified Currency;
- (7) Issue Price;
- (8) Selling Agent's commission or Purchasing Agent's discount, as the case may be;
- (9) Net proceeds to the Company;
- (10) Settlement Date;

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- (11) If a redeemable Security, such of the following as are applicable:
  - (i) Redemption Commencement Date,
  - (ii) Initial Redemption Price (% of par), and
  - (iii) Amount (% of par) that the Redemption Price shall decline (but not below par) on each anniversary of the Redemption Commencement Date.
- (12) If a Floating Rate Security, such of the following as are applicable:
  - (i) Interest Rate Basis,
  - (ii) Index Maturity,
  - (iii) Spread or Spread Multiplier,

- (iv) Maximum Rate,
- (v) Minimum Rate,
- (vi) Initial Interest Rate,
- (vii) Interest Reset Dates,
- (viii) Calculation Dates,
- (ix) Interest Determination Dates,
- (x) Interest Payment Dates,
- (xi) Regular Record Dates, and
- (xii) Calculation Agent;

(13) Name, address and taxpayer identification number of the registered owner; and

(14) Denomination of certificates to be delivered at settlement.

Preparation of Pricing Supplement by Company:  
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If the Company accepts an offer to purchase a Security, it will prepare a Pricing Supplement. The Company will supply at least ten copies of such Pricing Supplement to the Selling Agent or Purchasing Agent, as the case may be, not later than 5:00 p.m., New York City time, on the business day following the date of acceptance of such offer, or if the Company and the purchaser agree to settlement on the date of such acceptance, not later than noon, New York City time, on such date. The Company will arrange to have ten Pricing Supplements filed with the Commission not later than the close of business of the Commission on the fifth business day following the date on which such Pricing

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Supplement is first used. One copy of such filed document will be sent by telecopy or overnight express (for delivery not later than 11:00 A.M. on the Business Day next following the trade date) to the Agents at the following applicable address: if to Goldman, Sachs & Co., to Don Henson, Registration Department, Goldman, Sachs & Co., 85 Broad Street, 21st Floor, New York, New York 10004; if to Merrill Lynch, to Tritech Services, #4 Corporate Place, Corporate Park 287, Piscataway, New Jersey 08854, telecopy 908-878-6530, Attention: Nachman Kimerling, Final Prospectus Unit. For record keeping purposes, one copy of each Pricing Supplement shall also be mailed or telecopied to the Agents at the following addresses: Don Henson, Registration Department, Goldman, Sachs & Co., 85 Broad Street, 21st Floor, New York, New York 10004; Product Management - MTNs, Merrill Lynch & Co., Merrill Lynch World Headquarters, World Financial Center, North Tower, 23rd Floor, New York, New York 10281-1323.

Delivery of Confirmation and  
Prospectus to Purchaser by Selling Agent:  
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The Selling Agent will deliver to the purchaser of a Security a written confirmation of the sale and delivery and payment instructions. In addition, the Selling Agent will deliver to such purchaser or its agent the Prospectus as amended or supplemented (including the Pricing Supplement) in relation to such Security prior to or together with the earlier of the delivery to such purchaser or its agent of (a) the confirmation of sale (including, in the case of a Book-Entry Security, the confirmation through the Depository's Institutional Delivery System) or (b) the Security.

Date of Settlement:  
- -----

All offers solicited by a Selling Agent or made by a Purchasing Agent and accepted by the Company will be settled on a date (the "Settlement Date" or "Original Issue Date") which is the fifth business day after the date of acceptance of such offer, unless the Company and the purchaser agree to settlement (a) on any other business day after the acceptance of such offer or (b) with respect to an offer accepted by the Company prior to 10:00 a.m., New York City time, on the date of such acceptance.

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Instruction from the Company to  
Issuing Agent for Preparation of Securities:  
- -----

After receiving the Sale Information from the Selling Agent or Purchasing Agent, as the case may be, the Company will communicate such Sale Information to the Issuing Agent by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means.

The Company will instruct the Authenticating Agent by facsimile transmission or other acceptable written means to authenticate and deliver the Securities no later than 2:15 p.m., New York City time, on the Settlement Date. Such instruction will be given by the Company prior to 2:00 p.m., New York City time, on the second business day prior to the Settlement Date unless, in the case of Securities evidenced by a Definitive Certificate, the Settlement Date is the date of acceptance by the Company of the offer to purchase such Securities in which case such instruction will be given by the Company by 11:00 a.m., New York City time. The Authenticating Agent will authenticate and deliver to the Issuing Agent each Security in accordance with the Company's instruction.

Preparation and Delivery of Securities  
by Issuing Agent and Receipt of Payment Therefor:  
- -----

The Issuing Agent will prepare each Security and appropriate receipts that will serve as the documentary control of the transaction.

In the case of a sale of Securities to a purchaser solicited by an Agent, the Issuing Agent will, by 2:15 p.m., New York City time, on the Settlement Date, deliver the Securities to the Selling Agent for the benefit of the purchaser of such Securities against delivery by the Selling Agent of a receipt therefor. On the Settlement Date the Selling Agent will deliver payment for such Securities in immediately available funds to the Company in an amount equal to the issue price of the Securities less the Selling Agent's commission; provided that the Selling Agent reserves the right to withhold payment for which it has not received funds from the purchaser. The Company shall not use any proceeds advanced by a Selling Agent to purchase securities or carry any securities in violation of Regulations G, T, U or X of the Federal Reserve Board or otherwise in violation of law.

In the case of a sale of Securities to a Purchasing Agent, the Issuing Agent will, by 2:15 p.m., New

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York City time, on the Settlement Date, deliver the Securities to the Purchasing Agent against delivery by the Purchasing Agent of a receipt therefor. On the Settlement Date the Purchasing Agent will deliver payment for such Securities in immediately available funds to the Company in an amount equal to the issue price of the Securities less the Purchasing Agent's discount.

Failure of Purchaser to Pay Selling Agent:

-----  
If a purchaser (other than a Purchasing Agent) fails to make payment to the Selling Agent for a Security, the Selling Agent will promptly notify the Authenticating Agent and the Company thereof by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means. The Selling Agent will immediately return the Security to the Issuing Agent. Immediately upon receipt of such Security by the Issuing Agent, the Company will return to the Selling Agent an amount equal to the amount previously paid to the Company in respect of such Security. The Company will reimburse the Selling Agent on an equitable basis for its loss of the use of funds during the period when they were credited to the account of the Company.

The Issuing Agent will deliver to the Trustee for cancellation the Security in respect of which the failure occurred, instruct the Trustee to make appropriate entries in its records and, unless otherwise instructed by the Company, to destroy the Security.

PART II: PROCEDURES APPLICABLE TO BOOK-ENTRY  
SECURITIES AND GLOBAL SECURITIES

In connection with the qualification of Book-Entry Securities for eligibility in the book-entry system maintained by the Depository, the Issuing Agent, the Authenticating Agent and the Paying Agent will perform the custodial,



document control and administrative functions described below, in accordance with their respective obligations under a Letter of Representations from the Company and Morgan Guaranty, as Issuing Agent and Paying Agent, to the Depository, dated January\_\_, 1994, and a Medium-Term Note Certificate Agreement, dated April 18, 1989, between Morgan Guaranty and the Depository (the "Certificate Agreement"), and the obligations of Morgan Guaranty as a participant in the Depository, including the Depository's Same-Day Funds Settlement System ("SDFS"). It is understood that the ownership interests of purchasers of Book-Entry Securities will be credited to the book-entry

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accounts of one or more participants in the Depository (each a "Participant") in accordance with the Depository's customary practices and reflected in the records of such Participants or one or more indirect participants in the Depository designated by such purchasers in accordance with the arrangements between such purchasers and such Participants and indirect participants. As used in this Part II, the term "Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close.

Issuance: All Fixed Rate Securities which are Book-Entry Securities and have the same Original Issue Date, redemption provisions, Interest Payment Dates, interest rate, interest payment periods, Specified Currency and Stated Maturity (collectively, the "Fixed Rate Terms") will be represented initially by a single Global Certificate in fully registered form without coupons; all Floating Rate Securities which are Book-Entry Securities and have the same Original Issue Date, redemption provisions, Interest Payment Dates, interest payment periods, Interest Rate Basis, Initial Interest Rate, Index Maturity, Spread or Spread Multiplier, if any, Minimum Interest Rate, if any, Maximum Interest Rate, if any, Specified Currency and Stated Maturity (collectively, the "Floating Rate Terms") will be represented initially by a single Global Certificate in fully registered form without coupons; and all Zero Coupon Securities which are Book-Entry Securities and have the same Original Issue Date, redemption provisions, Yield to Maturity, Specified Currency and Stated Maturity (collectively, the "Zero Coupon Terms") will be represented initially by a single Global Certificate in fully registered form without coupons.

Identification: The Company has arranged with the CUSIP Service Bureau of Standard & Poor's Corporation (the "CUSIP

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Service Bureau") for the reservation of approximately 900 CUSIP numbers which have been reserved for future assignment and relating to Book-Entry Securities, and the Company has delivered to the Issuing Agent and the Depository such list of such CUSIP numbers. The Issuing Agent will assign CUSIP numbers to Book-Entry Securities as described below under Settlement Procedure B. The Depository will notify the CUSIP Service Bureau periodically of the CUSIP numbers that the Issuing Agent has assigned to Book-Entry Securities. The Issuing Agent will notify the Company at any time when fewer than 100 of the reserved CUSIP numbers remain unassigned to Book-Entry Securities, and, if it deems necessary, the Company will reserve additional CUSIP numbers for assignment to Book-Entry Securities. Upon obtaining such additional CUSIP numbers, the Company will deliver a list of such additional numbers to the Issuing Agent and the Depository. Book-Entry Securities having an aggregate principal amount in excess of \$150,000,000 and otherwise required to be represented by the same Global Certificate will instead be represented by two or more Global Certificates which shall all be assigned the same CUSIP number.

Registration:

Each Global Certificate will be registered in the name of Cede & Co., as nominee for the Depository, on the Security Register maintained by the Trustee under the Indenture. On the first Business Day of each month, the Authenticating Agent will deliver to the Company a written statement indicating the total principal amount of Outstanding Book-Entry Securities as of the immediately preceding Business Day.

Transfers:

Transfers of interests in a Book-Entry Security will be effected in

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accordance with arrangements in effect between Participants (and in certain cases, one or more indirect participants in the Depository) and the beneficial transferors and beneficial transferees of such Book-Entry Security, and the interests of Participants therein will be reflected as appropriate by book entries made by the Depository.

Exchanges:

The Company may deliver to the Depository and the CUSIP Service Bureau at any time a written notice specifying (a) the CUSIP numbers of two or more Global Certificates (i) having the same Fixed Rate Terms, Floating Rate Terms

or Zero Coupon Terms, as the case may be (except that Original Issue Dates need not be the same), (ii) for which interest (if any) has been paid to the same date and (iii) which otherwise constitute Securities of the same series and tenor under the Indenture; (b) a date, occurring at least 30 days after such written notice is delivered and at least 30 days before the next Interest Payment Date (if any) for such Book-Entry Securities, on which such Global Certificates shall be exchanged for a single replacement Global Certificate; and (c) a new CUSIP number, obtained from the Company, to be assigned to such replacement Global Certificate. Upon receipt of such a notice, the Depository will send to its participants (including the Issuing Agent) a written reorganization notice to the effect that such exchange will occur on such date. Prior to the specified exchange date, the Company will deliver to the CUSIP Service Bureau written notice setting forth such exchange date and the new CUSIP number and stating that, as of such exchange date, the CUSIP numbers of the Global Certificates to be exchanged will no longer be valid. On the specified exchange date, the

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Issuing Agent will exchange such Global Certificates for a single Global Certificate authenticated by the Authenticating Agent and bearing the new CUSIP number, and the CUSIP numbers of the exchanged Global Certificates will, in accordance with CUSIP Service Bureau procedures, be retired and not reassigned. Notwithstanding the foregoing, if the Global Certificates to be exchanged exceed \$150,000,000 in aggregate principal amount, one replacement Global Certificate will be authenticated and issued to represent each \$150,000,000 of principal amount of the exchanged Global Certificates and an additional Global Certificate will be authenticated and issued to represent any remaining principal amount of such Global Certificates (see "Denominations" below).

### Denominations:

All Book-Entry Securities will be denominated in U.S. dollars. Book-Entry Securities will be issued in denominations of \$100,000 and any larger denomination which is an integral multiple of \$1,000. Global Certificates will be denominated in principal amounts not in excess of \$150,000,000. If one or more Book-Entry Securities having an aggregate principal amount in excess of \$150,000,000 would, but for the preceding sentence, be represented by a single Global Certificate, then one Global Certificate will be issued to represent each

\$150,000,000 principal amount of such Book-Entry Security or Book-Entry Securities and an additional Global Certificate will be issued to represent any remaining principal amount of such Book-Entry Security or Book-Entry Securities. In such a case, each of the Global Certificates representing such Book-Entry Security or Securities shall be assigned the same CUSIP number.

Interest:

General. The Depositary will arrange  
-----

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for each pending deposit message described under Settlement Procedure C below to be transmitted to Standard & Poor's Corporation, which will use the message to include certain information regarding the related Book-Entry Notes in the appropriate daily bond report published by Standard & Poor's Corporation.

Notice of Interest Payments and Regular Record Dates.  
-----

On the first Business Day of January, April, July and October of each year, the Paying Agent will deliver to the Company and to the Dividend Department of the Depositary a written list of Regular Record Dates and Interest Payment Dates that will occur during the six-month period beginning on such first Business Day with respect to Book-Entry Securities which are Floating Rate Notes. Promptly after each Interest Determination Date for Book-Entry Securities which are Floating Rate Notes, the Calculation Agent will notify Standard & Poor's Corporation of the interest rates determined on such Interest Determination Date.

Payments of  
Principal  
and Interest:

Payments of Interest Only. Promptly after each Regular  
-----

Record Date, the Paying Agent will deliver to the Company and the Dividend Department of the Depositary a written notice specifying by CUSIP number the amount of interest (if any) to be paid on each Book-Entry Security on the following Interest Payment Date (other than an Interest Payment Date coinciding with the Maturity of such Security) and the total of such amounts. The Depositary will confirm the amount payable (if any) on each Book-Entry Security on such Interest Payment Date by reference to the daily bond reports published by

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Standard & Poor's Corporation. On such Interest Payment Date, the Company will pay to the Paying Agent, and the Paying Agent in turn will pay to the Depositary, such total amount of interest due (other than at Maturity of such Security), at the times and in the manner set forth below under "Manner of Payment".

Payments at Maturity. On or about the first Business Day  
-----

of each month, the Paying Agent will deliver to the Company and the Depositary a written list of principal, premium, if any, and interest to be paid on each Book-Entry Security maturing either at Stated Maturity or on a Redemption Date ("Maturity") in the following month. The Paying Agent, the Company and the Depositary will confirm the amounts of such principal, premium (if any) and interest payments with respect to each such Book-Entry Security on or about the fifth Business Day preceding the Maturity of such Book-Entry Security. At such Maturity, the Company will pay to the Paying Agent, and the Paying Agent in turn will pay to the Depositary, the principal amount of such Book-Entry Security, together with interest and premium, if any, due at such Maturity, at the times and in the manner set forth below under "Manner of Payment". Promptly after payment to the Depositary of the principal, interest and premium, if any, due at the Maturity of all Book-Entry Securities represented by a particular Global Certificate, the Paying Agent will deliver to the Trustee for cancellation such Global Certificate.

Manner of Payment. The total amount of any principal,  
-----

premium and interest due on Book-Entry Securities on any Interest Payment Date or at Maturity shall be paid by the Company to the Paying Agent, in funds imme-

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diately available for use by the Issuing and Paying Agent as of 9:30 a.m., New York City time, on such date. The Company will make such payment on such Book-Entry Securities by wire transfer to the Paying Agent or by instructing the Paying Agent to withdraw funds from an account maintained by the Company at the Paying Agent. The Company will confirm such instructions in writing to the Paying Agent. For principal payments at Maturity, prior to 10:00 a.m., New York City time, on such Maturity or as soon as possible thereafter, the Paying Agent will pay by separate wire transfer (using Fedwire message

entry instructions in a form previously specified by the Depository) to an account at the Federal Reserve Bank of New York previously specified by the Depository, in funds available for immediate use by the Depository, each payment of interest, principal and premium, if any, due on Book-Entry Securities on such date; and for interest payments, the Paying Agent will pay the Depository in same-day funds on the Interest Payment Date in accordance with existing arrangements between the Paying Agent and the Depository. Thereafter on each such date, the Depository will pay, in accordance with its SDFS operating procedures then in effect, such amounts in funds available for immediate use to the respective Participants in whose names such Book-Entry Securities are recorded in the book-entry system maintained by the Depository. Once payment has been made to the Depository, neither the Company, the Trustee nor the Paying Agent shall have any responsibility or liability for the payment by the Depository of the principal of, or premium, if any, or interest on, the Book-Entry Securities to such Participants.

Withholding Taxes. The amount of any  
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taxes required under applicable law to be withheld from any interest payment on a Book-Entry Security will be determined and withheld by the Participant, indirect participant in the Depository or other Person responsible for forwarding payments and materials directly to the beneficial owner of such Book-Entry Security, or as applicable law may otherwise require.

Settlement  
Procedures:

Settlement Procedures with regard to each Book-Entry Security sold by each Agent, as agent of the Company, will be as follows:

- A. After the acceptance of an offer by the Company with respect to a Book-Entry Security, the Selling Agent or Purchasing Agent, as the case may be, will communicate the following details of the terms of such offer (the "Book-Entry Sale Information") to the Company by telephone confirmed in writing or by facsimile transmission or other acceptable written means:

- (1) Principal amount of the Book-Entry Security to be purchased;

- (2) If a Fixed Rate Security, the interest rate;
- (3) Stated Maturity;
- (4) Issue Price;
- (5) Selling Agent's commission or Purchasing Agent's discount, as the case may be;
- (6) Net proceeds to the

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Company;

- (7) Settlement Date;
- (8) If a Security redeemable by the Company, such of the following as are applicable:
  - (i) Redemption Commencement Date,
  - (ii) Initial Redemption Price (% of par), and
  - (iii) Amount (% of par) that the Redemption Price shall decline (but not below par) on each anniversary of the Redemption Commencement Date;
- (9) If a Floating Rate Security, such of the following as are applicable:
  - (i) Interest Rate Basis,
  - (ii) Index Maturity,
  - (iii) Spread or Spread Multiplier,
  - (iv) Maximum Interest Rate,
  - (v) Minimum Interest Rate,
  - (vi) Initial Interest Rate,
  - (vii) Interest Rate Reset Period,
  - (viii) Calculation Dates,

- (ix) Interest Calculation Dates,
  - (x) Interest Payment Dates,
  - (xi) Regular Record Dates, and
  - (xii) Calculation Agent;
- (10) If the amount of principal payable on a Security will be determined by reference to an index or formula, a full description of such index or formula;
  - (11) If an OID Note, the total amount of OID, the Yield to Maturity and the initial accrual period of OID; and
  - (12) The taxpayer identification number of the purchaser.
- B. Upon receiving the Book-Entry Sale Information from the Selling Agent or the Purchasing Agent, as the case may be, the Company will advise the Issuing Agent by telephone (confirmed by facsimile or electronic transmission) of the Book-Entry Sale Information received from the Selling Agent or the Purchasing Agent, as the case may be, and the name of such Agent.
- C. The Issuing Agent will assign a CUSIP number to the Global Certificate representing such Book-Entry Security and will communicate to the Depository, such Agent and Standard & Poor's Corpora-

tion, through the Depository's Participant Terminal System, a pending deposit message (the form of which has been previously furnished to the Issuing Agent by the Company) specifying the following settlement information:

1. The Book-Entry Sale Information.
2. Identification numbers of the participant accounts maintained by the Depository on



behalf of the Issuing Agent and such Agent.

3. Identification as a Fixed Rate Security, Floating Rate Security or Zero Coupon Security.
4. Initial Interest Payment Date for such Security, number of days by which such date succeeds the related record date for Depositary purposes (or, in the case of Floating Rate Notes which reset daily or weekly, the date five calendar days preceding such Initial Interest Payment Date) and, if then calculable, the amount of interest payable on such Initial Interest Payment Date (which amount shall have been confirmed by the Trustee).
5. CUSIP number of the Global Certificate representing such Book-Entry Security.
6. Whether such Global

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Certificate will represent any other Book-Entry Securities issued or to be issued (to the extent then known).

- D. The Company will complete and deliver to the Issuing Agent a Global Certificate representing such Book-Entry Security, and the Company will instruct the Authenticating Agent by facsimile transmission or other acceptable written means to authenticate such Global Certificate, to register such Global Certificate in the name of Cede & Co., as nominee of the Depositary, and to effect delivery thereof to the Depositary by the Issuing Agent's possession of such authenticated Global Certificate as agent for the Depositary.
- E. The Authenticating Agent will authenticate the Global Certificate representing such Book-Entry Security, register such Global Certificate in the name of Cede & Co., as nominee of the Depositary. The Issuing Agent will take delivery thereof as agent for the Depositary.
- F. The Depositary will credit such Book-Entry Security to the participant account of the Issuing Agent maintained by the Depositary.

- G. The Issuing Agent will enter an SDFS deliver order through the Depository's Participant Terminal System instructing the Depository (i) to debit such Book-Entry Security to

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the Issuing Agent's participant account and credit such Book-Entry Security to the participant account of the Selling Agent or the Purchasing Agent, as the case may be, maintained by the Depository and (ii) to debit the settlement account of the Selling Agent or the Purchasing Agent, as the case may be, and credit the settlement account of the Issuing Agent maintained by the Depository, in an amount equal to the price of such Book-Entry Security less such Agent's commission or discount, as the case may be. Any entry of such a deliver order shall be deemed to constitute a confirmation by the Authenticating Agent and the Issuing Agent to the Depository that (i) the Global Certificate representing such Book-Entry Security has been issued and authenticated and (ii) the Issuing Agent is holding such Global Certificate as agent of the Depository pursuant to the Certificate Agreement.

- H. The Selling Agent or the Purchasing Agent, as the case may be, will enter an SDFS deliver instruction through the Depository's Participant Terminal System instructing the Depository (i) to debit such Book-Entry Security to the participant account of such Agent and credit such Book-Entry Security to the participant accounts of the Participants with respect to such Book-Entry Security maintained by the Depository and (ii) to debit the settlement accounts of such

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Participants and credit the settlement account of such Agent maintained by the Depository in an amount equal to the price of such Book-Entry Security.

- I. Transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures G and H will be settled in accordance with SDFS

operating procedures in effect on the Settlement Date.

- J. The Issuing Agent will credit to an account of the Company maintained at the Issuing Agent funds available for immediate use in the amount transferred to the Issuing Agent in accordance with Settlement Procedure G.
- K. The Issuing Agent will send a copy of the Global Certificate by first-class mail to the Company together with a statement setting forth the principal amount of Securities Outstanding and of Book-Entry Securities Outstanding as of the related Settlement Date after giving effect to such transaction and all other offers to purchase Securities of which the Company has advised the Issuing Agent but which have not yet been settled.
- L. The Selling Agent or the Purchasing Agent, as the case may be, will confirm the purchase of such Book-Entry Security to the purchaser either by transmitting to the Participants with respect to such Book-Entry Security a confirmation order through

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the Depository's Participant Terminal System or by mailing a written confirmation to such purchaser.

- M. Notwithstanding the foregoing, the Selling Agent shall in all cases take the actions described under the caption "Delivery of Confirmation and Prospectus to Purchaser by Selling Agent" in Part I of this Administrative Procedure, at the time or times specified under such caption for such actions.

Settlement  
Procedures  
Timetable:

For orders of Book-Entry Securities accepted by the Company, Settlement Procedures "A" through "L" set forth above shall be completed as soon as possible but not later than the respective times (New York City time) set forth below:

Settlement

Procedure  
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Time  
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A	11:00 a.m. on the trade date
B	12:00 Noon on the trade date
C	2:00 p.m. on the trade date
D	3:00 p.m. on the Business Day before Settlement Date
E	9:00 a.m. on Settlement Date
F	10:00 a.m. on Settlement Date
G-H	2:00 p.m. on Settlement Date
I	4:45 p.m. on Settlement Date
J-L	5:00 p.m. on Settlement Date

If a sale is to be settled more than one Business Day after the trade date, Settlement Procedures A, B, and C may, if necessary, be completed at any time prior to the specified times on the first Business Day after the trade date. In connection with a sale which is to be settled more than one Business Day after the trade date, if the initial interest rate

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for a Floating Rate Note is not known at the time that Settlement Procedure A is completed, Settlement Procedures B and C shall be completed as soon as such rates have been determined, but no later than 11:00 a.m. and 2:00 p.m., New York City time, respectively, on the second Business Day before the Settlement Date. Settlement Procedure I is subject to extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the settlement date.

If settlement of a Book-Entry Security is rescheduled or cancelled, the Company will as soon as practicable give the Issuing Agent notice to such effect. The Issuing Agent will deliver to the Depository, through the Depository's Participant Terminal System, a cancellation message (the form of which has been previously furnished to the Issuing Agent by the Depository) to such effect by no later than 2:00 p.m., New York City time, on the Business Day immediately preceding the scheduled Settlement Date (provided the Issuing Agent received such notice from the Company by noon on the business day immediately preceding the Settlement Date) and in any case as soon as practicable. A copy of such message will be routed through the facilities of the Depository to the Selling Agent and Standard & Poor's Corporation.

Failure to  
Settle:

If the Issuing Agent fails to enter in timely fashion an SDFS deliver order with respect to any portion of a Book-Entry Security pursuant to Settlement Procedure G, or if the Selling Agent or the Purchasing Agent, as the case may be, fails to enter in timely fashion an SDFS deliver order with respect to such

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Book-Entry Security pursuant to Settlement Procedure H, the Issuing Agent may deliver to the Depository, through the Depository's Participant Terminal System, as soon as practicable a withdrawal message (the form of which has been previously furnished to the Issuing Agent by the Depository) instructing the Depository to debit such Book-Entry Security to the participant account of the Issuing Agent maintained at the Depository. A copy of such message will be routed through the facilities of the Depository to such Agent. The Depository will process the withdrawal message, provided that such participant account contains Book-Entry Securities having the same Fixed Rate Terms, Floating Rate Terms or Zero Coupon Terms, as the case may be, having an aggregate principal amount that is at least equal to the principal amount to be debited. If withdrawal messages are processed with respect to all the Book-Entry Securities represented by a particular Global Certificate, the Issuing Agent will instruct the Trustee to cancel immediately such Global Certificate, make appropriate entries in its records and, unless otherwise instructed by the Company, destroy the Global Certificate. The CUSIP number assigned to such Global Certificate shall, in accordance with CUSIP Service Bureau procedures, be retired and not reassigned. If withdrawal messages are processed with respect to only a portion of the Book-Entry Securities represented by a particular Global Certificate, the Issuing Agent will exchange such Global Certificate for two Global Certificates authenticated by the Authenticating Agent, one of which shall represent the Book-Entry Securities for which withdrawal messages are processed and shall be cancelled by the Trustee and destroyed immediately after issuance,

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and the other of which shall represent the other Book-Entry Securities previously represented by the surrendered Global Certificate and shall bear the CUSIP number of the surrendered Global Certificate. The

Company will reimburse such Agent on an equitable basis for its loss of the use of funds during any period when the funds were credited to the account of the Company in connection with such attempted settlement.

If the purchase price for any Book-Entry Security is not timely paid to the Participants with respect to such Security by the beneficial purchaser thereof or by a person, including an indirect participant in the Depository, acting on behalf of such purchaser (other than the Purchasing Agent, if any), such Participants and, in turn, the Selling Agent or the Purchasing Agent, as the case may be, may enter SDFS deliver orders through the Depository's Participant Terminal System reversing the orders entered pursuant to Settlement Procedures G and H, respectively. Immediately thereafter, the Issuing Agent will deliver the withdrawal message and take the related actions described in the preceding paragraph. The Company will reimburse such Agent on an equitable basis for its loss of the use of funds during any period when the funds were credited to the account of the Company in connection with such attempted settlement.

Notwithstanding the foregoing, upon any failure to settle with respect to any portion of a Book-Entry Security, the Depository may take any actions in accordance with its SDFS operating procedures then in effect. In the event of a failure to settle with respect to any portion of a Book-Entry Security that was to have been represented by a Global Certificate also representing other Book-Entry

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Securities, the Issuing Agent will provide, in accordance with Settlement Procedures D and E, for the authentication and issuance of a Global Certificate representing the remaining principal amount to have been represented by such Global Certificate and will make appropriate entries in its records.

Issuing and Paying  
Agents Not to  
Risk Funds:

Nothing herein will be deemed to require the Issuing Agent or the Paying Agent to risk or expend its own funds in connection with any payment to the Company, the Agents, the Depository or any Securityholder, it being understood by all parties that payments made by the Issuing Agent or the Paying Agent to any party will be made only to the extent that funds are provided to the Issuing Agent or the Paying Agent, as the case may be, for such purpose.

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Accountant's Letter  
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Pursuant to Section 4(k) and Section 6(e), as the case may be, of the Distribution Agreement, the Company's independent certified public accountants shall furnish letters to the effect that:

(i) They are independent certified public accountants with respect to the Company and its subsidiaries within the meaning of the Act and the applicable published rules and regulations thereunder;

(ii) (A) In their opinion, the financial statements and any supplementary financial information and schedules examined by them and included or incorporated by reference in the Registration Statement or the Prospectus comply as to form in all material respects with the applicable accounting requirements of the Act or the Exchange Act, as applicable, and the related published rules and regulations thereunder; and (B) if they have made a review in accordance with standards established by the American Institute of Certified Public Accountants of any consolidated interim financial statements, selected financial data, pro forma financial information and/or condensed financial statements derived from audited financial statements of the Company included or incorporated by reference in the Registration Statement or the Prospectus, they have made such reviews in accordance with standards established by the American Institute of Certified Public Accountants for the periods specified in such letter as indicated in their reports thereon, copies of which have been furnished to the Agents;

(iii) The unaudited selected financial information with respect to the consolidated results of operations and financial position of the Company for the five most recent fiscal years included in the Prospectus and included or incorporated by reference in Item 6 of the Company's Annual Report on Form 10-K for the most recent fiscal year agrees with the corresponding amounts (after restatement where applicable) in the audited consolidated financial statements for the five such fiscal years which were included or incorporated by reference in the Company's Annual Reports on Form 10-K for such fiscal years;

(iv) They have compared restated selected Per Common Share and Common Equivalent Share data included in the unaudited selected financial information for the five more recent fiscal years included in the Prospectus to

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amounts in analyses prepared by the Company and have found them to be in agreement. Such analyses include adjustments to historical financial data to

reflect the two-for-one stock split in the form of a stock dividend paid April 30, 1993 to holders of the Company's Common Stock of record April 15, 1993. They compared such historical financial data to the corresponding amounts in the Company's audited consolidated financial statements for such fiscal years which were included or incorporated by reference in the Company's Annual Report on Form 10-K for such fiscal years and found them to be in agreement.

(v) On the basis of limited procedures, not constituting an examination in accordance with generally accepted auditing standards, consisting of a reading of the unaudited financial statements and other information referred to below, a reading of the latest available interim financial statements of the Company and its subsidiaries, inspection of the minute books of the Company, Commonwealth Life Insurance Company, National Home Life Assurance Company and Peoples Security Life Insurance Company since the date of the latest audited financial statements included or incorporated by reference in the Prospectus, inquiries of officials of the Company responsible for financial and accounting matters and such other inquiries and procedures as may be specified in such letter, nothing came to their attention that caused them to believe that:

(A) the unaudited condensed consolidated statements of income, consolidated statements of financial condition and consolidated statements of cash flows included or incorporated by reference in the Company's Quarterly Reports on Form 10-Q incorporated by reference in the Prospectus (i) do not comply as to form in all material respects with the applicable accounting requirements of the Exchange Act as it applies to Form 10-Q and the related published rules and regulations thereunder or (ii) are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with the basis for the audited consolidated statements of income, consolidated statements of financial condition and consolidated statements of cash flows included or incorporated by reference in the Company's Annual Report on Form 10-K for the most recent fiscal year;

(B) if any other unaudited statement of income data and statement of financial condition items are included in the Prospectus but are not derived from the unaudited condensed consolidated financial statements referred to in Clause (A) (i) such data and items do

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not agree with the corresponding items in the unaudited consolidated financial statements from which such data and items were derived, or (ii) such unaudited consolidated financial statements were not determined on a basis substantially consistent with the basis for the audited financial statements included or incorporated by reference in the Company's Annual Report on Form 10-K for the most recent fiscal year;

(C) any unaudited pro forma consolidated condensed financial statements included or incorporated by reference in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Act and the published rules and regulations thereunder



or the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements;

(D) (1) as of a specified date not more than five days prior to the date of such letter, there have been any changes in the capital stock of the Company (other than issuances of capital stock upon exercise of options which were outstanding on the date of the latest statement of financial condition included or incorporated by reference in the Prospectus) or any change in the consolidated capital stock (other than any such issuances) or any increase in the consolidated short-term or long-term debt of the Company and its consolidated subsidiaries, or (2) as of the date of the most recent consolidated financial statements available for internal use or otherwise available on the date which is five days prior to the date of such letter, there have been any decreases in consolidated total assets, total cash and investments or shareholders' equity, in each case as compared with amounts shown in the latest statement of financial condition included or incorporated by reference in the Prospectus, except in each case for changes, increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(E) for the period from the date of the latest financial statements included or incorporated by reference in the Prospectus to the date of the most recent consolidated financial statements available for internal use or otherwise available on the date which is five days prior to the date of such letter, there were any decreases in the total or per share amounts of consolidated income before federal income taxes, consolidated premiums and other considerations or consolidated investment income, net of expenses, in

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each case as compared with the comparable period of the preceding year, except in each case for increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter;

(vi) In addition to the examination referred to in their report(s) included or incorporated by reference in the Prospectus and the limited procedures, inspection of minute books, inquiries and other procedures referred to in paragraphs (iii), (iv) and (v) above, they have carried out certain specified procedures, not constituting an examination in accordance with generally accepted auditing standards, with respect to certain amounts, percentages and financial information specified by the Agents which are derived from the general accounting records of the Company and its subsidiaries, which appear in the Prospectus (excluding documents incorporated by reference), or in Part II of, or in exhibits and schedules to, the Registration Statement specified by the Agents or in documents incorporated by reference in the Prospectus specified by the Agents, and have compared such amounts, percentages and financial information with the accounting records of the Company and its subsidiaries and have found them to be in agreement except as indicated in such letter.

All references in this Annex III to the Prospectus shall be deemed to

refer to the Prospectus (including the documents incorporated by reference therein) as defined in the Distribution Agreement as of the Commencement Date referred to in Section 6(e) thereof and to the Prospectus as amended or supplemented (including the documents incorporated by reference therein) as of the date of the amendment, supplement, incorporation or the Time of Delivery relating to the Terms Agreement requiring the delivery of such letter under Section 4(k) thereof.

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[Form of Face of Security]  
 [Fixed Rate Medium-Term Note]

REGISTERED  
 No. FXR-  
 CUSIP

REGISTERED  
 PRINCIPAL AMOUNT:

CAPITAL HOLDING CORPORATION

MEDIUM-TERM NOTE, SERIES D

[Insert if the Security is to be a Global Security -- This Security is a  
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Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depository or a nominee of a Depository. This Security may not be transferred to, or registered or exchanged for Securities registered in the name of, any Person other than the Depository or a nominee thereof and no such transfer may be registered, except under the limited circumstances described in the Indenture. Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, this Security shall be a Global Security subject to the foregoing, except under such limited circumstances.

Unless this Security 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 Security issued upon registration of transfer of, or in exchange for, or in lieu of, this Security is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment hereon 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.]

[IF THIS SECURITY IS AN ORIGINAL ISSUE DISCOUNT SECURITY, INSERT -- FOR  
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PURPOSES OF SECTIONS 1272, 1273 AND 1275 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ON THIS SECURITY IS \_\_\_\_\_% OF ITS PRINCIPAL AMOUNT, THE ISSUE DATE IS \_\_\_\_\_, 19\_\_[, ] [AND] THE YIELD TO MATURITY IS \_\_\_\_\_%[, THE METHOD USED TO DETERMINE THE YIELD IS \_\_\_\_\_ AND THE AMOUNT OF ORIGINAL ISSUE DISCOUNT APPLICABLE TO THE SHORT ACCRUAL PERIOD OF \_\_\_\_\_, 19\_\_ TO \_\_\_\_\_, 19\_\_ IS \_\_\_\_\_% OF THE PRINCIPAL AMOUNT OF THIS SECURITY].

SPECIFIED CURRENCY:

EXCHANGE RATE

EXCHANGE RATE: U.S.\$1.00= \_\_\_\_\_

AGENT:

ORIGINAL  
ISSUE DATE:

MATURITY  
DATE:

INTEREST RATE:       %

REDEMPTION  
COMMENCEMENT  
DATE:

REDEMPTION  
PERIODS:

REDEMPTION  
PRICES:

ORIGINAL ISSUE  
DISCOUNT SECURITY:

Yes: \_\_\_\_ No: \_\_\_\_

DEFAULT RATE:       %  
(applicable only if  
Security is an  
Original Issue  
Discount Security)

OTHER PROVISIONS:

CAPITAL HOLDING CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company", which term includes any successor Person under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to

\_\_\_\_\_, or registered assigns,  
the principal sum of \_\_\_\_\_

\_\_\_\_\_ DOLLARS on the Maturity Date specified above [If the

Security is to bear interest prior to Maturity, insert --, and to pay interest

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thereon from the Original Issue Date specified above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, unless otherwise specified above in "Other Provisions", semi-annually on September 15 and March 15 of each year and at Maturity, commencing on the first such Interest Payment Date next succeeding the Original Issue Date (or, if the Original Issue Date is after a Regular Record Date and before the Interest Payment Date immediately following such Regular Record Date, on the second such Interest Payment Date next succeeding the Original Issue Date), at the Interest Rate per annum specified above, until the principal hereof is paid or made available for payment. The interest so payable, and

punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall, unless otherwise specified above in "Other Provisions", be the September 1 and March 1 (whether or not a Business Day), as the case may be, next preceding, unless otherwise specified above in "Other Provisions", the September 15 and March 15 Interest Payment Dates; provided, however, that interest payable at Maturity will be

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

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

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

Payment of the principal of (and premium, if any) and [if applicable,

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insert -- any such] interest on this Security will be made in the Specified

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Currency specified above; provided, however, that, if this Security is

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denominated in other than U.S. dollars, payments of principal (and premium, if

any) and interest on this Security will nevertheless be made in U.S. dollars: (a) at the option of the Holder of this Security under the procedures described in the two next succeeding paragraphs and (b) at the Company's option in the case of imposition of exchange controls as described in the fifth succeeding paragraph. The Company will at all times appoint and maintain a Paying Agent (which may be the Trustee) authorized by the Company to pay the principal of (and premium, if any) or interest on any Securities of this series on behalf of the Company and having an office or agency (the "Paying Agency Office") in the Borough of Manhattan, The City of New York (the "Place of Payment") where Securities of this series may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to Securities of this series may be served. The Company has initially appointed Morgan Guaranty Trust Company of New York as such Paying Agent and will give prompt written notice to the Trustee of any change in such appointment.

Except as provided in the next paragraph, payments of interest and principal (and premium, if any) for any Security of this series denominated in a Specified Currency other than U.S. dollars will be made in U.S. dollars if the registered Holder of such Security on the relevant Regular Record Date or at the Maturity of such Security, as the case may be, has transmitted a written request for such payment in U.S. dollars to the Paying Agent at the Paying Agency Office in the Place of Payment on or before such Regular Record Date or the date 15 days before such Maturity, as the case may be. Such request may be in writing (mailed or hand delivered) or by cable, telex or other form of facsimile transmission. Any such request made for any Security by a registered Holder will remain in effect for any further payments of interest and principal (and premium, if any) on such Security payable to such Holder, unless such request is revoked on or before the relevant Regular Record Date or the date 15 days before the Maturity of such Security, as the case may be.

The U.S. dollar amount to be received by a Holder of a Security denominated in a Specified Currency other than U.S. dollars who elects to receive payment in U.S. dollars will be based upon the rate of exchange equal to the highest bid quotation in The City of New York for U.S. dollars received by the Exchange Rate Agent (as defined below) as of 11:00 a.m., New York City time, on the second Business Day next preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the Exchange Rate Agent) for the purchase by the quoting dealer

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of such Specified Currency for U.S. dollars for settlement on such payment date in the aggregate amount of such Specified Currency payable to all Holders of Securities of this series denominated in such Specified Currency electing to receive U.S. dollar payments on such payment date and at which the applicable dealer commits to execute a contract. If three such bid quotations are not available on the second Business Day preceding the payment of principal (and premium, if any) or interest for any such Security, such payment will be made in the Specified Currency. All currency exchange costs associated with any payment in U.S. dollars on any such Security will be borne by the Holder thereof by

deductions from such payment. If this Security is denominated in a Specified Currency other than U.S. dollars, (i) the Company will at all times appoint and maintain a banking institution that is not an Affiliate of the Company as Exchange Rate Agent hereunder; and (ii) the Company has initially appointed the Exchange Rate Agent specified above as such Exchange Rate Agent and will give prompt written notice to the Trustee of any change in such appointment.

Payment of the principal of (and premium, if any) and interest on any Security of this series due at the Maturity of such Security to be made in U.S. dollars will be made in immediately available funds upon surrender of such Security to the Paying Agent at the Paying Agency Office in the Place of Payment; provided that such Security is presented to the Paying Agent in time

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for the Paying Agent to make such payment in accordance with its normal procedures. Payments of interest on any Security of this series to be made in U.S. dollars (other than at the Maturity of such Security) will be made by check mailed to the address of the Person entitled thereto as it appears in the Security Register or by wire transfer to such account as may have been appropriately designated to the Paying Agent by such Person.

Payments of interest and principal (and premium, if any) with respect to any Security of this series to be made in a Specified Currency other than U.S. dollars will be made by wire transfer to such account with a bank located in the country issuing the Specified Currency (or, if such Security is denominated in ECUs, Brussels) or other jurisdiction acceptable to the Company and the Paying Agent as shall have been designated at least 5 days prior to the Interest Payment Date or the Maturity of such Security, as the case may be, by the registered Holder of such Security on the relevant Regular Record Date or at such Maturity, provided that, in the case of payment of principal of (and

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premium, if any) and any interest due at such Maturity, such Security is presented to the Paying Agent in time for the

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Paying Agent to make such payments in such funds in accordance with its normal procedures. Such designation shall be made by filing the appropriate information with the Paying Agent at the Paying Agency Office in the Place of Payment, and, unless revoked, any such designation made with respect to any Security of this series by a registered Holder will remain in effect with respect to any further payments with respect to such Security payable to such Holder. If a payment in a Specified Currency other than U.S. dollars with respect to any Security of this series cannot be made by wire transfer because the required designation has not been received by the Paying Agent on or before the requisite date or for any other reason, the Company will mail a notice to the Holder of such Security at its registered address requesting a designation pursuant to which such wire transfer can be made and, upon the Paying Agent's receipt of such a designation, such payment will be made within 5 days of such receipt. The Company will pay any administrative costs imposed by banks in connection with making payments by wire transfer with respect to any Security of

this series, but any tax, assessment or governmental charge imposed upon payments will be borne by the Holder of such Security.

If the principal of (and premium, if any) or interest on any Security of this series is payable in other than U.S. dollars and such Specified Currency is not available, due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of such Security by making payments in U.S. dollars on the basis of the most recently available Exchange Rate (as defined on the reverse hereof).

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

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse

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hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

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

Dated: CAPITAL HOLDING CORPORATION

[SEAL]

By \_\_\_\_\_  
Authorized Officer

Attest:

\_\_\_\_\_  
Authorized Officer

#### CERTIFICATE OF AUTHENTICATION

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

MORGAN GUARANTY TRUST  
COMPANY OF NEW YORK,  
As Trustee



By \_\_\_\_\_  
Authorized Officer

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[Form of Reverse of Security]  
[Fixed Rate Medium-Term Note]

CAPITAL HOLDING CORPORATION

MEDIUM-TERM NOTE, SERIES D

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of January 1, 1994, (the "Indenture"), between the Company and Morgan Guaranty Trust Company of New York, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the Securities of the series designated on the face hereof. The Securities of this series may be issued upon original issuance under the Indenture from time to time at an aggregate initial public offering price not to exceed \$400,000,000 or its equivalent in another currency or composite currency. The aggregate principal amount of Securities of this series which may be issued under the Indenture will be limited to the aggregate of the principal amounts of the Securities of this series so issued upon original issuance, which aggregate amount shall not exceed \$400,000,000.

Payments of interest hereon with respect to any Interest Payment Date will include interest accrued to but excluding such Interest Payment Date. Interest hereon shall be computed on the basis of a 360-day year of twelve 30-day months.

Any payment on this Security due on any day which is not a Business Day in The City of New York (and, if the Specified Currency specified on the face hereof is other than U.S. dollars, in the country issuing such Specified Currency (or, for ECUs, Brussels)) need not be made on such day, but may be made on the next succeeding such Business Day with the same force and effect as if made on such due date, and no interest shall accrue for the period from and after such date. "Business Day," for any particular location, means each Monday, Tuesday, Wednesday, Thursday, and Friday which is not a day on which banking institutions in such location are authorized or obligated by law or executive order to close.

Unless a Redemption Commencement Date is specified on the face hereof, this Security shall not be redeemable before the Maturity Date specified on the face hereof. If a Redemption Commencement Date is so specified, this Security is subject to redemption upon not less than 30 days' notice by first class mail at any time on or after the Redemption Commencement Date, as a whole or in part, at the election of the Company, at the Redemption Price specified on the face hereof (expressed as a percentage of the principal amount of this Security) applicable to the Redemption Period so specified during which this Security is to be redeemed, together in the case of any such redemption with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holder of this Security, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.

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

If an Event of Default with respect to the Securities of this series shall occur and be continuing, the principal of the Securities of this series (or, in the case of any Securities of this series that are Original Issue Discount Securities, the Default Amount (as defined below) thereof) may be declared due and payable in the manner and with the effect provided in the Indenture.

If this Security is an Original Issue Discount Security and if an Event of Default with respect to the Securities shall have occurred and be continuing, the "Default Amount" of principal of this Security may be declared due and payable in the manner and with the effect provided in the Indenture. Such Default Amount shall be equal to the adjusted issue price as at the first day of the accrual period as determined under Proposed Treasury Regulation Section 1.1272-1 (or any successor regulation) under the United States Internal Revenue Code of 1986, as amended, in which the date of acceleration occurs increased by the original issue discount allocable to such accrual period ending on the date of acceleration, as determined under Proposed Treasury Regulation Section 1.1272-1 (or any successor regulation) under the United States Internal Revenue Code of 1986, as amended. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal and overdue interest (in

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each case to the extent that the payment of such interest shall be legally enforceable), all of the Company's obligations in respect of the payment of the principal of and interest, if any, on this Security shall terminate.

The Indenture contains provisions for defeasance at any time of (i) the

entire indebtedness of this Security or (ii) certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth therein.

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

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of

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this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

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

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

The Securities of this series are issuable only in registered form without coupons in denominations of (i) if denominated in U.S. dollars, \$100,000 and any integral multiple of \$1,000 in excess thereof or (ii) if denominated in a Specified Currency other than U.S. dollars, the amount of such Specified Currency equivalent, at the noon buying rate in The City of New York for cable transfers for such Specified Currency (the "Exchange Rate") on the sixth Business Day in The City of New York and in the country issuing such currency (or, for ECUs, Brussels) next preceding the Original Issue Date, to U.S. \$100,000 (rounded down to an integral multiple of 10,000 units of the Specified Currency) and any greater amount that is an integral multiple of 10,000 units of such Specified Currency. The Securities of this series may be issued, in whole or in part, in the form of one or more Global Securities bearing the legend specified in the Indenture regarding certain restrictions on registration of transfer and exchange and issued to The Depository Trust Company as depository for the Global Securities of this series (the

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"Depository") or its nominee and registered in the name of the Depository or such nominee. As provided in the Indenture and subject to certain limitations (including, if this Security is a Global Security, certain additional limitations) therein set forth, Securities of this series issued in definitive registered form are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

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

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

This Security shall be governed by and construed in accordance with

the laws of the State of New York.

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

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ABBREVIATIONS

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

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

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

\_\_\_\_\_  
(State)

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

\_\_\_\_\_

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ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

/ \_\_\_\_\_ /

---

(Please Print or Typewrite Name and Address  
Including Postal Zip Code of Assignee)

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the within Security and all rights thereunder, and hereby  
irrevocably constitutes and appoints \_\_\_\_\_

---

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

Dated: \_\_\_\_\_

Signature Guaranteed

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NOTICE: Signature must be  
guaranteed by a member  
firm of the New York State  
Stock Exchange or a  
commercial bank or trust  
company.

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

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[Form of Face of Security]  
[Floating Rate (Resetting Weekly,  
Monthly, Quarterly, Semi-Annually or Annually)  
U.S. Dollar Specified Currency,  
Non-Original Issue Discount  
Medium-Term Note]

REGISTERED  
No. FLR-  
CUSIP

REGISTERED  
\$ \_\_\_\_\_

CAPITAL HOLDING CORPORATION

MEDIUM-TERM NOTE, SERIES D

[Insert if the Security is to be a Global Security -- This Security is a

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Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depository or a nominee of a Depository. This Security may not be transferred to, or registered or exchanged for Securities registered in the name of, any Person other than the Depository or a nominee thereof and no such transfer may be registered, except under the limited circumstances described in the Indenture. Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, this Security shall be a Global Security subject to the foregoing, except under such limited circumstances.

Unless this Security 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 Security issued upon registration of transfer of, or in exchange for, or in lieu of, this Security is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment hereon 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.]

ORIGINAL	INITIAL	MATURITY
ISSUE DATE:	INTEREST	DATE:
	RATE:	
		%

INDEX MATURITY:	INTEREST RATE
	BASIS:

SPREAD (plus	SPREAD
or minus):	MULTIPLIER:

MINIMUM	MAXIMUM
INTEREST RATE:	INTEREST RATE:

INTEREST PAYMENT  
DATES:  
Third Wednesday of: \_\_\_ March  
                                  \_\_\_ June

\_\_\_ September  
\_\_\_ December  
\_\_\_\_\_  
\_\_\_\_\_

INTEREST

RESET

DATES:

(applicable only if  
Interest Reset  
Period is  
semi-annual  
or annual)

INTEREST

RESET

PERIOD:

Third Wednesday of:

CALCULATION

AGENT: Morgan Guaranty  
Trust Company of  
New York

REDEMPTION

COMMENCEMENT

DATE:

REDEMPTION

PERIODS:

REDEMPTION

PRICES:

OTHER PROVISIONS:

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CAPITAL HOLDING CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company", which term includes any successor Person under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ DOLLARS on the Maturity Date specified above (or, if such date is not a Market Day (as defined on the reverse hereof) for this Security, the next succeeding such Market Day (or, if the Interest Rate Basis specified above is LIBOR and such next succeeding such Market Day falls in the next calendar month, the next preceding such Market Day)), and to pay interest thereon from the Original Issue Date specified above or from the most recent Interest Payment Date (or, if the Interest Reset Period specified above is weekly, from the day following the most recent Regular Record Date) to which interest has been paid or duly provided for, on the Interest Payment Dates in each year specified above (or if any such date is not a Market Day (as defined on the reverse hereof) for this Security, the next succeeding such Market Day (or, if the Interest Rate Basis specified



above is LIBOR and such next succeeding such Market Day falls in the next calendar month, the next preceding such Market Day)) and at Maturity, commencing on the first such Interest Payment Date next succeeding the Original Issue Date (or, if the Original Issue Date is after a Regular Record Date and before the Interest Payment Date immediately following such Regular Record Date, on the second such Interest Payment Date next succeeding the Original Issue Date), at a rate per annum equal to the Initial Interest Rate specified above until the first Interest Reset Date following the Original Issue Date and on and after such Interest Reset Date at the rate determined in accordance with the provisions set forth on the reverse hereof, until the principal hereof is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a Business Day) next preceding such Interest Payment Date; provided, however, that

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interest payable at Maturity will be payable to the Person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted

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Interest to be fixed by the Trustee, notice of which shall be given to the Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which this Security may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

The Company will at all times appoint and maintain a Paying Agent (which may be the Trustee) authorized by the Company to pay the principal of (and premium, if any) or interest on any Securities of this series on behalf of the Company and having an office or agency (the "Paying Agency Office") in the Borough of Manhattan, The City of New York (the "Place of Payment") where Securities of this series may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to Securities of this series may be served. The Company has initially appointed Morgan Guaranty Trust Company of New York as such Paying Agent and will give prompt written notice to the Trustee of any change in such appointment.

Payment of the principal of (and premium, if any) and interest on any Security of this series and of like tenor due at the Maturity of such Security will be made in immediately available funds upon surrender of such Security to the Paying Agent at the Paying Agency Office in the Place of Payment; provided

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that such Security is presented to the Paying Agent in time for the Paying Agent

to make such payment in accordance with its normal procedures. Payments of interest on any Security of this series and of like tenor (other than at the Maturity of such Security) will be made by check mailed to the address of the Person entitled thereto as it appears in the Security Register or by wire transfer to such account as may have been appropriately designated to the Paying Agent by such Person.

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

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be

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

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

Dated: CAPITAL HOLDING CORPORATION

[SEAL]

By \_\_\_\_\_  
Authorized Officer

Attest:

\_\_\_\_\_  
Authorized Officer

CERTIFICATE OF AUTHENTICATION

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

MORGAN GUARANTY TRUST  
COMPANY OF NEW YORK,  
As Trustee

By \_\_\_\_\_  
Authorized Officer

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[Form of Reverse of Security]  
[Floating Rate (Resetting Weekly,  
Monthly, Quarterly, Semi-Annually or Annually)  
U.S. Dollar Specified Currency,  
Non-Original Issue Discount  
Medium-Term Note]

CAPITAL HOLDING CORPORATION

MEDIUM-TERM NOTE, SERIES D

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of January 1, 1994 (the "Indenture"), between the Company and Morgan Guaranty Trust Company of New York, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the Securities of the series designated on the face hereof. The Securities of this series may be issued upon original issuance under the Indenture from time to time at an aggregate initial public offering price not to exceed \$400,000,000 or its equivalent in another currency or composite currency. The aggregate principal amount of Securities of this series which may be issued under the Indenture will be limited to the aggregate of the principal amounts of the Securities of this series so issued upon original issuance, which aggregate amount shall not exceed \$400,000,000.

Unless a Redemption Commencement Date is specified on the face hereof, this Security shall not be redeemable before the Maturity Date specified on the face hereof. If a Redemption Commencement Date is so specified, this Security is subject to redemption, upon not less than 30 days' notice by first class mail at any time on or after the Redemption Commencement Date, as a whole or in part, at the election of the Company, at the Redemption Price specified on the face hereof (expressed as a percentage of the principal amount of this Security) applicable to the Redemption Period so specified during which this Security is to be redeemed, together in the case of any such redemption with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holder of this Security, or one or more Predecessor Securities, of record at the close of business on the

relevant Record Dates referred to on the face hereof, all as provided in the Indenture.

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

The rate of interest on this Security will be reset weekly, monthly, quarterly, semi-annually or annually (each an "Interest Reset Date"), depending on the Interest Reset Period specified on the face hereof; provided, however,

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that (i) the interest rate in effect from the Original Issue Date to the first Interest Reset Date will be the Initial Interest Rate specified on the face hereof, and (ii) the interest rate in effect for the ten calendar days immediately before Maturity or earlier Redemption Date of this Security will be that in effect hereon on the tenth calendar day preceding such Maturity or Redemption Date. Except as provided in the next sentence and in the sixth succeeding paragraph, the Interest Reset Date will be, if this Security resets weekly (unless the Interest Rate Basis for this Security is the Treasury Rate), the Wednesday of each week; if this Security resets weekly and the Interest Reset Basis for this Security is the Treasury Rate, the Tuesday of each week; if this Security resets monthly, the third Wednesday of each month; if this Security resets quarterly, the third Wednesday of each March, June, September and December; if this Security resets semi-annually, the third Wednesday of two months of each year, as specified on the face hereof; and if this Security resets annually, the third Wednesday of one month of each year, as specified on the face hereof. If any Interest Reset Date would otherwise be a day that is not a Market Day (as defined below) for this Security, the Interest Reset Date shall be postponed to the next day that is a Market Day for this Security, except that if the Interest Rate Basis specified on the face hereof is LIBOR and such Market Day is in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Market Day for this Security.

Any payment on this Security due on any day which is not a Market Day for this Security need not be made on such day, but may be made on the next succeeding such Market Day (or, if the Interest Rate Basis specified on the face hereof is LIBOR and such Market Day is in the next succeeding calendar month, such payment shall be made on the immediately preceding Market Day for this Security) with the same force and effect as if made on such due date, and no

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interest shall accrue for the period from and after such date.

"Market Day" means, for any Security other than a Security the rate of interest on which shall be determined in accordance with the provisions under the heading "LIBOR" below, any Business Day in The City of New York, and, for any Security the rate of interest on which shall be determined in accordance

with the provisions under the heading "LIBOR" below, any such Business Day on which dealings in deposits in U.S. dollars are transacted in the London interbank market. "Business Day", as used herein with respect to any particular location, means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in such location are authorized or obligated by law or executive order to close.

The rate of interest on this Security in effect on any day on or after the first Interest Reset Date shall equal either (i) if such day is an Interest Reset Date, the interest rate for such Interest Reset Date or (ii) if such day is not an Interest Reset Date, the interest rate for the immediately preceding Interest Reset Date; provided, however, that the interest rate in effect for the ----- ten calendar days immediately before Maturity of this Security will be that in effect hereon on the tenth calendar day preceding such Maturity.

Except as otherwise specified in this paragraph, the rate of interest on this Security for each Interest Reset Date shall be the rate determined in accordance with the provisions below under the heading below corresponding to the Interest Rate Basis specified on the face hereof:

Commercial Paper Rate. If the Interest Rate Basis of this Security is -----

the Commercial Paper Rate, the interest rate hereon for any Interest Reset Date shall equal (a) the Money Market Yield (calculated as described below) of the per annum rate (quoted on a bank discount basis) on the relevant Commercial Paper Interest Determination Date for commercial paper having the Index Maturity specified on the face hereof, (i) as such rate is published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates" or any successor publication of the Board of Governors of the Federal Reserve System ("H.15(519)") under the heading "Commercial Paper" or (ii) if such rate is not published before 3:00 p.m., New York City time, on the relevant Calculation Date, then as such rate is published by the Federal Reserve Bank of New York in its daily statis-

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tical release, "Composite 3:30 p.m. Quotations for U.S. Government Securities" or any successor publication published by the Federal Reserve Bank of New York ("Composite Quotations") under the heading "Commercial Paper" or (b) if by 3:00 p.m. New York City time, on such Calculation Date, such rate is not yet published in either H.15(519) or Composite Quotations, the Money Market Yield of the arithmetic mean of the offered per annum rates (quoted on a bank discount basis) as of 11:00 a.m., New York City time, on such Commercial Paper Interest Determination Date, of three leading dealers of commercial paper in The City of New York (which may include one or more of the Agents) selected by the Calculation Agent for commercial paper of the Index Maturity specified on the face hereof placed for an industrial issuer whose bond rating is "AA", or the equivalent, from

a nationally recognized rating agency, in any of the above cases (a) or (b) as adjusted (x) by the addition or subtraction of the Spread, if any, specified on the face hereof, and then (y) by the multiplication by the Spread Multiplier, if any, specified on the face hereof; provided, however,

that, if fewer than three dealers selected as provided above by the Calculation Agent are quoting as mentioned in this sentence, the interest rate hereon for such Interest Reset Date will be the interest rate hereon in effect on such Commercial Paper Interest Determination Date. "Money Market Yield" shall be a yield (expressed as a percentage) calculated in accordance with the following formula:

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

where "D" refers to the per annum rate for commercial paper, quoted on a bank discount basis and expressed as a decimal and "M" refers to the actual number of days in the period from the Interest Reset Date to but excluding the day that numerically corresponds to such Interest Reset Date (or, if there is not any such numerically corresponding day, the last day) in the calendar month that is the number of months corresponding to the Index Maturity specified on the face hereof after the month in which such Interest Reset Date falls.

Prime Rate. If the Interest Rate Basis of this Security is the Prime Rate, the interest rate hereon for any Interest Reset Date shall equal (a) (i) the rate for the relevant Prime Rate Interest Determination Date

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set forth in H.15(519) under the heading "Bank Prime Loan", or (ii) if such rate is not published before 9:00 a.m., New York City time, on the relevant Calculation Date, then the arithmetic mean of the rates of interest publicly announced by each bank that appears on the display designated as page "NYMF" on the Reuter Monitor Money Rates Service (or such other page as may replace the NYMF page on that service for the purpose of displaying prime rates or base lending rates of major United States banks) ("Reuters Screen NYMF Page") as such bank's prime rate or base lending rate as in effect for such Prime Rate Interest Determination Date as quoted on the Reuters Screen NYMF Page on such Prime Rate Interest Determination Date or (b) if fewer than four such rates appear on the Reuters Screen NYMF Page on such Prime Rate Interest Determination Date, the arithmetic mean of the prime rates or base lending rates (quoted on the basis of the actual number of days in the year divided by a 360-day year) as of the close of business on such Prime Rate Interest Determination Date by three major banks in The City of New York selected by the Calculation Agent, in any of the above cases (a) or (b) as adjusted (x) by the addition or subtraction of the

Spread, if any, specified on the face hereof, and then (y) by the multiplication by the Spread Multiplier, if any, specified on the face hereof; provided, however, that, if fewer than three banks selected as

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provided above by the Calculation Agent are quoting as mentioned in this sentence, the interest rate hereon for such Interest Reset Date will be the interest rate hereon in effect on such Prime Rate Interest Determination Date.

LIBOR. If the Interest Rate Basis of this Security is LIBOR, the

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interest rate hereon for any Interest Reset Date shall be determined in accordance with the following provisions:

(a) On the relevant LIBOR Interest Determination Date, the interest rate will be determined on the basis of the offered rates for deposits of not less than U.S. \$1,000,000 having the Index Maturity specified on the face hereof, commencing on the second Market Day immediately following such LIBOR Interest Determination Date, which appear on the display designated as page "LIBO" on the Reuter Monitor Money Rates Service (or such other page as may replace the LIBO page on that service for the purpose of displaying London interbank offered rates of major banks) (or, if such display is not available at any such time, a comparable display, as determined in the sole discretion of, and selected by,

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the Calculation Agent, of London interbank offered rates of major banks as may be available from a similar service) ("Reuters Screen LIBO Page") as of 11:00 a.m., London time, on such LIBOR Interest Determination Date. If at least two such offered rates appear on the Reuters Screen LIBO Page, the interest rate hereon for such Interest Reset Date will be the arithmetic mean of such offered rates as determined by the Calculation Agent, adjusted (x) by the addition or subtraction of the Spread, if any, specified on the face hereof, and then (y) by the multiplication by the Spread Multiplier, if any, specified on the face hereof. If fewer than two offered rates appear, the interest rate hereon for such LIBOR Interest Reset Date will be determined as described in (b) below.

(b) For a LIBOR Interest Determination Date on which fewer than two offered rates for the Index Maturity specified on the face hereof appear on the Reuters Screen LIBO Page as described in (a) above, the interest rate hereon will be determined on the basis of the rates at approximately 11:00 a.m., London time, on such LIBOR Interest Determination Date at which deposits in U.S. dollars having the Index Maturity specified on the face hereof are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Calculation Agent commencing on the second Market Day immediately following such LIBOR Interest Determination Date and in a principal amount equal to an amount of not less than U.S. \$1,000,000 that in the Calculation Agent's judgment is

representative for a single transaction in such market at such time (a "Representative Amount"). The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, the interest rate hereon with respect to such Interest Reset Date will be the arithmetic mean of such quotations, as adjusted (x) by the addition or subtraction of the Spread, if any, specified on the face hereof, and then (y) by the multiplication by the Spread Multiplier, if any, specified on the face hereof. If fewer than two quotations are provided, the interest rate hereon for such Interest Reset Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on such LIBOR Interest Determination Date by three major banks in The City of New York, selected by the Calculation Agent, for loans in U.S. dollars to leading European banks having the Index Maturity specified on the face hereof commencing on the Interest Reset Date and in a Repr-

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sentative Amount, as adjusted (x) by the addition or subtraction of the Spread, if any, specified on the face hereof, and then (y) by the multiplication by the Spread Multiplier, if any, specified on the face hereof; provided, however, that, if fewer than three banks

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selected as provided above by the Calculation Agent are quoting as mentioned in this sentence, the interest rate hereon for such Interest Reset Date will be the interest rate hereon in effect on such LIBOR Interest Determination Date.

Treasury Rate. If the Interest Rate Basis of this Security is the

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Treasury Rate, the interest rate hereon for any Interest Reset Date shall equal (a) the rate for the auction on the relevant Treasury Interest Determination Date of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified on the face hereof, (i) as such rate is published in H.15(519) under the heading "U.S. Government Securities/Treasury Bills/Auction Average (Investment)" or (ii) if such rate is not so published by 9:00 a.m., New York City time, on the relevant Calculation Date, then the auction average rate (expressed as a bond equivalent, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) for such auction as otherwise announced by the United States Department of the Treasury or (b) if the results of such auction of Treasury bills having the Index Maturity specified on the face hereof are not published or reported as provided above by 3:00 p.m., New York City time, on such Calculation Date or if no such auction is held during such week, then the rate set forth in H.15(519) for the relevant Treasury Interest Determination Date for the Index Maturity specified on the face hereof under the heading "U.S. Government Securities/Treasury Bills/Secondary Market" or (c) if such rate is not so published by 3:00 p.m., New York City time, on the relevant Calculation Date, then the yield to maturity (expressed as a bond equivalent, on the basis of a year of 365



or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates as of approximately 3:30 p.m., New York City time, on such Treasury Interest Determination Date, of three primary United States government securities dealers in The City of New York selected by the Calculation Agent for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified on the face hereof, in any of the above cases (a), (b) or (c) as adjusted (x) by the addition or subtraction of the Spread, if any, specified on the face hereof, and then

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(y) by the multiplication by the Spread Multiplier, if any, specified on the face hereof; provided, however, that, if fewer than three dealers

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selected as provided above by the Calculation Agent are quoting as mentioned in this sentence, the interest rate hereon for such Interest Reset Date will be the interest rate hereon in effect on such Treasury Interest Determination Date.

CD Rate. If the Interest Rate Basis of this Security is the CD Rate,

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the interest rate hereon for any Interest Reset Date shall equal (a) the rate for the relevant CD Rate Interest Determination Date for negotiable certificates of deposit having the Index Maturity specified on the face hereof (i) as published in H.15(519) under the heading "CDs (Secondary Market)" or (ii) if such rate is not published before 9:00 a.m., New York City time, on the relevant Calculation Date, then the rate on such CD Rate Interest Determination Date for negotiable certificates of deposit having the Index Maturity specified on the face hereof as published in Composite Quotations under the heading "Certificates of Deposit" or (b) if by 3:00 p.m., New York City time, on such Calculation Date such rate is not published in either H.15(519) or Composite Quotations, the arithmetic mean of the secondary market offered rates, as of 10:00 a.m., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers of negotiable U.S. dollar certificates of deposit in The City of New York selected by the Calculation Agent for negotiable certificates of deposit of major United States money market banks with a remaining maturity closest to the Index Maturity specified on the face hereof in a denomination of U.S. \$5,000,000, in any of the above cases (a) or (b) as adjusted (x) by the addition or subtraction of the Spread, if any, specified on the face hereof, and then (y) by the multiplication by the Spread Multiplier, if any, specified on the face hereof; provided, however,

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that, if fewer than three dealers selected as provided above by the Calculation Agent are quoting as mentioned in this sentence, the interest rate hereon for such Interest Reset Date will be the interest rate hereon in effect on such CD Rate Interest Determination Date.

Federal Funds Rate. If the Interest Rate Basis of this Security is

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the Federal Funds Rate, the interest rate hereon for any Interest Reset Date shall equal (a) the rate on the relevant Federal Funds Interest Determination Date for Federal Funds (i) as published in H.15(519) under the heading "Federal Funds (Effec-

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tive)" or (ii) if such rate is not published before 9:00 a.m., New York City time, on the relevant Calculation Date, then the rate on such Federal Funds Interest Determination Date as published in Composite Quotations under the heading "Federal Funds/Effective Rate" or (b) if by 3:00 p.m., New York City time, on such Calculation Date such rate is not published in either H.15(519) or Composite Quotations, the arithmetic mean of the rates, as of 9:00 a.m., New York City time, on such Federal Funds Interest Determination Date, for the last transaction in overnight Federal Funds arranged by three leading brokers of Federal Funds transactions in The City of New York selected by the Calculation Agent, in any of the above cases (a) or (b) as adjusted (x) by the addition or subtraction of the Spread, if any, specified on the face hereof, and then (y) by the multiplication by the Spread Multiplier, if any, specified on the face hereof; provided,

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however, that, if fewer than three brokers selected as provided above by -----

the Calculation Agent are quoting as mentioned in this sentence, the interest rate hereon for such Interest Reset Date will be the interest rate hereon in effect on such Federal Funds Interest Determination Date.

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified on the face hereof. In addition, the interest rate hereon will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application.

The Company will at all times appoint and maintain a banking institution that is not an Affiliate of the Company as Calculation Agent hereunder. The Company has initially appointed the Calculation Agent specified on the face hereof as such Calculation Agent and will give prompt written notice to the Trustee of any change in such appointment. The Company will cause the Calculation Agent to calculate the interest rate on this Security for any Interest Reset Date in accordance with the foregoing on or before the Calculation Date pertaining to the related Interest Determination Date. Except as otherwise provided herein, all percentages resulting from any calculations will be rounded upwards, if necessary, to the next higher one hundred-thousandth of a percentage point (., 9.876541% (or .09876541) being rounded to 9.87655% (or .0987655)), and all U.S. dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent being rounded upwards). The Calculation Agent's

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determination of any interest rate will be final and binding in the absence of manifest error.

Upon the request of the Holder of this Security, the Company will cause the Calculation Agent to provide to such Holder the interest rate hereon then in effect and, if determined, the interest rate hereon which will become effective on the next Interest Reset Date.

The Interest Determination Date pertaining to an Interest Reset Date if the rate of interest hereon shall be determined in accordance with the provisions under the headings above entitled "Commercial Paper Rate" (the "Commercial Paper Interest Determination Date"), "Prime Rate" (the "Prime Rate Interest Determination Date"), "LIBOR" (the "LIBOR Interest Determination Date"), "CD Rate" (the "CD Rate Interest Determination Date") and "Federal Funds Rate" (the "Federal Funds Rate Interest Determination Date") will be the second Market Day preceding such Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date if the rate of interest hereon shall be determined in accordance with the provisions under the heading above entitled "Treasury Rate" (the "Treasury Interest Determination Date") will be the day of the week in which such Interest Reset Date falls on which Treasury bills would normally be auctioned. Treasury bills are usually sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that such auction may be held on the preceding Friday. If, as the result of a legal holiday, an auction is so held on the preceding Friday, such Friday will be the Treasury Interest Determination Date pertaining to the Interest Reset Date occurring in the next succeeding week. If an auction date shall fall on any Interest Reset Date for a Treasury Rate Security, then such Interest Reset Date shall instead be the first Market Day immediately following such auction date.

The Calculation Date pertaining to any LIBOR Interest Determination Date for any Security shall be such LIBOR Interest Determination Date, and the Calculation Date pertaining to any other Interest Determination Date for any Security shall be the tenth day after such Interest Determination Date or, if any such day is not a Market Day for such Security, the next succeeding such Market Day.

Payments of interest hereon with respect to any Interest Payment Date will include interest accrued to but excluding such Interest Payment Date; provided, however, that, if the Interest Reset Period with respect to this  
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Security is weekly, the interest payable on any Interest

Payment Date, other than interest payable on the date on which principal is payable, will include interest accrued to but excluding the day following the next preceding Regular Record Date.

Accrued interest hereon from the Original Issue Date or from the last date to which interest has been paid is calculated by multiplying the principal amount of this Security by an accrued interest factor. Such accrued interest factor is computed by adding the interest factor calculated for each day from the Original Issue Date, or from the last date to which interest has been paid, to but excluding the date for which accrued interest is being calculated. The interest factor (expressed as a decimal) for each such day is computed by dividing the interest rate (expressed as a decimal) applicable to such day by 360 or, if the Interest Rate Basis for this Security is the Treasury Rate, by the actual number of days in the year.

The Indenture contains provisions for defeasance at any time of (i) the entire indebtedness of this Security or (ii) certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth therein.

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

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

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notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity and the Trustee

shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

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

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

The Securities of this series and of like tenor are issuable only in registered form without coupons in denominations of \$100,000 and any integral multiple of

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\$1,000 in excess thereof. The Securities of this series may be issued, in whole or in part, in the form of one or more Global Securities bearing the legend specified in the Indenture regarding certain restrictions on registration of transfer and exchange and issued to The Depository Trust Company as depository for Global Securities of this series (the "Depository") or its nominee and registered in the name of the Depository or such nominee. As provided in the Indenture and subject to certain limitations (including, in the case of any Global Security, certain additional limitations) therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

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

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat

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

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

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

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#### ABBREVIATIONS

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

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with the right of  
survivorship and not as tenants  
in common

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

\_\_\_\_\_  
(State)

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

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#### ASSIGNMENT

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

\_\_\_\_\_  
PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF ASSIGNEE

/ \_\_\_\_\_ /

\_\_\_\_\_  
\_\_\_\_\_  
(Please Print or Typewrite Name and Address  
Including Postal Zip Code of Assignee)

\_\_\_\_\_  
the within Security and all rights thereunder, and hereby irrevocably  
constitutes and appoints \_\_\_\_\_

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

Dated: \_\_\_\_\_

Signature Guaranteed

\_\_\_\_\_  
NOTICE: Signature must be  
guaranteed by a member firm  
of the New York Stock  
Exchange or a commercial  
bank or trust company.

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

CAPITAL HOLDING CORPORATION  
Capital Holding Center  
400 West Market Street  
Louisville, Kentucky 40202

January 14, 1994

Morgan Guaranty Trust Company of New York  
60 Wall Street  
New York, New York 10260

Gentlemen:

This Letter Agreement confirms our appointment of you and any corporation into which you may be merged or converted or with which you may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which you shall be a party, or any corporation succeeding to your corporate agency or corporate trust business as Paying Agent and Calculation Agent in respect of, and in accordance with the terms and provisions of a series of Securities to be issued under the Indenture, dated as of January 1, 1994, (herein called the "Indenture"), between Capital Holding Corporation (the "Company") and Morgan Guaranty Trust Company of New York as Trustee (the "Trustee"), and entitled the Medium-Term Notes, Series D (the "Medium-Term Notes") of the Company, which Medium-Term Notes are to be issued substantially in the forms attached hereto as Annex I. All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Indenture.

This Letter Agreement further confirms our appointment of you and any such successor corporation as Issuing Agent in connection with certain procedures to be followed with respect to the settlement of sales of Medium-Term Notes in accordance with the Administrative Procedure (the "Procedure") attached hereto as Annex II.

You agree to perform the duties and obligations and carry out the transactions ascribed to the Paying Agent and Calculation Agent in the Indenture, the Notes and the Procedure (the Indenture, the Notes, the Procedure and this Letter Agreement being referred to collectively herein as the "Documents") and to the Issuing Agent in the Procedure. In addition, you will furnish the Company with appropriate records of all transactions

carried out by you as Paying Agent and as Calculation Agent and as Issuing Agent



at such intervals as the Company shall from time to time request.

You and the Company agree as follows:

(i) You undertake to perform such duties and only such duties as are specifically set forth in the Documents, you shall be responsible only for the performance of such duties and obligations as are specifically set forth in the Documents and no implied covenants or obligations shall be read into the Documents against you.

(ii) In the absence of bad faith on your part, you may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to you and conforming to the requirements of the Documents; but in the case of any such certificates or opinions which pursuant to the Documents are specifically required to be furnished to you, you shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Documents.

(iii) No provision of the Documents shall be construed to relieve you from liability for your own negligent action, your own negligent failure to act, or your own wilful misconduct, except that

(a) this clause (iii) shall not be construed to limit the effect of clauses (i) and (ii) above;

(b) you shall not be liable for any error of judgment made in good faith by any of your officers or employees unless it shall be proved that you or they were negligent in ascertaining the pertinent facts; and

(c) no provision of the Documents shall require you to expend or risk you own funds or otherwise incur any financial liability in the performance of any of your duties under the Documents, or in the exercise of any of your rights or powers, if you shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to you.

(iv) Whether or not therein expressly so provided, every provision of the Documents relating to your conduct, affecting your liability or affording protection to you shall be subject to the provisions of clauses (i), (ii) and (iii) above.

(v) Subject to clauses (i), (ii), (iii) and (iv) above:

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(a) you may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or

document believed by you to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned in the Documents shall be sufficiently evidenced by a written request or order signed in the name of the Company by its Chairman of the Board, its President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary, an Assistant Secretary, or an Assistant General Counsel and any resolution of the Board of Directors may be sufficiently evidenced by a copy of a resolution certified by the Secretary, an Assistant Secretary, or an Assistant General Counsel of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification;

(c) whenever in the performance of your duties under the Documents you shall deem it reasonably desirable that a matter be proved or established prior to taking, suffering or omitting any action under the Documents, you (unless other evidence be specifically prescribed in the Documents) may, in the absence of bad faith on your part, rely upon a certificate signed by the Chairman of the Board, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary or an Assistant General Counsel of the Company;

(d) you may consult with counsel and the written advice of such counsel or any written opinion of such counsel as shall be acceptable to you (and who may be counsel to the Company) shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by you under the Documents in good faith and in reliance thereon;

(e) you shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but you, in your discretion, may make such further inquiry or investigation into such facts or matters as you may reasonably see fit, and, if you shall determine to make such further

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inquiry or investigation, you shall be entitled to conduct, during the Company's regular business hours, a reasonable examination of the books, records and premises of the Company, personally or by agent or attorney; and

(f) you shall not be liable for any action taken or omitted by you in good faith and believed by you to be authorized or within the discretion, rights or powers conferred upon you by the Documents. Neither you nor your officers or employees shall be required to ascertain whether any issuance or sale of Notes has been duly

authorized or is in compliance with any other agreement to which the Company is a party.

The Company agrees:

(i) to pay to you such reasonable compensation as shall be agreed to by you and the Company from time to time for all services rendered by you pursuant to the Documents;

(ii) to reimburse you upon your request for all reasonable expenses, disbursements and advances incurred or made by you in accordance with the Documents (including the reasonable compensation and the reasonable expenses and disbursements of your agents and counsel), except to the extent any such expense, disbursement or advance is caused by your own negligence, bad faith, or wilful misconduct;

(iii) to indemnify and hold harmless Morgan, its directors, officers, employees and duly authorized agents from and against any loss, liability (including liability for penalties), claim, damage, action, suit, judgment, cost or expense except to the extent caused by the negligence, bad faith, or wilful misconduct of Morgan or such director, officer, employee or agent, arising out of or in connection with the performance of its or their duties under the Documents, including the reasonable costs and expenses of defending yourself against any such claim or liability.

The obligations of the Company under clauses (ii) and (iii) immediately above shall survive termination of this Agreement.

(iv) from time to time to furnish you with a certificate of the Company certifying the incumbency and specimen signatures of officers authorized (a) to execute Notes on behalf of the Company by manual or facsimile signature and (b) to give instructions to you in connection with the issuance of Notes (an "Authorized Representative").

All Note issuance instructions shall be given by an Authorized Representative by means of the electronic timesharing

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facility known as the Morgan Paper Issue System (the "MPI System"); provided

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that such instructions may be given by telephone, by facsimile transmission, or in writing if the MPI System is inoperative. Instructions given by telephone, by facsimile transmission, or in writing shall be given by an Authorized Representative who has been previously certified in writing to you as a person authorized to give such instructions hereunder.

Instructions given via the MPI System shall be entered as prescribed in the user documentation provided by you and all instructions, whether delivered by the MPI System, by telephone, by facsimile transmission, or in writing must be received by you by the times set forth in the Procedure.

It is understood that although you are instructed to deliver Notes against payment in immediately available funds, delivery of any certificated Notes, in accordance with the custom prevailing in the market, will be made before actual receipt of payment. Once you have delivered any certificated Notes to an Agent or its designated consignee or the designated consignee of the Company against receipt for payment, the Company shall bear the risk that such Agent or designated consignee fails to remit payment for such Notes or to return the same to you. It is further understood that each delivery of Notes hereunder shall be subject to the rules of the New York Clearing House in effect at the time of such delivery.

Telephone instructions given by an Authorized Representative to you will be electronically voice-recorded by you, and the Company hereby consents to such recording. All issuance instructions given by telephone shall be immediately repeated back to the party giving such instructions to confirm that such instructions were correctly understood. Should any discrepancy develop with respect to such telephonic instructions, the instructions as repeated by you will be deemed the controlling and proper instructions. Subject to clauses (i), (ii), (iii), and (iv) appearing on pages two and three of this Letter Agreement, you shall incur no liability to the Company in acting hereunder upon telephonic or other instructions contemplated hereby which the recipient thereof believed in good faith to have been given by an Authorized Representative.

It is understood that the MPI System timesharing services which may be utilized by the Company and you in the issuance of Notes and maintenance of the note register are furnished to you by The Service Bureau Company, a division of Control Data Corporation ("SBC"). SBC has granted permission to you to allow your clients to use such timesharing services, and in consideration for such permission, it is understood and agreed that such services will be supplied to the Company "as is,"

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without warranty by SBC. The Company hereby waives any claims it may have against SBC arising out of such timeshare services.

You may at any time resign as Paying Agent, Calculation Agent or Issuing Agent by giving written notice to the Company of such intention on your part, specifying the date on which your desired resignation shall become effective; provided, however, that such date shall be not less than three months after the

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giving of such notice. You may be removed at any time by the filing with you of an instrument in writing signed by a duly authorized officer of the Company and specifying such removal and the date upon which it is intended to become effective. Such resignation or removal shall take effect on the date of the appointment by the Company of a successor agent(s) and the acceptance of such appointment by such successor agent(s). In the event of your resignation, if a successor agent(s) has not been appointed by the Company within three months after the giving of notice by you of your intention to resign, you may, at the expense of the Company, petition any court of competent jurisdiction for

appointment of a successor agent(s).

If the foregoing is in accordance with your understanding, please sign and return to us seven counterparts hereof, whereupon this letter and the acceptance thereof by you shall constitute a binding agreement between you and us in accordance with its terms.

Very truly yours,

CAPITAL HOLDING CORPORATION

By: /s/ Sherry F. Hardy

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Sherry F. Hardy  
Assistant General Counsel

Accepted in New York,  
New York, as of the date  
hereof:

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK

By: /s/ Marlene Fahey

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Vice President

[DTC LOGO]

BOOK-ENTRY-ONLY CORPORATE MEDIUM-TERM NOTE  
(GLOBAL CERTIFICATE) PROGRAM

LETTER OF REPRESENTATIONS  
[TO BE COMPLETED BY ISSUER, ISSUING AGENT, AND PAYING AGENT]

Capital Holding Corporation

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[Name of Issuer]

Morgan Guaranty Trust Company of New York  
DTC Participant Number

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[Name and DTC Participant Number of Issuing Agent]

Morgan Guaranty Trust Company of New York  
DTC Participant Number

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[Name and DTC Participant Number of Paying Agent]

January 14, 1994

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(Date)

Attention: General Counsel's Office  
The Depository Trust Company  
55 Water Street, 49th Floor  
New York, NY 10041-0099

Re: Capital Holding Corporation

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Medium-Term Notes, Series D  
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(Description of Program, including series designator  
and rank of indebtedness)

Ladies and Gentlemen:

This letter sets forth our understanding with respect to certain matters relating to the issuance by Issuer from time to time of notes under its medium-

term note program described above (the "Notes"). Issuing Agent will act as issuing agent with respect to the Notes. Paying Agent will act as paying agent with respect to the Notes. The Notes will be issued

pursuant to a prospectus supplement, private placement memorandum, or other such document authorizing the issuance of the Notes dated as of January 14, 1994.

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Paying Agent has entered into a Medium-Term Note Certificate Agreement with The Depository Trust Company ("DTC") dated as of April 18, 1989, pursuant to

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which Paying Agent will act as custodian of Global Certificates evidencing the Notes, when issued. Paying Agent will amend Exhibit A to such Medium-Term Note Certificate Agreement to include the program designed above prior to issuance of the Notes.

To induce DTC to accept the Notes as eligible for deposit at DTC and to act in accordance with its Rules with respect to the Notes, Issuer, Issuing Agent, and Paying Agent make the following representations to DTC:

1. Each issue of the Notes shall be evidenced by one Global Certificate in registered form registered in the name of DTC's nominee, Cede & Co., and such Certificate shall represent 100% of the principal amount of such issue of the Notes. If, however, the principal amount of the issue exceeds \$150,000,000, one Certificate shall be issued with respect to each \$150,000,000 of principal amount and an additional Certificate shall be issued with respect to any remaining principal amount.

2. Issuer or Issuing Agent has obtained from the CUSIP Service Bureau a written list of approximately 900 nine-character numbers (the basic first six characters of which are the same and uniquely identify Issuer and the Notes to be issued under its medium-term note program described above), and Issuing Agent has delivered a copy of such list to DTC's Underwriting Department. The CUSIP numbers on such list have been reserved for future assignment to issues of the Notes. At any time when fewer than 100 of the CUSIP numbers on such list remain unassigned, Issuer or Issuing Agent shall promptly obtain from the CUSIP Service Bureau an additional written list of approximately 900 such numbers, and Issuing Agent shall promptly deliver a copy of such list to DTC's Underwriting Department.

3. When Notes are to be issued through DTC, Issuing Agent shall give notice to Paying Agent and issuance instructions to DTC in accordance with DTC's Procedures, including DTC's Issuing/Paying Agent Procedures (the "Procedures"), a copy of which previously has been furnished to Issuing Agent and Paying Agent.

The giving of such issuance instructions, which include delivery instructions, to DTC shall constitute:

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(a) a representation that the Notes are delivered, in connection with their issuance, upon payment or the promise to pay by the receivers of such deliveries; and

(b) a confirmation that a Certificate (or Certificates) evidencing such Notes, in the form described in Paragraph 1, has been issued and authenticated.

4. If issuance of Notes through DTC is scheduled to take place one or more days after Issuing Agent has given issuance instructions to DTC, Issuing Agent may cancel such issuance by giving a cancellation instruction to DTC in accordance with the Procedures.

5. At any time that Paying Agent has Notes in its DTC account, it may request withdrawal of such Notes from DTC by giving a withdrawal instruction to DTC in accordance with the Procedures. Upon DTC's acceptance of such withdrawal instruction, Paying Agent shall reduce the principal amount of the Certificate evidencing the Notes accordingly.

6. In the event of any solicitation of consents from or voting by holders of the Notes, issuer, Issuing Agent, or Paying Agent shall establish a record date for such purposes (with no provision for revocation of consents or votes by subsequent holders) and shall, to the extent possible, send notice of such record date to DTC not less than 15 calendar days in advance of such record date.

7. In the event of a full or partial redemption of an issue of outstanding Notes, Issuer or Paying Agent shall send a notice to DTC specifying: (a) the amount of the redemption; and (b) the date such notice is to be mailed to beneficial owners or published (the "Publication Date"). Such notice shall be sent to DTC by a secure means (e.g., legible telecopy, registered or certified mail, overnight delivery) in a timely manner designed to assure that such notice is in DTC's possession no later than two business days before the Publication Date. Issuer or Paying Agent shall forward such notice either in a separate secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers (if applicable) which includes a manifest or list of each CUSIP submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use of such means and the timeliness of such notice.) The Publication Date shall be not less than 30 days nor more than 60 days prior to the redemption date. It is understood that DTC's current practice is to perform its call lottery in \$1,000 principal amount increments.

8. (a) After the first interest payment has been made on individual issues of the Notes (having different original issue dates but otherwise the same terms, including interest rate, interest payment dates, rank, stated



maturity, repayment options, redemption provisions, and currently in which the issue is denominated), to consolidate such issues Issuing Agent shall deliver to DTC and Paying Agent (as well as to the CUSIP Service Bureau and interactive Data Corporation) at least 30 days before the day on which the consolidation is to be effective, as determined by Issuing Agent (the "Exchange Date"), a written notice of consolidation specifying the CUSIP numbers of the individual issues to be

consolidated and the new CUSIP number of the consolidated issue. The Exchange Date shall be least 30 days prior to an interest payment date for such issues.

(b) On the Exchange Date, Paying Agent shall arrange for the exchange of the Certificates evidencing the issues to be consolidated for a single Certificate bearing a new CUSIP number (the "replacement Certificate"). The replacement Certificate shall bear the original issue dates, together with the respective principal amounts to which they relate, for all exchanged Certificates. Notwithstanding the foregoing, if the Certificates to be exchanged exceed \$150,000,000 in aggregate principal amount, one replacement Certificate shall be issued with respect to each \$150,000,000 of the aggregate principal amount and an additional replacement Certificate shall be issued with respect to any remaining aggregate principal amount.

9. (a) With respect to an issue of Notes that are repayable at the option of the holder, Paying Agent shall send on the day which is the earlier of 60 days prior to the purchase date or 5 days prior to the start of the tender exercise period a notice to DTC listing the CUSIP number of such issue, the start date and end date of the tender exercise period, the repayment price, and the purchase date. Paying Agent shall send such notice with respect to an issue of Notes with a "one time only" repayment option when such option arises; in the case of an issue of Notes that are repayable on a regular quarterly, semi-annual, annual, or less frequent cycle, Paying Agent shall send such notice with respect to each repayment option as it arises, or shall send such notice with respect to all repayment options when the first such option arises; and, for an issue of Notes that are repayable on a regular monthly cycle, Paying Agent shall send such notice with respect to the first repayment option and annually thereafter; provided, however, Paying Agent shall in all cases promptly send notice of any change in the issue's operational terms affecting the repayment options (e.g., an upcoming mandatory tender), when known.

(b) Paying Agent recognizes that DTC will use its Repayment Option Procedures, a copy of which previously has been furnished to Paying Agent, to process tenders of the Notes. It is understood that under the Repayment Option Procedures DTC will receive daily instructions from its Participants to tender Notes for purchase. On the purchase date, if -- after paying DTC for tendered Notes -- Paying Agent wishes to retire the tendered Notes, it shall notify DTC to reduce the principal amount of the issue of the Notes by the aggregate principal amount of the tendered Notes and shall reduce the principal amount of the Certificate evidencing the tendered Notes accordingly.

10. (a) Issuer and Paying Agent shall take all steps necessary in order for any interest payment date on any issue of the Notes together with the amount of interest payable, as well as changes in the interest rates on variable rate Notes as they occur from time to time, to be listed in the appropriate daily bond report published by Standard & Poor's Corporation.

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(b) With regard to variable rate Notes on which the interest rate is reset daily or weekly, Paying Agent shall, in accordance with the Procedures, deliver to DTC's Dividend Department, Standard & Poor's Corporation and Interactive Data Corporation on each day on which the amount of interest to be paid on the following payment date (including the issue's first interest payment date) is determined a listing of the CUSIP number assigned to each such issue along with corresponding specifications of the record date, payment date, and dollar amount of interest per \$1,000 principal amount of the Notes to be paid on such payment date. For variable rate Notes on which the interest rate is reset monthly, quarterly, semiannually, or annually, Paying Agent shall deliver a similar listing to Standard & Poor's Corporation and Interactive Data Corporation on the day interest payment amounts are determined.

(c) With regard to each issue of fixed rate Notes, promptly after each record date Paying Agent shall deliver to DTC a written notice specifying by CUSIP number the amount of interest to be paid on each such issue on the following interest payment date, other than at maturity and the total of such amounts.

11. Paying Agent shall deliver to DTC on or about the first business day of each month a written list of principal and interest to be paid on each issue of the Notes maturing in the following month. Paying Agent and DTC shall confirm the amounts of principal and interest to be paid on each such issue on or about the fifth business day preceding its maturity.

12. All notices and payment advices sent to DTC shall contain the CUSIP number of the issue of the Notes.

13. Notices to DTC pursuant to Paragraph 6 by telecopy shall be sent to DTC's Reorganization Department at (212) 709-6896 or (212) 709-6897, and receipt of such notices shall be confirmed by telephoning (212) 709-6870. Notices to DTC pursuant to Paragraph 6 by mail or by any other means shall be sent to:

Reorganization Manager  
The Depository Trust Company  
7 Hanover Square; 23rd Floor  
New York, NY 10004-2695

14. Notices to DTC pursuant to Paragraph 7 by telecopy shall be sent to DTC's Call Notification Department at (516) 227-4164 or (516) 227-4190. If the party sending the notice does not receive a telecopy receipt from DTC confirming

that the notice has been received, such party shall telephone (516) 227-4070. Notices to DTC pursuant to Paragraph 7 by mail or by any other means shall be sent to:

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Call Notification Department  
The Depository Trust Company  
711 Stewart Street  
Garden City, NY 11530-4719

15. Notices to DTC pursuant to Paragraphs 8 and 11 and notices of other corporate actions (including mandatory tenders, exchanges, and capital changes) by telecopy shall be sent to DTC's Reorganization Department at (212) 709-1093 or (212) 709-1094, and receipt of such notices shall be confirmed by telephoning (212) 709-6884. Notices to DTC pursuant to Paragraphs 8 and 11 and notices of other corporate actions by mail or by any other means shall be sent to the address indicated in Paragraph 13.

16. Notices to DTC pursuant to Paragraph 9 by telecopy shall be sent to DTC's Reorganization Department at (212) 709-1093 or (212) 709-1094, and receipt of such notices shall be confirmed by telephoning (212) 709-1470. Notices to DTC pursuant to Paragraph 9 by mail or by any other means shall be sent to the address indicated in Paragraph 13.

17. Notices to DTC pursuant to Paragraph 10(b) and 10(c) by telecopy shall be sent to DTC's Dividend Department at (212) 709-1723 or (212) 709-1686, and receipt of such notices shall be confirmed by telephoning (212) 709-1270. Notices to DTC pursuant to Paragraphs 10(b) and 10(c) by mail or by any other means shall be sent to:

Manager; Announcements  
Dividend Department  
The Depository Trust Company  
7 Hanover Square; 22nd Floor  
New York, NY 10004-2695

18. Transactions in the Notes shall be eligible for same-day funds settlement in DTC's SDFS system.

- A. Interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in same-day funds on each payment date (or the equivalent in accordance with existing arrangements between Issuer or Paying Agent and DTC). Such payments shall be made payable to the order of Cede & Co.
- B. Principal payments shall be made in same-day funds on each payment date by Paying in the manner set forth in the SDFS Paying Agent Operating Procedures, a copy of which previously has been furnished to Paying Agent.

19. DTC may direct Issuer, Issuing Agent, or Paying Agent to use any other telephone number or address as the number or address to which notices or payments of interest or principal may be sent.

20. Issuer: (a) understands that DTC has no obligation to, and will not, communicate to its Participants or to any person having an interest in the Securities any information contained in the Security certificate(s); and (b) acknowledges that neither DTC's Participants nor any person having an interest in the Securities shall be deemed to have notice of the provisions of the Security certificates by virtue of submission of such certificate(s) to DTC.

21. In the event Issuer determines that beneficial owners of Notes shall be able to obtain certificated Notes, Issuer or Paying Agent shall notify DTC of the availability of Note certificates, and shall issue, transfer, and exchange Note certificates in appropriate amounts, as required by DTC and others.

22. DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to Issuer or Paying Agent (at which time DTC will confirm the Issuer or Paying Agent the aggregate amount of Notes outstanding by CUSIP number). Under such circumstances, at DTC's request Issuer and Paying Agent shall cooperate fully with DTC by taking appropriate action to make available one or more separate certificates evidencing Notes to any DTC Participant having Notes credited to its DTC accounts.

23. Nothing herein shall be deemed to require Issuing Agent or Paying Agent to advance funds on behalf of Issuer.

Very truly yours,

Capital Holding Corporation

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(Issuer)

By: /s/ Sherry F. Hardy

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(Authorized Officer's Signature)

Sherry F. Hardy  
Assistant General Counsel

New York

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(Issuing Agent)

By: /s/ Marlene Fahey

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(Authorized Officer's Signature)

Morgan Guaranty Trust Company of  
New York

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(Paying Agent)

By: /s/ Marlene Fahey

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(Authorized Officer's Signature)

Notes:

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A. Current addresses for delivering notices to the CUSIP Service Bureau, Interactive Data Corporation, and Standard & Poor's Corporation are listed in DTC's Medium-Term Note Issuing/Paying Agent Procedures, a copy of which can be obtained from DTC's Underwriting Department.

B. Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted:  
THE DEPOSITORY TRUST COMPANY

By: /s/ James McGeevey

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(Authorized Officer)

cc: Sales Agent  
Sales Agent's Counsel

SAMPLE OFFERING DOCUMENT LANGUAGE  
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE  
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(PREPARED BY DTC--BRACKETED MATERIAL MAY BE APPLICABLE ONLY TO CERTAIN ISSUES)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$150 million, one certificate will be issued with respect to each \$150 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC, DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive

written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing

their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

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

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

payments to the Beneficial Owners shall be the responsibility of Direct and Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The

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requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

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

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

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

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