

SECURITIES AND EXCHANGE COMMISSION

FORM 424B2

Prospectus filed pursuant to Rule 424(b)(2)

Filing Date: **1994-04-20**
SEC Accession No. **0000310431-94-000010**

([HTML Version](#) on secdatabase.com)

FILER

CBI INDUSTRIES INC /DE/

CIK: **310431** | IRS No.: **363009343** | State of Incorpor.: **DE** | Fiscal Year End: **1231**
Type: **424B2** | Act: **33** | File No.: **033-52735** | Film No.: **94523370**
SIC: **3443** Fabricated plate work (boiler shops)

Business Address
800 JORIE BLVD
OAK BROOK IL 60522
7085727000

PROSPECTUS SUPPLEMENT

(To Prospectus dated March 25, 1994)

U.S. \$100,000,000

CBI INDUSTRIES, INC.

Medium-Term Notes, Series A

With Maturities of Nine Months or More From Date

of Issue

CBI Industries, Inc. (the "Company") may offer from time to time its Medium-Term Notes, Series A (the "Notes"), having an aggregate initial offering price not to exceed U.S. \$100,000,000 (or the equivalent thereof in foreign currencies or currency units), subject to reduction under certain circumstances as a result of the sale of other Securities of the Company under the Prospectus to which this Prospectus Supplement relates. The Notes will be offered at varying maturities of nine months or more from their dates of issue and may be subject to redemption at the option of the Company or repayment at the option of the Holder prior to the Stated Maturity (as defined below) thereof as set forth in a Pricing Supplement to this Prospectus Supplement (a "Pricing Supplement"). Each Note will be denominated in U.S. dollars or in other currencies or currency units (the "Specified Currency") as may be designated by the Company and set forth in the applicable Pricing Supplement. See "Important Currency Information" and "Currency Risks."

(Continued on next page)

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

	Price to Public(1)	Agents' Commission or Discount(2)	Proceeds to Company(2) (3)
Per Note	100%	.125%-.750%	99.875%-99.250%
Total	\$100,000,000	\$125,000-\$750,000	\$99,875,000- \$99,250,000

(1) Unless otherwise specified in the Pricing Supplement relating thereto, each Note will be issued at 100% of the principal amount thereof.

(2) The Company will pay Lehman Brothers, Lehman Brothers Inc.

(including its affiliate, Lehman Special Securities, Inc.), Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated or Salomon Brothers Inc (each an "Agent," and collectively, the "Agents") a commission, in the form of a discount ranging from .125% to .750%, of the principal amount of any Note, depending on its Stated Maturity, sold through such Agent, except that the commission payable by the Company to the Agents with respect to Notes with maturities of greater than thirty years will be negotiated at the time the Company issues such Notes. Any Agent, acting as principal, may also purchase Notes at a discount for resale to one or more investors or one or more broker-dealers (acting as principal for purposes of resale) at varying prices related to prevailing market prices at the time of resale, as determined by such Agent, or, if so agreed, at a fixed public offering price. The Company has agreed to reimburse the Agents for certain expenses, estimated at \$75,000. The Company has agreed to indemnify the Agents against certain liabilities, including liabilities under the applicable Federal and state securities laws.

(3) Before deducting offering expenses payable by the Company estimated at \$75,000.

The Notes are offered on a continuing basis by the Company through the Agents, each of which has agreed to use its reasonable efforts to solicit offers to purchase the Notes. The Company also may sell Notes to any Agent, acting as principal, for resale to one or more investors or to one or more broker-dealers (acting as a principal for purposes of resale) at varying prices related to prevailing market prices at the time of resale, as determined by such Agent, or, if so agreed, at a fixed public offering price. The Company has reserved the right to sell Notes directly to investors on its own behalf, and on such sales no commissions will be paid. The Notes will not be listed on any securities exchange, and there can be no assurance that the Notes will be sold or that there will be a secondary market for the Notes. The Company reserves the right to withdraw, cancel or modify the offer made hereby without notice. The Company or the Agent that solicits any offer to purchase Notes may reject any offer to purchase Notes in whole or in part. See "Plan of Distribution."

LEHMAN BROTHERS

MERRILL LYNCH & CO.

April 19, 1994

SALOMON BROTHERS INC </PAGE>

(Continued from previous page)

Unless otherwise specified in the applicable Pricing Supplement, Notes denominated in U.S. dollars will be issued only in denominations of \$1,000 or any amount in excess thereof which

is an integral multiple of \$1,000. If the Notes are to be denominated in a foreign currency or units of a foreign composite currency, the authorized denominations and currency exchange rate information will be set forth in the applicable Pricing Supplement. The principal amount payable at Maturity (as defined below) and/or any interest or premium on a Note may be determined by reference to the relationship between two or more currencies, to the price of one or more specified securities or commodities, to one or more securities or commodities exchange indices or other indices or by other similar methods (an "Indexed Note"), as set forth in the applicable Pricing Supplement.

Except as otherwise set forth herein, the interest rate on, or interest rate formula for, each Note will be established by the Company at the date of issuance of such Note and will be set forth in the applicable Pricing Supplement. Interest rates and interest rate formulas are subject to change by the Company, but, except as otherwise set forth herein, no such change will affect the interest rate on, or interest rate formula for, any Note theretofore issued or which the Company has agreed to sell. Unless otherwise indicated in the applicable Pricing Supplement, each Note will bear interest at a fixed rate (a "Fixed Rate Note"), which may be zero in the case of certain Notes issued at a price representing a discount from the principal amount payable at Stated Maturity, or at rates determined by reference to the Commercial Paper Rate, Federal Funds Rate, CD Rate, LIBOR, Prime Rate, Treasury Rate, CMT Rate, 11th District Cost of Funds Rate, J.J. Kenny Rate (each as defined below) or such other interest rate formula (a "Floating Rate") as may be designated in an accompanying Pricing Supplement, as adjusted by the Spread or Spread Multiplier, if any, applicable to such Notes. See "Description of Notes." A Fixed or Floating Rate Note may pay a level or non-level amount in respect of both interest and principal amortized over the life of the Note (an "Amortizing Note").

Unless otherwise specified in the applicable Pricing Supplement, interest on each Fixed Rate Note other than an Amortizing Note will accrue from its Original Issue Date (as defined below), or the last date to which interest has been paid or duly provided for, and will be payable semiannually on each June 15 and December 15 and at Maturity. Unless otherwise specified in the applicable Pricing Supplement, interest on each Floating Rate Note other than an Amortizing Note will accrue from its Original Issue Date, or the last date to which interest has been paid or duly provided for, at rates determined as set forth therein and in the applicable Pricing Supplement and will be payable on the dates set forth therein and in the applicable Pricing Supplement. Unless otherwise specified in the applicable Pricing Supplement, interest on each Amortizing Note will accrue from its Original Issue Date, or the last date to which interest has been paid or duly provided for, at a fixed or floating rate, determined as set forth therein and in the applicable Pricing Supplement, and such

interest and the principal amount of such Amortizing Note will be payable on the dates set forth therein and in the applicable Pricing Supplement.

Unless otherwise specified in the applicable Pricing Supplement, each Note will be registered and will be issued either in (i) book-entry form and represented by a global certificate (a "Global Security") registered in the name of a nominee of The Depository Trust Company, as Depository (the "Depository") (each such Note represented by a Global Security being referred to herein as a "Book-Entry Note"), or (ii) if specified in the applicable Pricing Supplement, in certificated form and represented by certificates issued in definitive form ("Certificated Notes") and registered in the name of each Holder. Interests in Book-Entry Notes will be shown on, and transfers thereof will be effected only through, records maintained by the Depository (with respect to beneficial interest of participants) and its participants. Owners of beneficial interests in Book-Entry Notes will be entitled to physical delivery of Certificated Notes only under the limited circumstances described herein. See "Description of Notes-Book-Entry System."

The Specified Currency, any applicable interest rate or formula, the Issue Price, the Stated Maturity, any Interest Payment Dates (each as defined below), any redemption and repayment provisions and any other terms applicable to each Note will be established at the time of issuance of such Note and set forth in the applicable Pricing Supplement. See "Description of Notes."

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

</PAGE>

THE COMPANY

The Company operates through three major business segments. CBI's Contracting Services segment is organized under Chicago Bridge & Iron Company as a worldwide construction group that provides, through separate subsidiaries, a broad range of services including design, engineering, fabrication and construction of metal plate structures, project management, general contracting, and other specialty construction and related services. CBI's Industrial Gases segment, which is organized under Liquid Carbonic Industries Corporation, produces, processes and markets, on a worldwide basis, carbon dioxide and a wide variety of other industrial and specialty gases and chemicals. CBI's Investments segment includes petroleum and special product terminal businesses and certain real estate and financial investments.

The Company is incorporated in Delaware and its principal executive offices are located at 800 Jorie Boulevard, Oak Brook, Illinois and its telephone number is (708) 572-7000.

DESCRIPTION OF NOTES

The Notes will be issued under an Indenture, dated as of March 1, 1994 (the "Indenture"), between the Company and Chemical Bank, as trustee (the "Trustee"). The following summaries of certain provisions of the Notes and the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Notes and the Indenture. Capitalized terms set forth below that are not otherwise defined herein shall have the meanings specified in the Indenture and/or the Notes. Unless otherwise specified in the applicable Pricing Supplement, the Notes will have the terms described below.

General

The Notes constitute a single series of debt securities for purposes of the Indenture (the "Debt Securities") and are limited to U.S. \$100,000,000 (or the equivalent thereof in foreign currencies or currency units calculated at issuance of such Notes) aggregate initial offering price, subject to reduction under certain circumstances as a result of the sale of other Securities of the Company under the accompanying Prospectus. In this Prospectus Supplement, the accompanying Prospectus and any Pricing Supplement, reference to "U.S. dollars", "U.S. \$", "\$", "dollars" or "cents" are to United States currency, unless otherwise indicated in the applicable Pricing Supplement. The Company may from time to time sell additional series of Debt Securities, including additional series of medium-term notes.

The Notes will be offered on a continuing basis and each Note will mature nine months or more from its date of issue, as selected by the initial purchaser and agreed to by the Company, and may be subject to redemption at the option of the Company or repayment at the option of the Holder prior to Stated Maturity as set forth below under "Optional Redemption" and "Repayment at the Noteholders' Option." Each Note will be denominated in U.S. dollars or in such other Specified Currency as is specified in the applicable Pricing Supplement. Each Note will be either (i) a Fixed Rate Note, which may bear interest at a rate of zero in the case of a Note issued at an Issue Price (as defined below) representing a discount from the principal amount payable at Stated Maturity (a "Zero Coupon Note"), or (ii) a Floating Rate Note which will bear interest at a rate determined by reference to the interest rate basis or combination of interest rate bases specified in the applicable Pricing Supplement, which may be

adjusted by a Spread and/or Spread Multiplier (each as defined below).

Each Note will be issued initially as either a Book-Entry Note or a Certificated Note in fully registered form without coupons. Except as set forth below under "Book-Entry System," Book-Entry Notes will not be exchangeable for Certificated Notes. Unless otherwise specified in the applicable Pricing Supplement, Notes will be issuable in U.S. dollars in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The authorized denominations of any Note denominated in other than U.S. dollars will be the amount of the Specified

</PAGE>

Currency for such Note equivalent, at the noon buying rate in The City of New York for cable transfers for such Specified Currency as certified for customs purposes by the Federal Reserve Bank of New York (the "Market Exchange Rate") on the first Business Day (as defined below) in The City of New York and the country issuing such currency (or, in the case of European Currency Units ("ECUs"), Brussels) next preceding the date on which the Company accepts the offer to purchase such Note, to U.S. \$1,000, or such other minimum denomination as may be allowed or required from time to time by any relevant central bank or equivalent governmental body, however designated, or by any laws or regulations applicable to the Notes or to such Specified Currency. The Notes will be issued in integral multiples of 1,000 units of any such Specified Currency in excess of their minimum denominations. If any of the Notes are to be denominated in a Specified Currency other than U.S. dollars, or if the principal of and premium, if any, and any interest on any of the Notes not denominated in U.S. dollars is to be payable at the option of the Holder or the Company in U.S. dollars, the applicable Pricing Supplement will provide additional information, including applicable exchange rate information, pertaining to the terms of such notes and other matters of interest to the Holders thereof.

As used herein, "Business Day" means, unless otherwise specified in the applicable Pricing Supplement, any Monday, Tuesday, Wednesday, Thursday or Friday that in The City of New York is not a day on which banking institutions are authorized or required by law, regulation, or executive order to close and, with respect to Notes as to which LIBOR (as defined below) is an applicable Base Rate (as defined below), is also a London Business Day. As used herein, "London Business Day" means any day (a) on which dealings in deposits in the Specified Currency are transacted in the London interbank market, (b) if the Indexed Currency is other than the European Currency Unit, on which dealings in deposits in such Indexed Currency are transacted in the London interbank market or (c) if the Indexed Currency is the

ECU, that is not designated as an ECU Non-Settlement Day by the ECU Banking Association in Paris or otherwise generally regarded in the ECU interbank market as a day on which payments on ECUs shall not be made. "Market Day" means with respect to any Note other than any LIBOR Note (as defined below), any Business Day in The City of New York and, with respect to any LIBOR Note, any Business Day in The City of New York which is also a London Business Day.

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

"Original Issue Discount Note" means, (i) a Note, including any Zero Coupon Note, that has a stated redemption price at Maturity that exceeds its Issue Price (as defined for U.S. Federal income tax purposes) by at least 0.25% of its principal amount multiplied by the number of full years from the Original Issue Date (as defined below) to the Stated Maturity for such Note and (ii) any other Note designated by the Company as issued with original issue discount for United States Federal income tax purposes.

The Pricing Supplement relating to each Note will describe the following terms, as applicable: (i) the Specified Currency with respect to such Note (and, if such Specified Currency is other than U.S. dollars, certain other terms relating to such Note, including the authorized denomination); (ii) the price (expressed as a percentage of the aggregate principal amount thereof) at which such Note will be issued (the "Issue Price"); (iii) the date on which such Note will be issued (the "Original Issue Date"); (iv) the date on which such Note will mature (the "Stated Maturity") and whether the Stated Maturity may be extended by the Company, and if so, the Extension Periods and the Final Maturity Date (each as defined below); (v) whether such Note is a Fixed Rate Note or a Floating Rate Note; (vi) whether such Note is an Amortizing Note, and if so, the basis or formula for the amortization of principal and the payment dates for periodic principal payments; (vii) if such Note is a Fixed Rate Note, the rate per annum at which such Note will bear interest, if any, the Interest Payment Date or Dates and, if so specified in the applicable Pricing Supplement, that such rate may be changed by the Company prior to the Stated Maturity and, if so, the basis or formula for such change, if any; (viii) if such Note is a Floating Rate Note, the Base Rate, the Initial Interest Rate, if available, the Interest Reset Date or Dates, the Calculation Date or Dates, the Maximum Interest Rate, if any, the Minimum Interest Rate, if any, the Spread, if any, the Spread Multiplier, if any (all as defined below), the Interest Payment Date or Dates, the Index Maturity, and any other terms relating

to the particular method of calculating the interest rate for such Note and, if so specified in the applicable Pricing Supplement, that any such Spread and/or Spread Multiplier may be changed by the Company prior to the Stated Maturity and, if so, the basis or formula for such change, if any; (ix) whether such Note is an Original Issue Discount Note, and if so, the yield to maturity; (x) the regular record date or dates (a "Regular Record Date") if other than as set forth below with respect to Fixed Rate Notes and Floating Rate Notes; (xi) whether such Note may be redeemed at the option of the Company, or repaid at the option of the Holder, prior to the Stated Maturity and, if so, the provisions relating to such redemption or repayment; (xii) whether such Note is an Indexed Note, and if so, the specific terms thereof; (xiii) certain specified United States Federal income tax consequences of the purchase, ownership and disposition of such Note, if applicable; and (xiv) any other term of such Note not inconsistent with the provisions of the Indenture.

The Notes and the Indenture do not limit the aggregate principal amount of other indebtedness or securities which may be issued by the Company. The Notes will be unsecured and will rank pari passu with all other unsecured and unsubordinated indebtedness of the Company, provided that such other unsecured and unsubordinated indebtedness may contain covenants, events of default and other provisions which are different from or which are not contained in the Notes.

Payment of Principal and Interest

Payments of interest and principal (and premium, if any) to Beneficial Owners (as defined below) of Book-Entry Notes are expected to be made in accordance with the Depository's and its participants' procedures in effect from time to time as described below under "Book-Entry System."

Unless otherwise specified in the applicable Pricing Supplement, payments of interest and, in the case of Amortizing Notes, principal, with respect to any Certificated Note (other than interest and, in the case of Amortizing Notes, principal, payable at Maturity or upon redemption, if applicable) will be made by mailing a check to the Holder at the address of such Holder appearing on the security register for the Notes on the applicable Regular Record Date. Notwithstanding the foregoing, at the option of the Company, all payments of interest and, in the case of Amortizing Notes, principal, on the Notes may be made by wire transfer of immediately available funds to an account at a bank located within the United States as designated by each Holder not less than 15 calendar days prior to the applicable Interest Payment Date. A Holder of \$10 million or more in aggregate principal amount of Notes of like tenor and terms with the same Interest Payment Date may demand payment by wire transfer but only if

appropriate payment instructions have been received in writing by the Paying Agent, not less than 15 calendar days prior to the applicable Interest Payment Date. In the event that payment is so made in accordance with instructions of the Holder, such wire transfer shall be deemed to constitute full and complete payment of such interest and principal on the Notes. Payment of the principal of (and premium, if any) and interest due with respect to any Certificated Note at Maturity will be made in immediately available funds upon surrender of such Note at the principal office of the Paying Agent in The City of New York, provided that the Certificated Note is presented to the Paying Agent in time for the Paying Agent to make such payments in such funds in accordance with its normal procedures.

If any Interest Payment Date, other than at Maturity, for any Floating Rate Note would otherwise be a day that is not a Business Day, such Interest Payment Date shall be postponed to the next day that is a Business Day, except that in the case of a LIBOR Note, if such Business Day is in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding Business Day. If the Maturity for any Fixed Rate Note or Floating Rate Note or the Interest Payment Date for any Fixed Rate Note falls on a day that is not a Business Day, payment of principal, premium, if any, and interest with respect to such Note will be paid on the next succeeding Business Day with the same force and effect as if made on the due date, and no interest shall be payable on the date of payment for the period from and after the date of Maturity.

</PAGE>

Unless otherwise specified in the applicable Pricing Supplement, payments of interest and principal (and premium, if any) with respect to any Note 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, with respect to Notes denominated in ECUs, Brussels) or other jurisdiction acceptable to the Company and the Trustee as shall have been designated at least 15 days prior to the Interest Payment Date or Maturity, as the case may be, by the Holder of such Note on the relevant Regular Record Date or at Maturity, provided that, in the case of payment of principal of (and premium, if any) and any interest due at Maturity, the Note is presented to the Paying Agent in time for the Paying Agent to make such payments in such funds in accordance with its normal procedures. Such designation shall be made by filing the appropriate information with the Trustee at its Corporate Trust Office, and, unless revoked, any such designation made with respect to any Note by a Holder will remain in effect with respect to any further payments with respect to such Note payable to such Holder. If a payment with respect to any such Note cannot be made by wire

transfer because the required designation has not been received by the Trustee on or before the requisite date or for any other reason, a notice will be mailed to the Holder at its registered address requesting a designation pursuant to which such wire transfer can be made and, upon the Trustees' receipt of such a designation, such payment will be made within 15 days of such receipt. The Company will pay any administrative costs imposed by banks in connection with making payments by wire transfer, but any tax, assessment or governmental charge imposed upon payments will be borne by the Holders of the Notes in respect of which such payments are made.

If so specified in the applicable Pricing Supplement, except as provided below, payments of interest and principal (and premium, if any) with respect to any Note denominated in other than U.S. dollars will be made in U.S. dollars if the Holder of such Note on the relevant Regular Record Date or at Maturity, as the case may be, has transmitted a written request for such payment in U.S. dollars to the Paying Agent at its principal office in The City of New York, New York on or prior to such Regular Record Date or the date 15 days prior to Maturity, as the case may be. Such request may be delivered by mail, by hand or by cable, telex or any other form of facsimile transmission. Any such request made with respect to any Note by a Holder will remain in effect with respect to any further payments of interest and principal (and premium, if any) with respect to such Note payable to such Holder, unless such request is revoked by written notice received by the Paying Agent on or prior to the relevant Regular Record Date or the date 15 days prior to Maturity, as the case may be (but no such revocation may be made with respect to payments made on any such Note if an Event of Default has occurred with respect thereto or upon the giving of a notice of redemption). Holders of Notes denominated in other than U.S. dollars whose Notes are registered in the name of a broker or nominee should contact such broker or nominee to determine whether and how an election to receive payments in U.S. dollars may be made.

The U.S. dollar amount to be received by a Holder of a Note denominated in other than U.S. dollars who elects to receive payments in U.S. dollars will be based on the highest indicated bid quotation for the purchase of U.S. dollars in exchange for the Specified Currency obtained by the Currency Determination Agent (as defined below) at approximately 11:00 A.M., New York City time, on the second Business Day next preceding the applicable payment date (the "Conversion Date") from the bank composite or multi-contributor pages of the Quoting Source for three (or two if three are not available) major banks in The City of New York. The first three (or two) such banks selected by the Currency Determination Agent which are offering quotes on the Quoting Source will be used. If fewer than two such bid quotations are available at 11:00 A.M., New York City time, on the second Business Day next

preceding the applicable payment date, such payment will be based on the Market Exchange Rate as of the second Business Day next preceding the applicable payment date. If the Market Exchange Rate for such date is not then available, such payment will be made in the Specified Currency. As used herein, the "Quoting Source" means Reuters Monitor Foreign Exchange Service, or if the Currency Determination Agent determines that such service is not available, Telerate Monitor Foreign Exchange Service, or if the Currency Determination Agent determines that neither service is available, such comparable display or other comparable manner of obtaining quotations as shall be agreed between the Company and the Currency Determination Agent. All currency exchange costs associated with any payment in U.S. dollars on any such Note will be borne by the Holder thereof by </PAGE>

deductions from such payment. Unless otherwise provided in the applicable Pricing Supplement, the Company will be the currency determination agent (the "Currency Determination Agent") with respect to the Notes.

If payment in respect of a Note is required to be made in any currency unit (e.g. ECUs) and such currency unit is unavailable, in the good faith judgment of the Company, due to the imposition of exchange controls or other circumstances beyond the Company's control, then all payments in respect of such Note shall be made in U.S. dollars until such currency unit is again available. The amount of each payment of U.S. dollars shall be computed on the basis of the equivalent of the currency unit in U.S. dollars, which shall be determined by the Currency Determination Agent on the following basis. The component currencies of the currency unit for this purpose (the "Component Currencies") shall be the currency amounts that were components of the currency unit as of the Conversion Date. The equivalent of the currency unit in U.S. dollars shall be calculated by aggregating the U.S. dollar equivalents of the Component Currencies. The U.S. dollar equivalent of each of the Component Currencies shall be determined by the Currency Determination Agent on the basis of the Market Exchange Rate for each such Component Currency that is available as of the third Business Day prior to the date on which the relevant payment is due and for each such Component Currency that is unavailable, if any, as of the Conversion Date for such Component Currency.

If the official unit of any Component Currency is altered by way of combination or subdivision, the number of units of that currency as a Component Currency shall be divided or multiplied in the same proportion. If two or more Component Currencies are consolidated into a single currency, the amounts of those currencies as Component Currencies shall be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated Component Currencies expressed in such single

currency. If any Component Currency is divided into two or more currencies, the amount of the original Component Currency shall be replaced by the amounts of such two or more currencies, the sum of which shall be equal to the amount of the original Component Currency.

All determination referred to above made by the Currency Determination Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on Holders of Notes.

If any Interest Payment Date, other than Maturity, for any Floating Rate Note would otherwise be a day that is not a Market Day (or, in the case of any Note denominated in other than U.S. dollars, a Business Day in the country issuing the Specified Currency (or, in the case of ECUs, Brussels)), such Interest Payment Date shall be postponed to the next day that is a Market Day, except that in the case of a LIBOR Note, if such Market Day is in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding Market Day. If the Maturity for any Fixed Rate Note or Floating Rate Note or the Interest Payment Date for any Fixed Rate Note falls on a day that is not a Market Day, payment of principal, premium, if any, and interest with respect to such Note will be paid on the next succeeding Market Day with the same force and effect as if made on the due date, and no interest shall be payable on the date of payment for the period from and after the due date.

Unless otherwise specified in the applicable Pricing Supplement, if the principal of any Original Issue Discount Note is declared to be due and payable immediately as described in this Prospectus Supplement under "Description of Notes-Events of Default," the amount of principal due and payable with respect to such Note shall be the Amortized Face Amount of such Note as of the date of such declaration. The "Amortized Face Amount" of an Original Issue Discount Note that does not bear stated interest shall be an amount equal to the sum of (i) the principal amount of such Note multiplied by the Issue Price (expressed, for this purpose, as a percentage of the principal amount of the Note) set forth in the applicable Pricing Supplement plus (ii) the portion of the difference between the dollar amount determined pursuant to the preceding clause (i) and the principal amount of such Note that has accrued at the yield to maturity set forth in the Pricing Supplement (computed in accordance with generally accepted financial practices) to such date of declaration, but in no event shall the Amortized Face Amount of an Original Issue Discount Note exceed its principal amount.

</PAGE>

Interest and Interest Rates

Each Note other than certain Original Issue Discount Notes will bear interest from its Original Issue Date or from the most recent Interest Payment Date to which interest on such Note has been paid or duly provided for at a fixed rate or rates per annum, or at a rate or rates per annum determined pursuant to a Base Rate or Rates stated therein and in the applicable Pricing Supplement that may be adjusted by a Spread and/or Spread Multiplier, until the principal thereof is paid or made available for payment. Interest will be payable on each Interest Payment Date and at Maturity. "Maturity" means the date on which the principal of a Note becomes due and payable in full in accordance with its terms and the terms of the Notes and the Indenture, whether at Stated Maturity (as defined above) or earlier by declaration of acceleration, call for redemption, repayment or otherwise. Interest (other than defaulted interest which may be paid on a special record date, as described above) will be payable to the Holder at the close of business on the Regular Record Date next preceding such Interest Payment Date; provided, however, that interest payable at Maturity will be payable to the person to whom principal shall be payable. The first payment of interest on any Note originally issued between a Regular Record Date for such Note and the succeeding Interest Payment Date will be made on the Interest Payment Date following the next succeeding Regular Record Date for such Note to the Holder on such next Regular Record Date.

Interest rates, Base Rates, Spreads and Spread Multipliers are subject to change by the Company from time to time but no such change will affect any Note theretofore issued or which the Company has agreed to sell. The Interest Payment Dates and the Regular Record Dates for each Fixed Rate Note shall be as described below under "Fixed Rate Notes." The Interest Payment Dates for each Floating Rate Note shall be as described below under "Floating Rate Notes" and in the applicable Pricing Supplement, and the Regular Record Dates for a Floating Rate Note will be the fifteenth day (whether or not a Business Day) next preceding each Interest Payment Date.

Fixed Rate Notes

Each Fixed Rate Note will bear interest from its Original Issue Date at the annual rate or rates stated thereon and in the applicable Pricing Supplement. Payments of interest on any Fixed Rate Note with respect to any Interest Payment Date will include interest accrued from and including the Original Issue Date, or the next preceding Interest Payment Date, to but excluding the applicable Interest Payment Date or the date of Maturity. Fixed Rate Notes may bear one or more annual rates of interest during the periods or under the circumstances specified therein and in the applicable Pricing Supplement. Unless otherwise specified in the

applicable Pricing Supplement, interest on the Fixed Rate Note will be computed on the basis of a 360-day year of twelve 30-day months.

Unless otherwise specified in an applicable Pricing Supplement, the Interest Payment Dates for the Fixed Rate Notes other than Amortizing Notes will be June 15 and December 15 of each year, and the Regular Record Dates will be May 31 and November 30 (whether or not a Business Day) of each year. Unless otherwise specified in the applicable Pricing Supplement, the Regular Record Date with respect to Fixed Rate Amortizing Notes will be the 15th day (whether or not a Business Day) next preceding the Interest Payment Date. Unless otherwise specified in the applicable Pricing Supplement, payments of principal and interest on Fixed Rate Amortizing Notes will be made either quarterly on each March 15, June 15, September 15 and December 15 or semiannually on each June 15 and December 15 as set forth in the applicable Pricing Supplement, and at Maturity. Payments with respect to Fixed Rate Amortizing Notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof. A table setting forth repayment information in respect of each Fixed Rate Amortizing Note will be provided to the original purchaser thereof and will be available, upon request, to subsequent Holders.

Floating Rate Notes

Each Floating Rate Note will bear interest at a rate determined by reference to one or more interest rate bases (each a "Base Rate"), which may be adjusted by adding to or subtracting from the Base Rate a fixed percentage per annum

</PAGE>

(the "Spread") and/or by multiplying the Base Rate by a fixed interest factor (the "Spread Multiplier"). The applicable Pricing Supplement will designate one or more of the following Base Rates as applicable to each Floating Rate Note: (a) the Commercial Paper Rate (a "Commercial Paper Rate Note"), (b) the Federal Funds Rate (a "Federal Funds Rate Note"), (c) the CD Rate (a "CD Rate Note"), (d) LIBOR (a "LIBOR Note"), (e) the Prime Rate (a "Prime Rate Note"), (f) the Treasury Rate (a "Treasury Rate Note"), (g) the CMT Rate (a "CMT Rate Note") (h) the 11th District Cost of Funds Rate (an "11th District Cost of Funds Rate Note"), (i) the J.J. Kenny Rate (a "J.J. Kenny Rate Note") or (j) such other Base Rate or interest rate formula as is set forth in such Pricing Supplement and in such Floating Rate Note.

Each Floating Rate Note will bear interest from its Original Issue Date to the first Interest Reset Date (as defined below) for such Note at the Initial Interest Rate (the "Initial Interest Rate") set forth on the face thereof and in the applicable Pricing

Supplement. Thereafter, the interest rate on each Floating Rate Note for each Reset Period (as defined below) will be equal to the interest rate calculated by reference to the Base Rate or Rates specified on the face thereof and in the applicable Pricing Supplement plus or minus the Spread, if any, and/or times the Spread Multiplier, if any. The Spread and/or Spread Multiplier for a Floating Rate Note may be subject to adjustment during a Reset Period under circumstances specified therein and in the applicable Pricing Supplement.

The Company will appoint, and enter into an agreement with, an agent (a "Calculation Agent") to calculate interest rates on Floating Rate Notes. Unless otherwise specified in the applicable Pricing Supplement, the Calculation Agent for each Floating Rate will be the Trustee. All determinations to be made by the Calculation Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holders of Notes.

The interest rate on each Floating Rate Note will be reset daily, weekly, monthly, quarterly, semiannually or annually (such type or period being the "Reset Period" for such Note, and the first day of each Reset Period being an "Interest Reset Date"), as specified on the face thereof and in the applicable Pricing Supplement. Unless otherwise specified in the applicable Pricing Supplement, the Interest Reset Dates will be, in the case of Floating Rate Notes that reset daily, each Business Day; in the case of Floating Rate Notes (other than Treasury Rate Notes) that reset weekly, Wednesday of each week; in the case of Treasury Rate Notes that reset weekly, Tuesday of each week, except as provided below; in the case of Floating Rate Notes that reset monthly, the third Wednesday of each month (with the exception of monthly reset 11th District Cost of Funds Rate Notes, which will reset on the first calendar day of the month); in the case of Floating Rate Notes that reset quarterly, the third Wednesday of each March, June, September and December; in the case of Floating Rate Notes that reset semiannually, the third Wednesday of each of two months of each year specified on the face thereof and in the applicable Pricing Supplement; and, in the case of Floating Rate Notes that reset annually, the third Wednesday of the month of each year specified on the face thereof and in the applicable Pricing Supplement; provided, however, that (i) the interest rate in effect from the date of issue to the first Interest Reset Date will be the Initial Interest Rate specified on the face of the Floating Rate Note, and (ii) unless otherwise specified in the applicable Pricing Supplement, the interest rate in effect for the ten days immediately prior to the Maturity of a Floating Rate Note will be that in effect on the tenth day preceding such Maturity. If an Interest Reset Date for a Floating Rate Note would otherwise be a day that is not a Business Day, the Interest Reset Date for such Floating Rate Note shall be postponed to the next day that is a

Business Day, except that, in the case of a LIBOR Note, if such Business Day is in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Business Day.

The interest rate for each Reset Period will be the rate determined by the Calculation Agent on the Calculation Date (as defined below) pertaining to the Interest Determination Date pertaining to the Interest Reset Date for such Reset Period. Unless otherwise specified in the applicable Pricing Supplement, the "Interest Determination Date" pertaining to an Interest Reset Date for (a) a Commercial Paper Rate Note (the "Commercial Paper Interest Determination Date"), (b) a Federal Funds Rate Note (the "Federal Funds Interest Determination Date"), (c) a CD Rate Note (the "CD Interest Determination Date"), (d) a Prime Rate Note (the "Prime Interest Determination Date"), (e) a CMT Rate Note (the "CMT Interest Determination Date"), or (f) a J.J. Kenny Rate

</PAGE>

Note (the "Kenny Rate Interest Determination Date") will be the second Business Day prior to such Interest Reset Date. Unless otherwise specified in the applicable Pricing Supplement, the Interest Determination Date pertaining to an Interest Reset Date for an 11th District Cost of Funds Rate Note (the "11th District Interest Determination Date") will be the last business day of the month immediately preceding such Interest Reset Date on which the Federal Home Loan Bank of San Francisco (the "FHLB of San Francisco") publishes the Index (as defined below). Unless otherwise specified in the applicable Pricing Supplement, the Interest Determination Date pertaining to an Interest Reset Date for a LIBOR Note (the "LIBOR Interest Determination Date") will be the second London Business Day immediately preceding each Interest Reset Date. Unless otherwise specified in the applicable Pricing Supplement, the Interest Determination Date pertaining to an Interest Reset Date for a Treasury Rate Note (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 a 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 Reset Period commencing in the next succeeding week. If an auction date shall fall on any Interest Reset Date for a Treasury Rate Note, then such Interest Reset Date shall instead be the first Business Day immediately following such auction date. Unless otherwise specified in the applicable Pricing Supplement, the "Calculation Date" pertaining to any Interest Determination Date shall be the earlier of (i) the tenth calendar day after the Interest Determination Date or, if

such day is not a Business Day, the next succeeding Business Day, or (ii) the Business Day preceding the applicable Interest Payment Date or Maturity, as the case may be.

Except as provided below or in the applicable Pricing Supplement, interest on Floating Rate Notes, including Floating Rate Amortizing Notes, will be payable, in the case of Floating Rate Notes that reset daily, weekly or monthly, on the third Wednesday of each month, as specified on the face thereof and in the applicable Pricing Supplement; in the case of Floating Rate Notes, including Floating Rate Amortizing Notes, that reset quarterly, on the third Wednesday of March, June, September and December of each year; in the case of Floating Rate Notes, including Floating Rate Amortizing Notes, that reset semiannually, on the third Wednesday of each of two months of each year specified on the face thereof and in the applicable Pricing Supplement; and, in the case of Floating Rate Notes, including Floating Rate Amortizing Notes, that reset annually, on the third Wednesday of one month of each year specified on the face thereof and in the applicable Pricing Supplement (each such day being an "Interest Payment Date") and, in each case, at Maturity.

Unless otherwise specified in the applicable Pricing Supplement, payments with respect to Floating Rate Amortizing Notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof. A table setting forth repayment information in respect of each Floating Rate Amortizing Note will be provided to the original purchaser thereof and will be available, upon request, to subsequent Holders.

Each payment of interest on a Floating Rate Note will include interest accrued from and including the Original Issue Date, or the next preceding Interest Payment Date, to but excluding the applicable Interest Payment Date or the date of Maturity; provided, however, that if such Floating Rate Note resets daily or weekly, interest payable on any Interest Payment Date, other than interest payable at Maturity of a Note, will include interest accrued from but excluding the second preceding Regular Record Date (or, from and including the Original Issue Date if no interest has been paid with respect to such Note) to and including the next preceding Regular Record Date; provided further that interest payable at Maturity will include interest accrued to but excluding such date of Maturity. Accrued interest from the Original Issue Date, or from the last date to which interest has been paid or duly provided for, is calculated by multiplying the face amount of a Note by an accrued interest factor 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 or duly provided for, to but excluding the date for which accrued interest is being calculated. Unless otherwise

specified in the applicable Pricing Supplement, the interest factor for each such day is computed by dividing the interest rate applicable to such date by 360, in the case of Commercial Paper Rate Notes, Federal Funds Rate Notes, CD Rate Notes, Prime Rate Notes, 11th District Cost of Funds Rate Notes and LIBOR Notes,
</PAGE>

or by the actual number of days in the year, in the case of Treasury Rate Notes or CMT Rate Notes, or by 365 days in the case of a J.J. Kenny Rate Note.

All percentages resulting from any calculation on Floating Rate Notes will be rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point with five one-millionths of one percentage point being rounded upward (e.g., 9.876545% or .09876545, being rounded to 9.87655% or .0987655, respectively), and all dollar amounts used in or resulting from such calculation on Floating Rate Notes will be rounded to the nearest cent (with one-half cent being rounded upward).

The Calculation Agent will, upon the request of the Holder of any Floating Rate Note, provide the interest rate then in effect.

Any Floating Rate Note may also have either or both of the following: (i) a maximum numerical interest rate limitation, or ceiling, on the rate of interest that may accrue during any Reset Period (the "Maximum Interest Rate") and (ii) a minimum numerical interest rate limitation, or floor, on the rate of interest that may accrue during any Reset Period (the "Minimum Interest Rate").

The interest rate on any Note will in no event be higher than the maximum rate permitted by New York law or other applicable law. Under present New York law, the maximum rate of interest is 25% per annum on a simple interest basis. This limit may not apply to Notes in which \$2,500,000 or more has been invested, including Notes purchased by an Agent or Agents in such aggregate principal amount or more for resale to investors.

Commercial Paper Rate Notes

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

Unless otherwise indicated in the applicable Pricing Supplement, "Commercial Paper Rate" means, with respect to any Commercial Paper Interest Determination Date, the Money Market Yield (calculated as described below) of the rate on such date for commercial paper having the Index Maturity designated in the applicable Pricing Supplement 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 ("H.15(519)") under the heading "Commercial Paper." In the event that such rate is not published by 9:00 A.M., New York City time, on the Calculation Date pertaining to such Commercial Paper Interest Determination Date, then the Commercial Paper Rate shall be the Money Market Yield of the rate on such Commercial Paper Interest Determination Date for commercial paper having the Index Maturity designated in the applicable Pricing Supplement as published by the Federal Reserve Bank of New York in its daily statistical release "Composite 3:30 p.m. Quotations for U.S. Government Securities" ("Composite Quotations") under the heading "Commercial Paper." If by 3:00 P.M., New York City time, on such Calculation Date such rate is not yet published in Composite Quotations, then the Commercial Paper Rate for such Commercial Paper Interest Determination Date shall be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean of the offered rates 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 selected by the Calculation Agent for commercial paper having the Index Maturity designated in the applicable Pricing Supplement placed for an industrial issuer whose bond rating is "AA," or the equivalent, from a nationally recognized securities rating agency; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate with respect to such Commercial Paper Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Interest Determination Date.

</PAGE>

"Money Market Yield" means a yield (expressed as a percentage rounded to the nearest one hundred-thousandth of a percentage point) calculated in accordance with the following formula:

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

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

Federal Funds Rate Notes

Each Federal Funds Rate Note will bear interest at the interest rate (calculated with reference to the Federal Funds Rate Note and the Spread and/or Spread Multiplier, if any) specified in

such Federal Funds Rate Note and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, "Federal Funds Rate" means, with respect to any Federal Funds Interest Determination Date, the rate on such date for Federal Funds as published in H.15(519) under the heading "Federal Funds (Effective)" or, if not so published by 9:00 A.M., New York City time, on the Calculation Date pertaining to such Federal Funds Interest Determination Date, the Federal Funds Rate will be the rate on such Federal Funds Interest Determination Date as published in Composite Quotations under the heading "Federal Funds/Effective Rate." If such rate is not published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Federal Funds Interest Determination Date, then the Federal Funds Rate for such Federal Funds Interest Determination Date will be calculated by the Calculation Agent and will be 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; provided, however, that if the brokers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate with respect to such Federal Funds Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Interest Determination Date.

CD Rate Notes

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

Unless otherwise indicated in the applicable Pricing Supplement, "CD Rate" means, with respect to any CD Interest Determination Date, the rate on such date for negotiable certificates of deposit having the Index Maturity designated in the applicable Pricing Supplement as published in H.15(519) under the heading "CDs (Secondary Market)" or, if not so published by 9:00 A.M., New York City time, on the Calculation Date pertaining to such CD Interest Determination Date, the CD Rate will be the rate on such CD Interest Determination Date for negotiable certificates of deposit having the Index Maturity designed in the applicable Pricing Supplement as published in Composite Quotations under the heading "Certificates of Deposit." If such rate is not published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such CD Interest Determination Date, then the CD Rate for such CD Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary

market offered rates as of 10:00 A.M., New York City time, on such CD Interest Determination Date of three leading nonbank dealers in 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 center banks of the highest credit standing (in the market for negotiable certificates of deposit) with a remaining

</PAGE>

maturity closest to the Index Maturity designated in the applicable Pricing Supplement in a denomination of \$5,000,000; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate with respect to such CD Interest Determination Date will be the CD Rate in effect on such CD Interest Determination Date.

11th District Cost of Funds Rate Notes

11th District Cost of Funds Rate Notes will bear interest at the rates (calculated with reference to the 11th District Cost of Funds Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable 11th District Cost of Funds Rate Note and in the Pricing Supplement, if any.

Unless otherwise specified in the applicable Pricing Supplement, "11th District Cost of Funds Rate" means, with respect to any 11th District Interest Determination Date, the rate equal to the monthly weighted average cost of funds for the calendar month preceding such 11th District Cost of Funds Rate Interest Determination Date as set forth under the caption "11th District" on Telerate Page 7058 as of 11:00 A.M., San Francisco time, on such 11th District Cost of Funds Rate Interest Determination Date. If such rate does not appear on Telerate Page 7058 on any related 11th District Cost of Funds Rate Interest Determination Date, the 11th District Cost of Funds Rate for such 11th District Cost of Funds Rate Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "Index") by the FHLB of San Francisco as such cost of funds for the calendar month preceding the date of such announcement. If the FHLB of San Francisco fails to announce such rate for the calendar month next preceding such 11th District Cost of Funds Rate Interest Determination Date, then the 11th District Cost of Funds Rate for such 11th District Cost of Funds Rate Interest Determination Date will be the 11th District Cost of Funds Rate then in effect on such 11th District Cost of Funds Rate Interest Determination Date.

Kenny Rate Notes

Kenny Rate Notes will bear interest at the rates (calculated with reference to the Kenny Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Kenny Rate Note and in the Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, "Kenny Rate" means with respect to any Kenny Rate Interest Determination Date, the high grade weekly index (the "Weekly Index") on such date made available by Kenny Information Systems ("Kenny") to the Calculation Agent. The Weekly Index is, and shall be, based upon 30 day yield evaluations at par of bonds, the interest on which is exempt from Federal income taxation under the Internal Revenue Code of 1986, as amended, of not less than five high grade component issuers selected by Kenny which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by Kenny in its discretion. The bonds on which the Weekly Index is based shall not include any bonds on which the interest is subject to a minimum tax or similar tax under the Internal Revenue Code of 1986, as amended, unless all tax-exempt bonds are subject to such tax. In the event Kenny ceases to make available such Weekly Index, a successor indexing agent will be selected by the Calculation Agent, such index to reflect the prevailing rate for bonds rated in the highest short-term rating category by Moody's Investors Service, Inc. and Standard & Poor's Corporation in respect of issuers most closely resembling the high grade component issuers selected by Kenny for its Weekly Index, the interest on which is (A) variable on a weekly basis, (B) exempt from Federal income taxation under the Internal Revenue Code of 1986, as amended, and (c) not subject to a minimum tax or similar tax under the Internal Revenue Code of 1986, as amended, unless all tax-exempt bonds are subject to such tax. If such successor indexing agent is not available, the rate for any J.J. Kenny Rate Interest Determination Date shall be 60.4% of the rate determined if the Treasury Rate option had been originally selected. </PAGE>

LIBOR Notes

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

Unless otherwise indicated in the applicable Pricing Supplement, "LIBOR" means, with respect to any LIBOR Interest Determination Date, the rate determined in accordance with the following provisions:

(i) With respect to any LIBOR Interest Determination Date, LIBOR will be either: (a) if "LIBOR Reuters" is specified in

the Note and the applicable Pricing Supplement, the arithmetic mean of the offered rates (unless the specified designated LIBOR Page (as defined below) by its terms provides only for a single rate, in which case such single rate shall be used) for deposits in the Designated LIBOR Currency (as defined below) having the Index Maturity designated in the Note and the applicable Pricing Supplement, commencing on the second London Business Day immediately following the LIBOR Interest Determination Date, which appear on the Designated LIBOR Page specified in the Note and the applicable Pricing Supplement as of 11:00 A.M. London time on that LIBOR Interest Determination Date, if at least two such offered rates appear (unless, as aforesaid, only a single rate is required) on such Designated LIBOR Page, or (b) if "LIBOR Telerate" is specified in the Note and the applicable Pricing Supplement, the rate for deposits in the Designated LIBOR Currency (as defined below) having the Index Maturity designated in the Note and the applicable Pricing Supplement, commencing on the second London Business Day immediately following such LIBOR Interest Determination Date, which appears on the Designated LIBOR Page specified in the Note and the applicable Pricing Supplement as of 11:00 A.M. London time on that LIBOR Interest Determination Date. Notwithstanding the foregoing, if fewer than two offered rates appear on the Designated LIBOR Page with respect to LIBOR Reuters (unless the specified Designated LIBOR Page with respect to LIBOR Reuters by its terms provides only for a single rate, in which case such single rate shall be used), or if no rate appears on the Designated LIBOR Page with respect to LIBOR Telerate, whichever may be applicable, LIBOR in respect of the related LIBOR Interest Determination Date will be determined as if the parties had specified the rate described in clause (ii) below.

(ii) With respect to any LIBOR Interest Determination Date on which fewer than two offered rates appear on the Designated LIBOR Page with respect to LIBOR Reuters (unless the Designated LIBOR Page by its terms provides only for a single rate, in which case such single rate shall be used), or if no rate appears on the Designated LIBOR Page with respect to LIBOR Telerate, as the case may be, the Calculation Agent will request the principal London office of each of four major banks in the London interbank market selected by the Calculation Agent to provide the Calculation Agent with its offered rate quotation for deposits in the Designated LIBOR Currency (as defined below) for the period of the Index Maturity designated in the Note and the applicable Pricing Supplement, commencing on the second London Business Day immediately following such LIBOR Interest Determination Date, to prime banks in the London interbank market as of 11:00 A.M., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in such Designated LIBOR Currency in such market at such time. If at least two such quotations are provided, LIBOR determined on such LIBOR Interest Determination Date will be the arithmetic mean of such

quotations. If fewer than two quotations are provided, LIBOR determined on such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted as of 11:00 A.M. in the applicable Principal Financial Center (as defined below), on such LIBOR Interest Determination Date by three major banks in such Principal Financial Center selected by the Calculation Agent for loans in the Designated LIBOR Currency to leading banks, having the Index Maturity designated in the Note and the applicable Pricing Supplement in a principal amount that is representative for a single transaction in such Designated LIBOR Currency in such market at such time; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined on such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

</PAGE>

"Designated LIBOR Currency" means, as with respect to any LIBOR Note, the currency (including a composite currency), if any, designated in the Note and the applicable Pricing Supplement as the Designated LIBOR Currency. If no such currency is designated in the Note and the applicable Pricing Supplement, the Designated LIBOR Currency shall be U.S. dollars.

"Designated LIBOR Page" means either (a) the display on the Reuters Monitor Money Rates Service for the purpose of displaying the London interbank rates of major banks for the applicable Designated LIBOR Currency (if "LIBOR Reuters" is designated in the Note and the applicable Pricing Supplement), or (b) the display on the Dow Jones Telerate Service for the purpose of display in the London interbank rate of major banks for the applicable designated LIBOR Currency (if "LIBOR Telerate" is designated in the Note and the applicable Pricing Supplement). If neither LIBOR Reuters nor LIBOR Telerate is specified in the Note and applicable Pricing Supplement, LIBOR for the applicable Designated LIBOR Currency will be determined as if LIBOR Telerate (and, if the U.S. dollars is the Designated LIBOR Currency, page 3750) had been chosen.

"Principal Financial Center" means, as with respect to any LIBOR Note, unless otherwise specified in the Note and the applicable Pricing Supplement, the capital city of the country that issues as its legal tender the Designated LIBOR Currency of such Note, except that with respect to U.S. dollars and ECUs, the Principal Financial Center shall be the City of New York and Brussels, respectively.

Prime Rate Notes

Each Prime Rate Note will bear interest at the interest rate (calculated with reference to the Prime Rate and the Spread and/or Spread Multiplier, if any) specified in such Prime Rate Note and

in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, "Prime Rate" means, with respect to any Prime Interest Determination Date, the rate set forth in H.15(519) for such date opposite the caption "Bank Prime Loan," or, if not so published by 9:00 A.M., New York City time, on the Calculation Date pertaining to such Prime Interest Determination Date, the Prime Rate will be calculated by the Calculation Agent and will be the arithmetic mean of the rates of interest publicly announced by each bank named on the Reuters Screen NYMF Page as such bank's prime rate or base lending rate as in effect for such Prime Interest Determination Date as quoted on the Reuters Screen NYMF Page on such Prime Interest Determination Date, or, if fewer than four such rates appear on the Reuters Screen NYMF Page for such Prime Interest Determination Date, the rate shall be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by 360 as of the close of business on such Prime Interest Determination Date by at least two of the three major money center banks in The City of New York selected by the Calculation Agent from which quotations are requested. If fewer than two quotations are quoted as aforesaid, the Prime Rate for such Prime Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the prime rates quoted in The City of New York on such date by the appropriate number of substitute banks or trust companies organized and doing business under the laws of the United States, or any state thereof, having total equity capital of at least U.S. \$500 million and being subject to supervision or examination by a Federal or state authority, selected by the Calculation Agent to quote such rate or rates; provided, however, that if the Prime Rate is not published in H.15(519) and the banks or trust companies selected as aforesaid are not quoting as mentioned in this sentence, the Prime Rate with respect to such Prime Interest Determination Date will be the interest rate otherwise in effect on such Prime Interest Determination Date. "Reuters Screen NYMF Page" means the display designated as page "NYMF" on the Reuters Monitor Money Rates Service (or such other page as may replace page NYMF on that service for the purpose of displaying prime rates or base lending rates of major United States banks).

</PAGE>

Treasury Rate Notes

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

Unless otherwise indicated in the applicable Pricing

Supplement, the "Treasury Rate" for each such Interest Reset Date will be determined as of the Treasury Interest Determination Date and will be the rate applicable to the most recent auction of direct obligations of the United States (herein called "Treasury bills") having the Index Maturity specified on the Book-Entry Note representing such Treasury Rate Note set forth in H.15(519) under the heading "Treasury Bills-auction average (Investment)" or, if not so made available by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Treasury Interest Determination Date, the auction average rate (expressed as a bond equivalent, rounded upwards, if necessary, to the next higher one hundred-thousandth of a percent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as otherwise announced by the United States Department of the Treasury. In the event that the results of the auction of Treasury bills having the specified Index Maturity are not made available by the Federal Reserve or 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 in a particular week, then the Treasury Rate shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond equivalent, rounded upwards, if necessary, to the next higher one hundred-thousandth of a percent 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 leading primary United States government securities dealers selected by the Calculation Agent for the issue of Treasury bills with a remaining maturity closest to the applicable Index Maturity; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned above, the Treasury Rate with respect to such Treasury Interest Determination Date shall be the Treasury Rate in effect on such date.

CMT Rate Notes

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

Unless otherwise indicated in an applicable Pricing Supplement, "CMT Rate" means, with respect to any CMT Interest Determination Date, the rate displayed for the Index Maturity designated in such CMT Rate Note on Telerate Page 7055 for "Daily Treasury Constant Maturities and Money Markets/Federal Reserve Board Release H.15 Monday's Approx. 3:45 P.M. EDT," for the applicable CMT Interest Determination Date (or such other page as may replace that page on such service for the purpose of

displaying rates or prices comparable to the CMT Rate, as determined by the Calculation Agent). If such rate is not so available by 3:00 P.M., New York City time, on the applicable Calculation Date, then the CMT Rate for such CMT Interest Determination Date shall be the bond equivalent yield to Maturity of the arithmetic mean (as calculated by the Calculation Agent) of the secondary market bid rates, as of 3:00 P.M., New York City time, on the applicable CMT Interest Determination Date, reported, according to their written records, by three leading primary United States government securities dealers in The City of New York (each, a "Reference Dealer") selected by the Calculation Agent, for the most recently issued direct noncallable fixed rate Treasury Notes with an original Maturity approximately equal to the applicable Index Maturity; provided, however, that if the Calculation Agent is not able to obtain such quotations from at least three such Reference Dealers, the CMT Rate will remain the CMT Rate then in effect on such CMT Interest Determination Date.

</PAGE>

Indexed Notes

Notes also may be issued with the principal amount payable at Maturity and/or interest to be paid thereon to be determined with reference to the price or prices of specified commodities or stocks, the exchange rate of one or more specified currencies or currency units such as the ECU, relative to an indexed currency, or such other price or exchange rate as may be specified in such Indexed Note, as set forth in the applicable Pricing Supplement. Holders of such Notes may receive a principal amount at Maturity that is greater than or less than the face amount of the Notes depending upon the relative value at Maturity of the specified indexed item. Information as to the method for determining the principal amount payable at Maturity, certain historical information with respect to the specified indexed item and tax considerations associated with investment in Indexed Notes will be set forth in the related Pricing Supplement, as applicable.

An investment in Notes indexed, as to principal or interest or both, to one or more values of currencies (including exchange rates between currencies), commodities or interest rate indices entails significant risks that are not associated with similar investments in a conventional fixed-rate debt security. If the interest rate of such a Note is so indexed, it may result in an interest rate that is less than that payable on a conventional fixed-rate debt security issued at the same time, including the possibility that no interest will be paid, and, if the principal amount of such a Note is so indexed, the principal amount payable at Maturity may be less than the original purchase price of such Note if allowed pursuant to the terms of such Note, including the possibility that no principal will be paid. The secondary market for such Notes will be affected by a number of factors,

independent of the creditworthiness of the Company and the value of the applicable currency, commodity or interest rate index, including the volatility of the applicable currency, commodity or interest rate index, the time remaining to the maturity of such Notes, the amount outstanding of such Notes and market interest rates. The value of the applicable currency, commodity or interest rate index depends on a number of interrelated factors, including economic, financial and political events, over which the Company has no control. Additionally, if the formula used to determine the principal amount or interest payable with respect to such Notes contains a multiple or leverage factor, the effect of any change in the applicable currency, commodity or interest rate index may be increased. The historical experience of the relevant currencies, commodities or interest rate indices should not be taken as an indication of future performance of such currencies, commodities or interest rate indices during the term of any Note. Accordingly, prospective investors should consult their own financial and legal advisors as to the risks entailed by an investment in such Notes and the suitability of such Notes in light of their particular circumstances.

Form, Registration, Transfer and Exchange

Certificated Notes will be exchangeable for other Certificated Notes of any authorized denominations and of a like aggregate principal amount and tenor.

Certificated Notes may be presented to the Trustee for registration of transferor exchange at Chemical Bank, Corporate Trust Administration, 450 West 33rd Street, 15th Floor, New York, New York 10001 (the "Corporate Trust Office"). Certificated Notes may be presented for exchange and transfer in the manner, at the places and subject to the restrictions set forth in the Indenture and the Notes. No service charge will be made for
</PAGE>

any transfer or exchange of Certificated Notes, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Certificated Notes may be presented for exchange as provided above, and may be presented for registration of transfer (duly endorsed or accompanied by a duly executed written instrument of transfer), at the office of any Note registrar designated by the Company for such purpose with respect to the Notes, without service charge and upon payment of any taxes and other governmental charges as described in the Indenture. Such transfer or exchange will be effected upon such Note registrar being satisfied with the documents of title and identity of the person making the request. The Company may at any time rescind the designation of any Note registrar except that the Company will be required to maintain a

Note registrar in the City of New York for the Notes.

In the event of any redemption of Notes, the Company will not be required to (i) register the transfer of or exchange the Notes during a period of 15 days next preceding the mailing of the relevant notice of redemption; or (ii) register the transfer or exchange the Notes, or portion thereof, called for redemption, except the unredeemed portion of any of the Notes being redeemed in part.

The Trustee will initially act as Paying Agent (as defined below) pursuant to the Indenture. The Company may at any time designate additional Paying Agents or rescind the designation of any Paying Agent except that the Company will be required to maintain a Paying Agent in the City of New York.

Events of Default

An Event of Default is defined in the Indenture as being: (a) default for 30 days in payment of any interest on the Notes; (b) default in payment of principal or premium, if any, on the Notes when due either at maturity, upon redemption, by declaration or otherwise; (c) default in the making or satisfaction of any sinking fund installment or analogous obligation, if any is required; (d) default, for 90 days after notice to the Company, in the performance of any other covenant or warranty contained in the Notes or in the Indenture; (e) default resulting in acceleration of maturity in connection with any other series of Debt Securities under the Indenture or other indebtedness of the Company, the aggregate principal amount of which exceeds \$5,000,000, not annulled within 30 days after notice to the Company from the Trustee or to the Company and to the Trustee from the Holders of at least 25% in principal amount of Debt Securities of such series; (f) certain events of bankruptcy, insolvency or reorganization; or (g) any other event of default set forth in any applicable Pricing Supplement.

If an Event of Default with respect to all or any of the Notes shall occur, the Holders of at least 25% in principal amount of the Notes outstanding may declare the principal amount (or, if the Notes are Original Issue Discount Notes or Indexed Notes, such portion of the principal amount as may be specified in the terms of such Notes) of all of the Notes to be, and upon such declaration such principal (or, in the case of Original Issue Discount Notes or Indexed Notes, such specified amount) shall become, immediately due and payable.

The Holders of a majority in principal amount of outstanding Notes affected thereby, by notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if (i)

the Company shall have paid to the Trustee a sum sufficient to pay the aggregate amount of overdue interest on all of the Notes and the aggregate principal amount of, and premium, if any, on any Notes which shall have become due and payable otherwise than as a result of any such declaration of default, together with accrued interest thereon, and (ii) all Events of Default have been cured or waived as provided in the Indenture. The Holders of not less than a majority in principal amount of outstanding Notes affected thereby, on behalf of the Holders of all of the outstanding Notes, may waive any past default under the Notes and its consequences.

The Trustee will, within 90 days after the occurrence of a default in respect of any series of Debt Securities known to it, give to Holders of Debt Securities of such series notice of such uncured default (as defined, not </PAGE>

including any grace period) with respect to the Debt Securities of such series; but, except in the case of a default in the payment of principal of, premium, if any, or interest on, or any sinking fund installment or analogous obligation with respect to, any of the Debt Securities of such series, the Trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of such Holders of Debt Securities of such series.

The Trustee is entitled, subject to the duty of the Trustee during default in respect of any series of Debt Securities to act with the required standard of care, to be indemnified by the Holders of Debt Securities of such series. Subject to such right of indemnification, the Holders of a majority in principal amount of the Debt Securities of any series may direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee with respect to the Debt Securities of such series.

Original Issue Discount Notes

The Company may from time to time offer Original Issue Discount Notes. The applicable Pricing Supplement to certain Original Issue Discount Notes may provide that the Holders of such Notes will not receive periodic payments of interest. For the purpose of determining whether Holders of the requisite principal amount of Notes outstanding under the Indenture have made a demand or given a notice or waiver or taken any other action, the outstanding principal amount of Original Issue Discount Notes shall be deemed to be the amount of the principal that would be due and payable upon declaration of acceleration of the Stated Maturity thereof as of the date of such determination.

Notwithstanding anything in this Prospectus to the contrary, unless otherwise specified in the applicable Pricing Supplement,

if a Note is an Original Issue Discount Note, the amount payable on such Note in the event of Maturity prior to the Stated Maturity shall be the Amortized Face Amount of such Note as of such Maturity.

Interest Rate Reset

If the Company has the option with respect to any Note to reset the interest rate, in the case of a Fixed Rate Note, or to reset the Spread and/or Spread Multiplier, in the case of a Floating Rate Note, the Pricing Supplement relating to such Note will indicate such option, and, if so, (i) the date or dates on which such interest rate or such Spread and/or Spread Multiplier, as the case may be, may be reset (each an "Optional Reset Date") and (ii) the basis or formula, if any, for such resetting.

The Company may exercise such option with respect to a Note by notifying the Paying Agent of such exercise at least 45 but not more than 60 days prior to an Optional Reset Date for such Note. Not later than 40 days prior to such Optional Reset Date, the Paying Agent will mail to the Holder of such Note a notice (the "Reset Notice"), first class, postage prepaid, setting forth (i) the election of the Company to reset the interest rate, in the case of a Fixed Rate Note, or the Spread and/or Spread Multiplier, in the case of a Floating Rate Note, (ii) such new interest rate or such new Spread and/or Spread Multiplier, as the case may be, and (iii) the provisions, if any, for redemption during the period from such Optional Reset Date to the next Optional Reset Date or, if there is no such next Optional Reset Date, to the Stated Maturity Date of such Note (each period a "Subsequent Interest Period"), including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur during such Subsequent Interest Period.

Notwithstanding the foregoing, not later than 20 days prior to an Optional Reset Date for a Note, the Company may, at its option, revoke the interest rate, in the case of a Fixed Rate Note, or the Spread and/or Spread Multiplier, in the case of a Floating Rate Note, in either case provided for in the Reset Notice and establish a higher interest rate, in the case of a Fixed Rate Note, or a higher Spread and/or Spread Multiplier, in the case of a Floating Rate Note, for the Subsequent Interest Period commencing on such Optional Reset Date by mailing or causing the

</PAGE>

Paying Agent to mail notice of such higher interest rate or higher Spread and/or Spread Multiplier, as the case may be, first class, postage prepaid, to the Holder of such Note. Such notice shall be irrevocable. All Notes with respect to which the interest rate or Spread and/or Spread Multiplier is reset on an Optional Reset Date

will bear such higher interest rate, in the case of a Fixed Rate Note, or higher Spread and/or Spread Multiplier, in the case of a Floating Rate Note.

If the Company elects to reset the interest rate or the Spread and/or Spread Multiplier of a Note, the Holder of such Note will have the option to elect repayment of such Note by the Company on any Optional Reset Date at a price equal to the principal amount thereof plus any accrued interest to such Optional Reset Date. In order for a Note to be so repaid on an Optional Reset Date on which the interest rate is reset, the Holder thereof must follow the procedures set forth below under "Repayment at the Noteholder's Option" for optional repayment, except that the period for delivery of such Note of notification to the Paying Agent shall be at least 25 but not more than 35 days prior to such Optional Reset Date and except that a Holder who has tendered a Note for repayment pursuant to a Reset Notice may, by written notice to the Paying Agent, revoke any such tender for repayment until the close of business on the tenth day prior to such Optional Reset Date.

Extension of Maturity

An applicable supplement to this Prospectus Supplement or the Book-Entry Note representing a Note (other than an Amortizing Note (as defined below)) will indicate whether the Company has the option to extend the maturity of such Note for one or more periods up to but not beyond a date set forth in such supplement to this Prospectus Supplement or the Book-Entry Note representing such Note. If the Company has such option with respect to any such Notes, the procedures relating thereto will be as set forth in the applicable supplement to this Prospectus Supplement or the Book-Entry Note representing such Note.

Renewable Notes

An applicable supplement to this Prospectus Supplement or the Book-Entry Note representing a Note (other than an Amortizing Note) will indicate whether such Note will mature unless the term of all or any portion of any such Note is renewed in accordance with the procedures described in such supplement to this Prospectus Supplement or in the Book-Entry Note representing such Note.

Combination of Provisions

If so specified in the applicable Pricing Supplement, any Note may be subject to all of the provisions, or any combination of the provisions, described above under "Interest Rate Reset," "Extension of Maturity" and "Renewable Notes."

Optional Redemption

Unless otherwise indicated in an applicable Pricing Supplement or on the Book-Entry Note representing such Note, a Note may not be redeemed by the Company prior to maturity. If so specified in an applicable Pricing Supplement or on the Book-Entry Note representing such Note, Notes will be redeemable prior to maturity at the option of the Company on the terms specified therein. Unless otherwise indicated in an applicable Pricing Supplement or on the Book-Entry Note representing such Note, notice of redemption will be provided by mailing a notice of such redemption to each holder by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the respective address of each holder as that address appears upon the books maintained by the Paying Agent.

</PAGE>

Repayment at the Noteholder's Option

If so specified in an applicable Pricing Supplement or on the Book-Entry Note representing such Note, a Note will be repayable at the option of the holder on a date or dates specified prior to its maturity date and, unless otherwise specified in such Pricing Supplement or such Book-Entry Note representing such Note, at a price equal to 100% of the principal amount thereof, together with accrued interest to the date of repayment.

Repurchase

The Company may at any time purchase Notes at any price or prices in the open market or otherwise. Notes so purchased by the Company may be held or resold or, at the discretion of the Company, may be surrendered to the Trustee for cancellation. If an issue of Notes and any applicable Pricing Supplement provide for mandatory sinking fund payments with respect to such Notes, the Indenture provides that in lieu of making all or any part of any mandatory sinking fund payment in cash, the Company may deliver to the Trustee Notes previously purchased or otherwise acquired by the Company (to the extent not previously credited).

Amortizing Notes

The Company may from time to time offer Notes for which payments of principal and interest are made in installments over the life of the Note ("Amortizing Notes"). Interest on each Amortizing Note will be computed as set forth in a Pricing Supplement or in the Book-Entry Note representing such Amortizing Note. Unless otherwise provided in such Pricing Supplement or in such Book-Entry Note, payments with respect to Amortizing Notes will be applied first to interest due and payable thereon and then

to the reduction of the unpaid principal amount thereof. A table setting forth repayment information with respect to each Amortizing Note will be provided to the original purchaser of such Note and will be available upon request to the subsequent holders thereof.

Other Provisions

Any provisions with respect to the determination of an interest rate basis, the specifications of interest rate basis, calculation of the interest rate applicable to, or the principal payable at Maturity on, any Note, its Interest Payment Dates or any other matter relating thereto may be modified by the terms as specified under "Other Provisions" on the face of such Note, or in an addendum relating thereto if so specified on the face thereof, and in the applicable Pricing Supplement.

Book-Entry System

The Depositary will act as securities depositary for the Book-Entry Notes. The Book-Entry Notes will be issued as fully-registered securities registered in the name of Cede & Co. (the Depositary's partnership nominee). One fully-registered Global Security will be issued for each issue of the Notes, each in the aggregate principal amount of such issue, and will be deposited with the Depositary. If, however, the aggregate principal amount of any issue exceeds \$150 million, one Global Security will be issued with respect to each \$150 million of principal amount and an additional Global Security will be issued with respect to any remaining principal amount of such issue.

The Depositary 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 and Exchange Act of 1934, as amended. The Depositary holds securities that its participants ("Participants") deposit with the Depositary. The Depositary 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 ("Direct Participants") include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations.

</PAGE>

The Depositary 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 Depository's 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 the Depository and its Participants are on file with the Securities and Exchange Commission.

Purchases of Book-Entry Notes under the Depository's system must be made by or through Direct Participants, which will receive a credit for the Book-Entry Notes on the Depository's records. The ownership interest of each actual purchaser of each Book-Entry Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from the Depository of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, 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 Book-Entry Notes are to be accomplished by entries made on the books of Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Book-Entry Notes, except in the event that use of the book entry system for one or more Book-Entry Notes is discontinued.

To facilitate subsequent transfers, all Global Securities deposited by Participants with the Depository are registered in the name of the Depository's partnership nominee, Cede & Co. The deposit of Global Securities with the Depository and their registration in the name of Cede & Co. effect no change in beneficial ownership. The Depository has no knowledge of the actual Beneficial Owners of the Book-Entry Notes; the Depository's records reflect only the identity of the Direct Participants to whose accounts such Book-Entry Notes 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.

Conveyance of notices and other communications by the Depository to Direct Participants, by 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.

Redemption notices shall be sent to Cede & Co. If less than all of a Book-Entry Note is being redeemed, the Depository's current practice is to determine by lot the amount of the interest

of each Direct Participant in such issue to be redeemed.

Neither the Depositary nor Cede & Co. will consent or vote with respect to Book-Entry Notes. Under its usual procedures, the Depositary will mail an "Omnibus Proxy" to the Company 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 Book-Entry Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

</PAGE>

A Beneficial Owner shall give notice to elect to have its Book-Entry Notes purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Book-Entry Notes by causing the Direct Participant to transfer the Participant's interest in the Book-Entry Notes, on the Depositary's records, to the Paying Agent. The requirement for physical delivery of Book-Entry Notes in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Book-Entry Notes are transferred by a Direct Participant on the Depositary's records.

The Depositary may discontinue providing its services as securities depositary with respect to the Book-Entry Notes at any time by giving reasonable notice to the Company or the Agents. Under such circumstances, in the event that a successor securities depositary is not obtained, Certificated Notes will be printed and delivered in exchange for the Book-Entry Notes represented by the Global Securities held by the Depositary.

The Company may decide to discontinue use of the system of book-entry transfers through the Depositary (or a successor

securities depository). In that event, Certificated Notes will be printed and delivered in exchange for the Book-Entry Notes represented by the Global Securities held by the Depository.

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

Neither the Company, the Trustee, any Paying Agent nor the registrar for the Notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

IMPORTANT CURRENCY INFORMATION

Purchasers are required to pay for each Note in the Specified Currency for such Note. Currently, there are limited facilities in the United States for conversion of U.S. dollars into foreign currencies and vice versa, and banks generally do not offer non-U.S. dollar checking or savings account facilities in the United States. However, if requested by a prospective purchaser of Notes denominated in a Specified Currency other than U.S. dollars, the Agent soliciting the offer to purchase will arrange for the conversion of U.S. dollars into such Specified Currency to enable the Purchaser to pay for such Notes. Such requests must be made on or before the fifth Business Day preceding the date of delivery of the Notes, or by such other date as determined by the Agent which presents the offer to the Company. Each such conversion will be made by the relevant Agent on such terms and subject to such conditions, limitations and charges as such Agent may from time to time establish in accordance with its regular foreign exchange practice. All costs of exchange will be borne by the relevant purchaser of the Notes.

CURRENCY RISKS

Exchange Rates and Exchange Controls

An investment in Notes that are denominated in, or the payment of which is determined with reference to, a Specified Currency other than U.S. dollars entails significant risks that are not associated with a similar investment in a security denominated in U.S. dollars. Similarly, an investment in an Indexed Note entails significant risks that are not associated with an investment in non-Indexed Notes. Such risks include, without limitation, the possibility of significant changes in rates of exchange between U.S. dollars and the Specified Currency (or, in the case of each Indexed Note, the rate of exchange between

the Denominated Currency and the Indexed Currency for such Indexed Note), including changes resulting from official redenomination with respect to such Specified Currency (or, in the case of each Indexed Note, with respect to the Denominated Currency or the Indexed Currency therefor) and the possibility of the imposition or modification of foreign exchange controls with respect to the Specified Currency.

</PAGE>

Such risks generally depend on factors over which the Company has no control, such as economic and political events and the supply of and demand for the relevant currencies. In recent years, rates of exchange between Specified Currencies have been highly volatile, and such volatility may be expected in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in the rate that may occur during the term of any Note. Depreciation of a foreign currency or units of a foreign composite currency in which a Note is denominated against the U.S. dollar would result in a decrease in the effective yield of such Note below its coupon rate, and in certain circumstances could result in a loss to the investor on a U.S. dollar basis. Similarly, depreciation of the Denominated Currency with respect to an Indexed Note against the applicable Indexed Currency would result in the principal amount payable with respect to such Indexed Note at the Stated Maturity being less than the Face Amount of such Indexed Note which, in turn, would decrease the effective yield of such Indexed Note below its applicable interest rate and could also result in a loss to the investor.

The Notes will provide that, in the event of an official redenomination of a foreign currency (including, without limitation, an official redenomination of a foreign currency that is a composite currency) the obligations of the Company with respect to payments on Notes denominated in such currency shall, in all cases, be deemed immediately following such redenomination to provide for the payment of that amount of redenomination currency representing the amount of such obligations immediately before such redenomination. The Notes do not provide for any adjustment to any amount payable under the Notes as a result of (a) any change in the value of a foreign currency relative to any other currency due solely to fluctuations in exchange rates or (b) any redenomination of any component currency of any composite currency (unless such composite currency is itself officially redenominated).

Governments have from time to time imposed, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a foreign currency for making payments with respect to a Note denominated in such currency. There can be no assurances that exchange controls will not

restrict or prohibit payments of principal or interest in any currency or currency unit. Even if there are not actual exchange controls, it is possible that, with respect to any particular Note, the foreign currency for such Note will not be available to the Company to make payments of interest and principal then due because of circumstances beyond the control of the Company. In that event, the Company will make such payment in the manner set forth below under "Payment Currency."

THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS DO NOT, AND THE APPLICABLE PRICING SUPPLEMENT WILL NOT, DESCRIBE ALL THE RISKS OF AN INVESTMENT IN NOTES DENOMINATED IN, OR THE PAYMENT OF WHICH IS RELATED TO THE VALUE OF, A CURRENCY (INCLUDING ANY COMPOSITE CURRENCY) OTHER THAN U.S. DOLLARS, AND THE COMPANY DISCLAIMS ANY RESPONSIBILITY TO ADVISE PROSPECTIVE PURCHASERS OF SUCH RISKS AS THEY EXIST AT THE DATE OF THIS PROSPECTUS SUPPLEMENT OR THE DATE OF THE APPLICABLE PRICING SUPPLEMENT OR AS SUCH RISKS MAY CHANGE FROM TIME TO TIME. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN FINANCIAL AND LEGAL ADVISORS AS TO THE RISKS ENTAILED IN AN INVESTMENT IN SUCH NOTES. SUCH AN INVESTMENT IS NOT AN APPROPRIATE INVESTMENT FOR PERSONS WHO ARE UNSOPHISTICATED WITH RESPECT TO FOREIGN CURRENCY TRANSACTIONS.

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

The Pricing Supplement relating to Notes denominated in a Specified Currency other than U.S. dollars or relating to Indexed Notes will contain information concerning historical exchange rates for such Specified Currency or Denominated Currency against the U.S. dollar or other relevant currency (including, in the case of Indexed Notes, the applicable Indexed Currency), a description of such currency or currencies and any exchange controls affecting such currency or currencies. Information concerning exchange rates is furnished as a matter of information only and should not be regarded as indicative of the range of or trend in fluctuations in currency exchange rates that may occur in the future.

Payment Currency

Except as set forth in the applicable Pricing Supplement, if payment on a Note is required to be made in a Specified Currency other than U.S. dollars and such currency is unavailable due to the imposition of exchange controls or other circumstances beyond

the Company's control or is no longer used by the government of the country issuing such currency or for the settlement of transactions by public institutions of or within the international banking community, then any payment with respect to such Note shall be made in U.S. dollars until such currency is again available or so used. The amount so payable on any date in such Specified Currency will be converted into U.S. dollars on the basis of the Market Exchange Rate on the last date such Specified Currency was available. See "Description of Notes - Payment of Principal and Interest."

If the official unit of any component currency is altered by way of combination or subdivision, the number of units of that currency as a component shall be divided or multiplied in the same proportion. If two or more component currencies are consolidated into a single currency, the amounts of those currencies as components shall be replaced by an amount in such single currency. If any component currency is divided into two or more currencies, the amount of the original component currency as a component shall be replaced by the amounts of such two or more currencies having an aggregate value on the date of division equal to the amount of the former component currency immediately before such division.

Foreign Currency Judgments

The Notes will be governed by and construed in accordance with the laws of the State of New York applicable to instruments made to be performed wholly within such jurisdiction. Courts in the United States customarily have not rendered judgments for money damages denominated in any currency other than U.S. dollars. If a Note is denominated in a Specified Currency other than U.S. dollars, any judgment under New York law will be rendered in the foreign currency of the underlying obligation and converted into U.S. dollars at a rate of exchange prevailing on the date of entry of the judgment or decree.

Information Limited to United States Holders

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

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following summary describes certain United States Federal income tax consequences of the ownership of Notes as of the date hereof. Except where noted, it deals only with Notes held as capital assets and does not deal with special situations such as those of dealers in securities, financial institutions, life insurance companies or United States Holders whose "functional currency" is not the U.S. dollar. In addition, this summary does not address the

</PAGE>

Federal income tax consequences of owning Indexed Notes or Notes where the Company has the option to reset interest rates, the Spread or the Spread Multiplier. Such consequences will be addressed in an applicable Pricing Supplement. Furthermore, the discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code") and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in Federal income tax consequences different from those discussed below. Persons considering the purchase, ownership or disposition of Notes should consult their own tax advisors concerning the Federal income tax consequences in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

United States Holders

As used herein, a "United States Holder" of a Note means a holder that is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, or an estate or trust the income of which is subject to United States Federal income taxation regardless of its source. A "Non-United States Holder" is a holder that is not a United States Holder.

Payments of Interest

Except as set forth below, payments of "qualified stated interest" on a Note (as defined below) will generally be taxable to a United States Holder as ordinary income at the time it is paid or accrued in accordance with the United States Holder's method of accounting for tax purposes.

Original Issue Discount

A Note may be issued for an amount that is less than its stated redemption price at maturity (the sum of all payments to be made on the Note other than "qualified stated interest"). The difference between the stated redemption price at maturity of the Note and its "issue price", if such difference is at least 0.25

percent of the stated redemption price at maturity multiplied by the number of complete years to maturity, will be "original issue discount" ("OID"). (Notes issued with OID shall be referred to as "Original Issue Discount Notes.") The "issue price" of each Note in a particular offering will be the first price at which a substantial amount of that particular offering is sold. "Qualified stated interest" is stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually and with respect to a Fixed Rate Note, at a single fixed rate, or with respect to a Floating Rate Note, at certain objective or qualified rates or certain combinations of such rates. Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between payments.

Notes that may be redeemed prior to their Stated Maturity at the option of the issuer, or that may be prepaid prior to their Stated Maturity at the option of the holder, shall be treated from the time of issuance as having a maturity date for Federal income tax purposes on such redemption or prepayment date if (i) in the case of redemption at the option of the issuer, such redemption would result in a lower yield to maturity or (ii) in the case of a redemption at the option of the holder, such prepayment would result in a higher yield to maturity. Notice will be given in the applicable Pricing Supplement when the Company determines that a particular Note will be deemed to have a maturity date for Federal income tax purposes prior to its Stated Maturity.

In certain cases, Notes that bear stated interest and are issued at par may be deemed to bear OID for Federal income tax purposes, with the result that the inclusion of interest into income for Federal income tax purposes may vary from the actual cash payments of interest made on such Notes, generally accelerating income for cash method taxpayers. A Note may be an Original Issue Discount Note where (a) a Floating Rate Note provides for a maximum interest rate or a minimum interest rate that is reasonably expected as of the issue date to cause the yield on the debt instrument to be significantly less, in the case of a maximum rate, or more, in the case

</PAGE>

of a minimum rate, than the expected yield determined without the maximum or minimum rate as the case may be; (b) a Floating Rate Note provides for significant front-loading or back-loading of interest; or (c) a Note bears interest at a floating rate in combination with one or more floating or fixed rates. Notice will be given in the applicable Pricing Supplement when the Company determines that a particular Note will be an Original Issue Discount Note. Unless an applicable Pricing Supplement so indicates, Floating Rate Notes will not be Original Issue Discount Notes.

United States Holders of Original Issue Discount Notes with a maturity upon issuance of more than one year must, in general, include OID in income in advance of the receipt of some or all of the related cash payments. The amount of OID includible in income by the initial United States Holder of an Original Issue Discount Note is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion of the taxable year in which such United States Holder held such Note ("accrued OID"). The daily portion is determined by allocating to each day in an "accrual period" a pro rata portion of the OID allocable to that accrual period. The "accrual period" for an Original Issue Discount Note may be of any length and may vary in length over the term of a Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. In general, the computation of OID is simpler if accrual periods correspond to the intervals between payment dates provided by the terms of a Note. The Company will specify the accrual period it intends to use in the applicable Pricing Supplement although the holder is not bound by the Company's choice of accrual period. The amount of OID allocable to any accrual period is an amount equal to the excess, if any, of (a) the product of the Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of any qualified stated interest allocable to the accrual period. In determining OID allocable to an accrual period, if an interval between payments of qualified stated interest contains more than one accrual period the amount of qualified stated interest payable at the end of the interval is allocated on a pro rata basis to each accrual period in the interval and the adjusted issue price must be increased by the amount of any qualified stated interest that has accrued prior to the beginning of the accrual period but is not payable until a later date. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. If all accrual periods are of equal length, except for either an initial shorter accrual period or an initial and a final shorter accrual period, the amount of OID allocable to the initial accrual period may be computed under any reasonable method. The "adjusted issue price" of a Note at the beginning of any accrual period is equal to its issue price increased by the accrued OID for each prior accrual period and reduced by any prior payments with respect to such Note that was not qualified stated interest. Under these rules, a United States Holder will have to include in income increasingly greater amounts of OID in successive accrual periods. The Company is required to report the amount of OID accrued on Notes held of record by persons other than corporations and other exempt holders.

Short-Term Note

In the case of Notes having a term of one year or less ("Short-Term Notes"), all payments (including all stated interest) will be included in the stated redemption price at maturity and, thus, United States Holders will generally be taxable on the discount in lieu of stated interest. The discount will be equal to the excess of the stated redemption price at maturity over the issue price of a Short-Term Note, unless the United States Holder elects to compute this discount using tax basis instead of issue price. In general, an individual and certain other cash method United States Holders of a Short-Term Note are not required to include accrued discount in their income currently unless they elect to do so. United States Holders who report income for Federal income tax purposes on the accrual method and certain other United States Holders are required to accrue discount on each Short-Term Note (as ordinary income) on a straight-line basis, unless an election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a United States Holder who is not required, and does not elect, to include discount in income currently, any gain realized on the sale, exchange or retirement of the Short-Term Note will be ordinary income to the extent of the discount accrued through the date of sale, exchange or

</PAGE>

retirement. In addition, Noteholders who do not elect to currently include accrued discount in income may be required to defer deductions for a portion of the United States Holder's interest expenses with respect to any indebtedness incurred or continued to purchase or carry such Notes.

Market Discount

If a United States Holder purchases a Note other than a Short-Term Note for an amount that is less than its "revised issue price" (defined as the sum of the issue price of the Note and the aggregate amount of the OID includible, if any, without regard to the rules for acquisition premium discussed below, in the gross income of all previous holders of the Note), the amount of the difference will be treated as "market discount" for Federal income tax purposes, unless such difference is less than a specified de minimis amount. Under the market discount rules, a United States Holder will be required to treat any principal payment on, or any gain on the sale, exchange, retirement or other disposition of a Note as ordinary income to the extent of the market discount which has not previously been included in income and is treated as having accrued on such Note at the time of such payment or disposition. In addition, the United States Holder may be required to defer, until the maturity of the Note or its earlier

disposition in a taxable transaction, the deduction of all or a portion of the interest expense on any indebtedness incurred or continued to purchase or carry such Note.

Any market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of the Note, unless the United States Holder elects to accrue on a constant yield method. A United States Holder of a Note may elect to include market discount in income currently as it accrues (on either a ratable or constant yield basis), in which case the rule described above regarding deferral of interest deductions will not apply. This election to include market discount in income currently, once made, applies to all market discount obligations acquired on or after the first taxable year to which the election applies, and may not be revoked without the consent of the Internal Revenue Service (the "IRS").

Acquisition Premium; Amortizable Bond Premium

A United States Holder who purchases a Note for an amount that is greater than its adjusted issue price but equal to or less than the sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest will be considered to have purchased such Note at an "acquisition premium." Under the acquisition premium rules the amount of OID which such holder must include in its gross income with respect to such Note for any taxable year will be reduced by the portion of such acquisition premium properly allocable to such year.

A United States Holder who purchases a Note for an amount in excess of the sum of all amounts payable on the Note after the purchase date other than qualified stated interest will be considered to have purchased the Note at a "premium" and will not be required to include any OID in income. A United States Holder generally may elect to amortize the premium over the remaining term of the Note on a constant yield method. The amount amortized in any year will be treated as a reduction of the United States Holder's interest income from the Note. Bond premium on a Note held by a United States Holder that does not make such an election will decrease the gain or increase the loss otherwise recognized on disposition of the Note. The election to amortize premium on a constant yield method once made applies to all debt obligations held or subsequently acquired by the electing holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS.

Election to Treat All Interest as OID

A United States Holder may elect to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method described above. For the purposes

of this election, interest includes stated interest, acquisition discount, OID, de minimis OID, market discount, de minimis market
</PAGE>

discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. If a United States Holder makes this election for a Note with market discount or amortizable bond premium, the election is treated as an election under the market discount or amortizable bond premium provisions, described above, and the electing United States Holder will be required to amortize bond premium or include market discount in income currently for all of the holder's other debt instruments with market discount or amortizable bond premium. The election is to be made for a taxable year in which the United States Holders acquired the Note, and may not be revoked without the consent of the IRS. United States Holders should consult with their own tax advisors about this election.

Sale, Exchange and Retirement of Notes

A United States Holder's tax basis in a Note will, in general, be the United States Holder's cost thereof, increased by OID, market discount or any discount with respect to a Short-Term Original Issue Discount Note, previously included in income by the United States Holder and reduced by any amortized premium and any cash payments on the Note other than qualified stated interest. Upon the sale, exchange or retirement of a Note, a United States Holder will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange or retirement and the adjusted tax basis of the Note. Except as described above with respect to certain Short-Term Original Issue Discount Notes or with respect to market discount, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the Note has been held for more than one year. Under current law, net capital gains of individuals are, under certain circumstances, taxed at lower rates than items of ordinary income. The deductibility of capital losses is subject to limitations.

Extendible Notes

If so specified in an applicable supplement relating to a Note, the Company may have the option to extend the maturity of a Note. See "Description of Notes - Extension of Maturity." The treatment of a United States Holder of Notes with respect to which such an option has been exercised who does not elect to have the Company repay such Notes on the applicable original Stated Maturity is unclear and will depend, in part, on the terms established for such Notes by the Company pursuant to the exercise of such option (the "Revised Terms"). Such holder may be treated for Federal income tax purposes as having exchanged such Notes

(the "Old Notes") for new Notes with revised Terms (the "New Notes"). If the holder is treated as having exchanged Old Notes for New Notes, such exchange may be treated as either a taxable exchange or a tax-free recapitalization.

If the exercise of the option by the Company is not treated as an exchange of Old Notes for New Notes, no gain or loss will be recognized by a United States Holder as a result thereof. If the exercise of the option is treated as a taxable exchange of Old Notes for New Notes, a United States Holder would recognize gain or loss equal to the difference between the issue price of the New Notes and the holder's tax basis in the Old Notes. If the exercise of the option is treated as a tax-free recapitalization, no loss would be recognized by a United States Holder as a result thereof and gain, if any, would be recognized to the extent of the fair market value of the excess, if any, of the principal amount of securities received over the principal amount of securities surrendered. In this regard, the meaning of the term "principal amount" is not clear. Such term could be interpreted to mean "issue price" with respect to securities that are received and "adjusted issue price" with respect to securities that are surrendered. Legislation to that effect has been introduced in the past. It is not possible to determine whether such legislation will be reintroduced, and if so, enacted and, if enacted, whether it would apply to recapitalizations occurring prior to the date of enactment.

Renewable Notes

A Note may be issued wherein the initial maturity of the Note may be extended beyond its maturity date at the holder's option for one or more specified periods up to but not beyond the Note's Final Maturity. See "Description of Notes - Renewable Notes."
</PAGE>

While it is not entirely clear, a Renewable Note should be considered as having a maturity date that corresponds to its original Maturity Date. In addition, the holder of the Renewable Note should be treated as holding a series of call options to purchase the Renewable Note from the Company at the price and on the dates that correspond to the procedures that must be followed in order for the holder to renew the maturity. Such a call option (i.e., the right to elect maturity renewals) will be presumed to be exercised if, by utilizing the call date (i.e., the date subsequent to the original Maturity Date on which a holder could receive payment for its Note) as the maturity date and the call price (the principal amount of the Renewable Note) as the stated redemption price at maturity, the yield on the Note to the holder will be higher than its yield to the Final Maturity Date. Because the amount payable to a holder of a Renewable Note will be the principal amount of such Note, a holder's right to elect maturity

renewals should not be presumed to be exercised unless such Note was issued at a premium. If an election to renew the maturity of a Renewable Note was presumed to be exercised and, in fact, is not exercised, then the Renewable Note should generally be treated as if it were exchanged for a new Note with an issue price equal to the call price for the old Note. While not entirely clear, such event should be treated as a deemed exchange only for purposes of applying the OID rules, discussed above. Holders of Renewable Notes are advised to consult with their own tax advisors regarding the United States Federal income tax consequences of the holding and disposition of such Notes including the election to renew the maturity thereof.

Non-United States Holders

Under present United States Federal income and estate tax law, and subject to the discussion below concerning backup withholding: (a) no withholding of United States Federal income tax will be required with respect to the payment by the Company or any Paying Agent of principal or interest (which for purposes of this discussion includes OID) on a Note owned by a Non-United States Holder, provided (i) that the beneficial owner does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote within the meaning of section 871(h)(3) of the Code and the regulations thereunder, (ii) the beneficial owner is not a controlled foreign corporation that is related to the Company through stock ownership, (iii) the beneficial owner is not a bank whose receipt of interest on a Note is described in section 881(c)(3)(A) of the Code, (iv) in the case of a Registered Note the beneficial owner satisfies the statement requirement (described generally below) set forth in section 871(h) and section 881(c) of the Code and the regulations thereunder, or (v) such interest is not interest described in section 871(h)(4) of the Code (which generally is limited to certain types of contingent interest); (b) no withholding of United States Federal income tax generally will be required with respect to any gain or income realized by a Non-United States Holder upon the sale, exchange or retirement of a Note; and (c) a Note beneficially owned by an individual who at the time of death is a Non-United States Holder will not be subject to United States Federal estate tax as a result of such individual's death, provided that such individual does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote within the meaning of section 871(h)(3) of the Code and provided that the interest payments with respect to such Note would not have been, if received at the time of such individual's death, effectively connected with the conduct of a United States trade or business by such individual.

To qualify for the exemption from withholding tax referred to

in (a) (iv) above, the beneficial owner of such Note, or a financial institution holding the Note on behalf of such owner, must provide, in accordance with specified procedures, a paying agent of the Company with a statement to the effect that the beneficial owner is not a U.S. person. Pursuant to current temporary Treasury regulations, these requirements will be met if (1) the beneficial owner provides his name and address, and certifies, under penalties of perjury, that he is not a U.S. person, which certification may be made on an IRS Form W-8 (or successor form) or (2) a financial institution holding the Debt Security on behalf of the beneficial owner certifies, under penalties of perjury, that such statement has been received by it and furnishes a paying agent with a copy thereof. The Company does not intend to issue any Notes described in (a) (v) above.

</PAGE>

Payments to Non-United States Holders not meeting the requirements of clause (a) above and thus subject to withholding of United States Federal income tax may nevertheless be wholly or partially exempt from such withholding if the beneficial owner of the Note provides the Company with a properly executed (1) IRS Form 1001 (or successor form) claiming a complete or partial exemption from withholding under the benefit of a tax treaty or (2) IRS Form 4224 (or successor form) stating that interest paid on the Note is not subject to withholding tax because it is effectively connected with the owner's conduct of a trade or business in the United States.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to certain payments of principal, interest, OID and premium paid on Notes and to the proceeds of sale of a Note made to United States Holders other than certain exempt recipients (such as corporations). A 31 percent backup withholding tax will apply to such payments if the United States Holder fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report its full dividend and interest income.

No information reporting or backup withholding will be required with respect to payments made by the Company or any paying agent to Non-United States Holders if a statement described in (a) (iv) under "Non-United States Holders" has been received and the payor does not have actual knowledge that the beneficial owner is a United States person.

In addition, backup withholding and information reporting will not apply if payments of the principal, interest, OID or premium on a Note is paid or collected by a foreign office of a custodian, nominee or other foreign agent on behalf of the

beneficial owner of such Note, or if a foreign office of a broker (as defined in applicable Treasury regulations) pays the proceeds of the sale of a Note to the owner thereof. If, however, such nominee, custodian, agent or broker is, for United States Federal income tax purposes, a U.S. person, a controlled foreign corporation or a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, such payments will not be subject to backup withholding but will be subject to information reporting, unless (1) such custodian, nominee, agent or broker has documentary evidence in its records that the beneficial owner is not a U.S. person and certain other conditions are met or (2) the beneficial owner otherwise establishes an exemption. Temporary Treasury regulations provide that the Treasury is considering whether backup withholding will apply with respect to such payments of principal, interest or the proceeds of a sale that are not subject to backup withholding under the current regulations. Under proposed Treasury regulations not currently in effect backup withholding will not apply to such payments absent actual knowledge that the payee is a United States person.

Payments of principal, interest, OID and premium on a Note paid to the beneficial owner of a Note by a United States office of a custodian, nominee or agent, or the payment by the United States office of a broker of the proceeds of sale of a Note, will be subject to both backup withholding and information reporting unless the beneficial owner provides a statement described in (a)(iv) above and the payor does not have actual knowledge that the beneficial owner is a U.S. person or otherwise establishes an exception.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against such holder's United States Federal income tax liability provided the required information is furnished to the IRS.

SUPPLEMENTAL PLAN OF DISTRIBUTION

The Notes are offered on a continuing basis by the Company through the Agents, each of which has agreed to use its reasonable best efforts to solicit purchases of the Notes. The Company will pay each Agent a commission of from 0.125% to 0.750% of the principal amount of each Note, depending upon its Stated Maturity, sold through such Agent, except that the commission payable by the Company to the Agents with respect to Notes with maturities of greater than thirty years will be negotiated at the time the Company issues such Notes. The Company may

</PAGE>

appoint additional agents to solicit sales of the Notes, provided that any such solicitation and sale of the Notes shall be on the

same terms and conditions as the Agents have agreed to. The Company will have the sole right to accept offers to purchase Notes and may reject any such offer in whole or in part. Each Agent will have the right, in its discretion reasonably exercised, to reject in whole or in part any offer to purchase Notes received by such Agent. The Company also may sell Notes to any Agent, acting as principal, at a discount to be agreed upon at the time of sale, for resale to one or more investors or to one or more broker-dealers (acting as principal for purposes of resale) at varying prices related to prevailing market prices at the time of resale, as determined by such Agent, or, if so agreed, at a fixed public offering price. Unless otherwise indicated in the applicable Pricing Supplement, if any Note is resold by an Agent to any broker-dealer at a discount, such discount will not be in excess of the discount or commission received by such Agent from the Company. In addition, unless otherwise indicated in the applicable Pricing Supplement, any Note purchased by an Agent as principal will be purchased at 100% of the principal amount thereof less a percentage equal to the commission applicable to an agency sale of a Note having an identical Stated Maturity. After the initial public offering of the Notes, the public offering price (in the case of Notes to be resold on a fixed public offering price basis), the concession and the discount may be changed. The Company also reserves the right to sell the Notes directly to investors on its own behalf in those jurisdictions where it is authorized to do so or as otherwise provided in the applicable Pricing Supplement. In such circumstances, the Company will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes in whole or in part. In the case of sales made directly by the Company, no commission will be payable.

The Agents may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended (the "Act"). The Company has agreed to indemnify each Agent against certain liabilities, including liabilities under the Act, or to contribute to payments each Agent may be required to make in respect thereof. The Company has agreed to reimburse the Agents for certain of the Agents' expenses, including, but not limited to, the fees and expenses of counsel to the Agents.

The Company has been advised by each Agent that it may from time to time purchase and sell Notes in the secondary market, but that it is not obligated to do so. There can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, each Agent may make a market in the Notes.

PROSPECTUS

\$300,000,000

[LOGO]

CBI INDUSTRIES, INC.

Debt Securities, Preferred Stock and Common Stock

CBI Industries, Inc. (the "Company" or "CBI") may from time to time offer Debt Securities consisting of debentures, notes and/or other unsecured evidences of indebtedness in one or more series; preferred stock, par value \$1.00 per share, in one or more series (the "Preferred Stock"); and shares of its common stock, par value \$2.50 per share (the "Common Stock") (collectively, the "Securities"), at an aggregate offering price not to exceed \$300,000,000 at prices and on terms to be determined at the time of sale. The Debt Securities, Preferred Stock and Common Stock may be offered independently or together in any combination for sale directly to purchasers or to or through dealers, underwriters or agents to be designated by the Company.

Certain specific terms of the particular Securities in respect of which this Prospectus is being delivered are set forth in the accompanying prospectus supplement (the "Prospectus Supplement"), including, where applicable, the initial public offering price of the Securities, the listing on any securities exchange, other special terms, and (i) in the case of Debt Securities, the specific designation, aggregate principal amount, original issue discount, if any, authorized denominations, maturity, premium, if any, rate (which may be fixed or variable), time and method of calculating payment of interest, if any, the place or places where principal of, premium, if any, and interest, if any, on such Debt Securities will be payable, the currency in which principal of, premium, if any, and interest, if any, on such Debt Securities will be payable, any terms of redemption at the option of the Company or the holder, any sinking fund provisions and any terms for conversion or exchange into other securities of the Company and (ii) in the case of Preferred Stock, the specific title and stated value, any dividend, liquidation, redemption, voting and other rights and any terms for conversion or exchange into other securities of the Company. If so specified in the applicable Prospectus Supplement, Securities may be issued in whole or in part in the form of one or more temporary or permanent global securities.

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

The Company may sell the Securities to or through underwriters or dealers, and may also sell Securities directly to other purchasers or through agents. See "Plan of Distribution." The Prospectus Supplement sets forth the names of any underwriters, dealers or agents involved in the sale of the Securities in respect of which this Prospectus is being delivered and any applicable fee, commission or discount arrangements with them.

This Prospectus may not be used to consummate sales of Securities unless accompanied by a Prospectus Supplement.

The date of this Prospectus is March 25, 1994

</PAGE>

AVAILABLE INFORMATION

CBI Industries, Inc., (the "Company") is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy statements and other information filed by the Company may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549; and at its regional offices located at 500 West Madison Street, Chicago, Illinois 60661 and 7 World Trade Center, Thirteenth Floor, New York, New York 10048. Such reports, proxy materials and other information concerning the Company may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. Copies of such materials may be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. This Prospectus does not contain all the information set forth in the Registration Statement and exhibits thereto which the Company has filed with the Commission under the Securities Act of 1933 (the "Securities Act") and to which reference is hereby made. Statements contained in this Prospectus as to the contents of any contract or other document referred to are not necessarily complete, and in each instance reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the Commission. Each such statement is qualified in all respects by such reference. Although the Company

may not be required to send a copy of its latest Annual Report to Shareholders to holders of Debt Securities, the Company will, upon request, send to any holder of Securities a copy of its latest Annual Report to Shareholders, as filed with the Commission, which contains financial information that has been examined and reported upon, with an opinion expressed by independent certified public accountants.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed by the Company with the Commission (File No. 1-7833) are incorporated in this Prospectus by reference: (i) Annual Report on Form 10-K for the fiscal year ended December 31, 1993, together with the reports of independent public accountants which includes an explanatory paragraph that describes changes in accounting principles with respect to the methods of accounting for income taxes and for postretirement benefits other than pensions, (ii) the description of the Common Stock as set forth in Item 1 of the Company's Registration Statement on Form 8-A filed with the Commission on April 20, 1979, and (iii) the description of preferred stock purchase rights as set forth in Item 1 of the Company's Amendment No. 1 to Registration Statement on Form 8-A filed with the Commission on August 8, 1989.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of the offering of the Securities shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing such documents. Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, in a Prospectus Supplement or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

</PAGE>

The Company will provide without charge and upon request to each person to whom this Prospectus has been delivered a copy of any or all of the documents incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference herein). Requests for such copies should be directed to the Secretary, C.C. Toerber, CBI Industries, Inc., 800 Jorie Boulevard, Oak Brook, Illinois 60521-2268 (telephone (708) 572-7000). References in this Prospectus to the "Company" or "CBI" include CBI Industries, Inc. and its consolidated subsidiaries, unless the context otherwise

indicates.

THE COMPANY

The Company operates through three major business segments. CBI's Contracting Services segment is organized under Chicago Bridge & Iron Company as a worldwide construction group that provides, through separate subsidiaries, a broad range of services including design, engineering, fabrication and construction of metal plate structures, project management, general contracting, and other specialty construction and related services. CBI's Industrial Gases segment, which is organized under Liquid Carbonic Industries Corporation, produces, processes and markets, on a worldwide basis, carbon dioxide and a wide variety of other industrial and specialty gases and chemicals. CBI's Investments segment includes petroleum and special product terminal businesses and certain real estate and financial investments.

The Company is incorporated in Delaware and its principal executive offices are located at 800 Jorie Boulevard, Oak Brook, Illinois.

USE OF PROCEEDS

Unless otherwise indicated in an accompanying Prospectus Supplement, the net proceeds to the Company from the sale of the Securities offered hereby will be available for general corporate purposes and may be used for capital expenditures, working capital, repayment of short and long term indebtedness, and future acquisitions. Pending such use, the net proceeds may be temporarily invested.

SELECTED RATIOS

For the purposes of calculating the ratio of earnings to fixed charges and the ratio of earnings to fixed charges and preferred stock dividends, earnings consist of earnings before income taxes and fixed charges to the extent that such charges are included in the determination of earnings. Fixed charges consist of interest, including interest on ESOP debt (whether expensed or capitalized), and one-third of minimum rental payments under operating leases (estimated by management to be the interest factor of such rentals).

	Years Ended December 31,				
	1993	1992	1991	1990	1989
Ratio of Earnings to Fixed Charges	(1)	3.68	3.43	3.05	2.18
Ratio of Earnings to Fixed					

Charges and Preferred

Stock Dividends

(2) 3.68 3.43 3.05 2.18

</PAGE>

(1) Earnings were inadequate to cover fixed charges by \$13,770,000 for the year ended December 31, 1993.

(2) Earnings were inadequate to cover fixed charges and preferred stock dividends by \$13,770,000 for the year ended December 31, 1993.

DESCRIPTION OF DEBT SECURITIES

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

Debt Securities may be issued in one or more series under an indenture (the "Indenture") dated as of March 1, 1994 between the Company and Chemical Bank, as trustee (the "Trustee"). The statements under this heading do not purport to be complete and are subject to the detailed provisions of the Indenture, a copy of which is filed as an exhibit to the Registration Statement of which this Prospectus is a part. Wherever particular provisions of the Indenture or terms defined therein are referred to, such provisions or definitions are incorporated by reference as a part of the statements made and the statements are qualified in their entirety by such reference. A copy of the Indenture is filed as an exhibit to this registration statement.

General

The Indenture does not limit the aggregate principal amount of Debt Securities which may be issued thereunder and provides that Debt Securities of any series may be issued thereunder up to an aggregate principal amount which may be authorized by the Company from time to time. (Section 301) Any securities issued under the Indenture are referred to herein as the "Debt Securities." The Indenture does not limit the amount of other debt, secured or unsecured, which may be issued by the Company or its subsidiaries, subject to limitations on liens described below. All Debt Securities will be unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company provided that such other unsecured and unsubordinated indebtedness may contain covenants, events of default and other provisions which are different from or which are not contained in the Debt

Securities. However, because the Company is a holding company which conducts substantially all of its operations through subsidiaries, the right of the Company, and hence the right of creditors of the Company (including the Holders of Debt Securities), to participate in any distribution of the assets of any subsidiary upon its liquidation or reorganization or otherwise is necessarily subject to the prior claims of creditors of the subsidiary, except to the extent that claims of the Company itself as a creditor of the subsidiary may be recognized. There are no covenants or provisions contained in the Indenture that may afford the Holders of Debt Securities protection in the event of a highly leveraged transaction involving the Company. Unless otherwise provided in the applicable Prospectus Supplement, the Company will maintain in New York, New York, one or more offices or agencies where the Debt Securities may be presented for payment and for transfer or exchange (which initially will be the Trustee's offices maintained for that purpose in New York, New York), provided that interest may at the option of the Company be paid by check mailed to the person entitled thereto. (Sections 301 and 1102)

</PAGE>

The Debt Securities will be issued in fully registered form, without coupons unless otherwise specified in the applicable Prospectus Supplement. The Debt Securities will be exchangeable for other Debt Securities of the same series of a like aggregate principal amount in authorized denominations and will be transferable at any time or from time to time at the Corporate Trust Office of the Trustee or at any other office or agency of the Company maintained for that purpose. No service charge will be made for any transfer or exchange of the Debt Securities or other Securities issued under the Indenture, but the Company may (unless otherwise provided in such Debt Securities) require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. (Section 305)

Reference is made to the Prospectus Supplement which accompanies this Prospectus for the following terms and other information with respect to any Debt Securities in respect of which this Prospectus is being delivered: (1) the designation, aggregate principal amount and authorized denominations of such Debt Securities; (2) the purchase price of such Debt Securities; (3) the date or dates on which such Debt Securities will mature or the method of determining such date or dates; (4) the rate or rates (which may be fixed or variable) at which such Debt Securities will bear interest, if any, or the method of calculating such rate or rates, and the date, dates, or the method of determining such date or dates, from which such interest, if any, will accrue; (5) the date or dates on which any such interest will be payable and the record date or dates therefor; (6) whether such Debt Securities may be issued in temporary or permanent

global form, and, if so, the initial Depositary with respect thereto; (7) the terms of any mandatory or optional redemption (including any sinking fund) and any remarketing arrangements related thereto; (8) the place or places where the principal (and premium, if any) and interest will be payable; (9) whether such Debt Securities will be convertible into or exchangeable for Common Stock or other securities of the Company, and the terms and conditions of any such conversions or exchanges; (10) the applicability of any provisions described under "Limitations of Liens" or "Limitations on Sale and Leaseback Transactions"; (11) the applicability of any provision described under "Defeasance and Covenant Defeasance"; (12) the securities exchange, if any, on which the Debt Securities will be listed; (13) the currency, currencies or composite currencies for which such Debt Securities may be purchased and/or in which principal and interest and premium, if any, will or may be payable; and (14) any other specified term of such Debt Securities.

One or more series of Debt Securities may be sold as Original Issue Discount Securities at a substantial discount below their stated principal amount, bearing no interest or interest at a rate which at the time of issuance is below market rates. Federal income tax consequences and special considerations applicable to any such series will be described in the Prospectus Supplement relating thereto.

The Indenture provides that the Debt Securities of a single series may be issued at various times, with different maturity dates and may bear interest at different times. (Section 301)

If the purchase price of any Debt Securities is payable in one or more foreign currencies or currency units or if any Debt Securities are denominated in one or more foreign currencies or currency units or if the principal of, premium, if any, or interest, if any, on any Debt Securities is payable in one or more foreign currencies or currency units, the restrictions, elections, certain Federal income tax considerations, specific terms and other information with respect to such issue of Debt Securities and such foreign currency or currency units will be set forth in the applicable Prospectus Supplement. </PAGE>

Certain Definitions

The term "Secured Debt" means indebtedness for money borrowed and any Funded Debt which is secured by a mortgage, pledge, lien, security interest or encumbrance on (a) any Principal Property of the Company or a Restricted Subsidiary or on (b) any shares of capital stock or indebtedness of any Restricted Subsidiary. (Section 101)

The term "Funded Debt" means all indebtedness for money

borrowed having a maturity of more than twelve months from the date of the most recent consolidated balance sheet of the Company and its Restricted Subsidiaries (excluding indebtedness of Unrestricted Subsidiaries) or renewable and extendible beyond twelve months at the option of the borrower and all obligations in respect of lease rentals which under generally accepted accounting principles would be shown on a consolidated balance sheet of the Company as a liability item other than a current liability; provided, however, that Funded Debt shall not include any of the foregoing to the extent that such indebtedness or obligations are not required by generally accepted accounting principles to be shown on the balance sheet of the Company. (Section 101)

The term "Voting Stock" means outstanding shares of capital stock having under ordinary circumstances (not dependent on the happening of a contingency) voting power for the election of directors. (Section 101)

The term "Subsidiary" means any corporation a majority of the Voting Stock of which is owned, directly or indirectly, by the Company or by one or more of its other subsidiaries or by the Company or one or more of its other Subsidiaries. (Section 101)

The term "Restricted Subsidiary" means (a) any Subsidiary other than an Unrestricted Subsidiary and (b) any Subsidiary which was an Unrestricted Subsidiary but which, subsequent to March 1, 1994, is designated by the Company (by or pursuant to board resolution) to be a Restricted Subsidiary, provided, however, that the Company may not designate any such Subsidiary to be a Restricted Subsidiary if the Company would thereby breach any covenant or agreement herein contained (on the assumptions that any outstanding Secured Debt of such Subsidiary was incurred at the time of such designation and that any Sale and Leaseback Transaction (as defined) to which such Subsidiary is then a party was entered into at the time of such designation). (Section 101)

The term "Unrestricted Subsidiary" means (a) any Subsidiary acquired or organized after March 1, 1994, provided that such Subsidiary shall not be a successor, directly or indirectly, to any Restricted Subsidiary; (b) any Subsidiary whose principal business or assets are located outside the United States of America, its territories and possessions, Puerto Rico or Canada; (c) any Subsidiary the principal business of which consists of financing or assisting in financing of customer construction projects or the acquisition or disposition of products of dealers, distributors or other customers; (d) any Subsidiary engaged in the insurance business or whose principal business is the ownership, leasing, purchasing, selling or development of real property; and (e) any Subsidiary substantially all the assets of which consist of stock or other securities of a Subsidiary or Subsidiaries referred to above in this sentence, unless and until any such Subsidiary is

designated to be a Restricted Subsidiary, as referred to above.
(Section 101)

The term "Principal Property" means any manufacturing plant or other facility of the Company or any Restricted Subsidiary, whether presently owned or hereafter acquired, which, in the opinion of
</PAGE>

the board of directors of the Company, is of material importance to the business conducted by the Company and its Restricted Subsidiaries as a whole. (Section 101)

The term "Consolidated Net Tangible Assets" means Consolidated Tangible Assets less Consolidated Current Liabilities. (Section 101)

The term "Consolidated Tangible Assets" means the aggregate of all assets of the Company and its Restricted Subsidiaries (including the value of all existing Sale and Leaseback Transactions (as defined) and any assets resulting from the capitalization of other long-term lease obligations in accordance with generally accepted accounting principles, but excluding the value of assets or investment in any Unrestricted Subsidiary or any non-majority owned Subsidiary) appearing on the most recent available consolidated balance sheet of the Company and its Restricted Subsidiaries at their net book values, after deducting related depreciation, amortization and other valuation reserves and excluding (a) any capital write-ups resulting from reappraisals of assets or of other investments after March 1, 1994 (other than a write-up of any assets constituting part of the assets and business of another corporation made in connection with the acquisition, direct or indirect, of the assets and business of such other corporation), except as permitted in accordance with generally accepted accounting principles, (b) treasury stock, (c) patent and trademark rights, good will, unamortized discounts and expenses and any other intangible items, all in accordance with generally accepted accounting principles. (Section 101)

The term "Consolidated Current Liabilities" means the aggregate of the current liabilities of the Company and its Restricted Subsidiaries (excluding liabilities of Unrestricted Subsidiaries) appearing on the most recent available consolidated balance sheet of the Company and its Restricted Subsidiaries, all in accordance with generally accepted accounting principles. In no event shall Consolidated Current Liabilities include any obligation of the Company and its Restricted Subsidiaries issued under a revolving credit or similar agreement if the obligation issued under such agreement matures by its terms within 12 months from the date thereof but by the terms of such agreement such obligation may be renewed or extended or the amount thereof

reborrowed or refunded at the option of the Company or any Restricted Subsidiary for a term in excess of 12 months from the date of determination. (Section 101)

Foreign Currency Denominated or Indexed Debt Securities

Debt Securities denominated or payable in foreign currencies may entail significant risks. These risks include, without limitation, the possibility of significant fluctuations in foreign currency exchange rates. These risks may vary depending upon the currency or currencies involved. These risks will be more fully described in the applicable Prospectus Supplement.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, create, assume or guarantee any Secured Debt without making effective provision for securing the Debt Securities (and any other indebtedness of or guaranteed by the Company or such Restricted Subsidiary then entitled thereto) equally and ratably with such Secured Debt.

The above restrictions do not apply to debt secured by (i) certain purchase money mortgages created to secure payment for the acquisition or completion of construction and commencement of
</PAGE>

operation of any property including, but not limited to, any indebtedness incurred by the Company or a Restricted Subsidiary prior to, at the time of, or within 365 days after the later of the acquisition, the completion of construction (including any improvements on an existing property) or the commencement of commercial operation of such property, which indebtedness is incurred for the purpose of financing all or any part of the purchase price of such property or construction or improvements on such property, (ii) mortgages, pledges, liens, security interests or encumbrances (collectively referred to herein as "liens") on property existing at the time of acquisition thereof, whether or not assumed by the Company or a Restricted Subsidiary, (iii) liens on property or shares of capital stock or indebtedness of any corporation existing at the time such corporation becomes a Restricted Subsidiary, (iv) liens on property or shares of capital stock or indebtedness of a corporation existing at the time such corporation is merged into or consolidated with the Company or a Restricted Subsidiary or at the time of a sale, lease, or other disposition of the properties of a corporation or firm as an entirety or substantially as an entirety to the Company or a Restricted Subsidiary, provided that no such lien shall extend to any other Principal Property of the Company or such Restricted Subsidiary prior to such acquisition or to other Principal Property thereafter acquired other than additions to such acquired

property or other Principal Property which, together with such acquired property, is part of a single construction or development program, (v) liens on property of the Company or a Restricted Subsidiary in favor of the United States of America or any state thereof, or in favor of any other country, or any department, agency, instrumentality or political subdivision thereof, to secure certain payments pursuant to any contract or statute (including, without limitation, liens to secure indebtedness of the pollution control or industrial revenue type) or to secure indebtedness incurred for the purpose of financing all or any part of the purchase price for the cost of constructing or improving the property subject to such liens, (vi) liens on any property or assets of any Restricted Subsidiary to secure indebtedness owing by it to the Company or to another Restricted Subsidiary, or (vii) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any lien referred to in the foregoing clauses (i) to (vi) inclusive, provided that the principal amount of Secured Debt secured thereby does not exceed the principal amount of Secured Debt so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to the property which secured the lien so extended, renewed or replaced and additions or improvements to such property. This covenant also does not apply to production payments or overriding royalty payments with respect to the sale or other transfer of crude oil, natural gas or other hydrocarbons. (Section 1104)

Limitation on Sale and Leaseback Transactions

Sale and Leaseback Transactions (which are defined to include, among other things, certain leases of more than three years) by the Company or any Restricted Subsidiary of any Principal Property, completion of construction of which and commencement of full operation of which have occurred more than 365 days prior to such sale or transfer, will be prohibited unless either (a) the Company or such Restricted Subsidiary would be entitled to incur Secured Debt equal in amount to the amount realized or to be realized upon such sale or transfer secured by a lien on the property to be leased without equally and ratably securing the Debt Securities, or (b) an amount equal to the "value" (as defined) of the Principal Property so leased is applied (subject to credits for certain voluntary retirements of Debt Securities) to the retirement, within 120 days of the effective date of such arrangement, of indebtedness for borrowed money incurred or assumed by the Company or a Restricted Subsidiary which is recorded as Funded Debt as shown on the most recent consolidated balance sheet of the Company and which in

</PAGE>

the case of such indebtedness of the Company, is not subordinate and junior in right of payment to the prior payment of the Debt

Securities. (Sections 101 and 1105)

Exempted Indebtedness

Notwithstanding the limitations on liens and Sale and Leaseback Transactions described above, the Company and any one or more Restricted Subsidiaries may, without securing the Debt Securities, issue, assume or guarantee Secured Debt which would otherwise be subject to the foregoing restrictions, provided that, after giving effect thereto, the aggregate amount of such Secured Debt then outstanding (not including Secured Debt permitted under the foregoing exceptions) and the aggregate value of Sale and Leaseback Transactions (other than such transactions in connection with which indebtedness has been, or will be, retired in accordance with clause (b) of the preceding paragraph) at such time does not exceed 10% of Consolidated Net Tangible Assets. (Section 1104)

Consolidation or Merger

The Company, without the consent of the Holders of any of the Debt Securities under the Indenture, may consolidate with or merge into, or transfer or lease its assets substantially as an entirety to, any Person which is a corporation, partnership or trust organized and validly existing under the laws of any domestic jurisdiction, or may permit any such Person to consolidate with or merge into the Company or convey, transfer or lease its properties and assets substantially as an entirety to the Company, provided that any successor Person assumes the Company's obligations on the Debt Securities and under the Indenture, that after giving effect to the transaction (treating any indebtedness which becomes an obligation of the Company or any Subsidiary as a result of such transaction as having been incurred by the Company or such Subsidiary at the time of such transaction) no Event of Default, and no event which, after notice or lapse of time, would become an Event of Default, shall have occurred and be continuing, and that certain other conditions are met. (Sections 901 and 1104)

Events of Default; Notice

Any one of the following events will constitute an Event of Default under the Indenture with respect to Debt Securities of any series (unless such event is specifically inapplicable to a particular series as described in the Prospectus Supplement relating thereto): (i) default for 30 days in the payment of interest on any Debt Securities of such series, (ii) default in the payment of any principal of or premium, if any, on any Debt Securities of such series, (iii) default in the making or satisfaction of any sinking fund installment or analogous obligation, if any is required, on the Debt Securities of such series, (iv) default, for 90 days after notice to the Company, in

the performance of any other covenant in the Indenture in respect of the Debt Securities of such series, (v) default resulting in acceleration of maturity in connection with any other series of Debt Securities under the Indenture or other indebtedness of the Company, the aggregate principal amount of which exceeds \$5,000,000, not annulled within 30 days after notice to the Company from the Trustee or to the Company and to the Trustee from the Holders of at least 25% in principal amount of Debt Securities of such series, and (vi) certain events of bankruptcy, insolvency or reorganization. (Section 601) </PAGE>

The Indenture provides that if an Event of Default with respect to any series of Debt Securities shall happen and be continuing, the Trustee or the Holders of 25% in principal amount of Debt Securities of such series may declare the principal of all Debt Securities of such series to be due and payable. (Section 602)

The Indenture provides that the Trustee will, within 90 days after the occurrence of a default in respect of any series of Debt Securities known to it, give to Holders of Debt Securities of such series notice of such uncured default (as defined, not including any grace period) with respect to the Debt Securities of such series; but, except in the case of a default in the payment of principal of, premium, if any, or interest on, or any sinking fund installment or analogous obligation with respect to, any of the Debt Securities of such series, the Trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of such Holders of Debt Securities of such series. (Section 702)

The Indenture contains a provision entitling the Trustee, subject to the duty of the Trustee during default in respect of any series of Debt Securities to act with the required standard of care, to be indemnified by the Holders of Debt Securities of such series. (Sections 702 and 703) Subject to such right of indemnification, the Indenture provides that the Holders of a majority in principal amount of the Debt Securities of any series may direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee with respect to the Debt Securities of such series. (Section 612)

The Company will be required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Indenture. (Section 1106)

Modification and Waiver

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the Holders of not less than a

majority in aggregate principal amount of the Debt Securities of each series affected (all such Holders voting as a single class) (which Holders, in the case of a Global Security, shall be the Depositary appointed by the Company (herein referred to as the "Depositary") as the Holder of the Global Security (as defined below) which represents the Debt Securities), to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or modifying in any manner the rights of the Holders of Debt Securities of such series, provided that no such supplemental indenture shall, among other things, (i) change the fixed maturity of any Debt Securities or reduce the principal amount thereof, reduce the redemption premium thereon or reduce the rate or extend the time of payment of interest thereon, without the consent of the Holder of each Security so affected, or (ii) reduce the aforesaid percentage of the Debt Securities of any series, the consent of the Holders of which is required for any supplemental indenture or for any waiver of default under the Indenture with respect to the Debt Securities of such series, without the consent of the Holders of all the Debt Securities of each series so affected. (Section 1002)

The Holders of a majority in aggregate principal amount of the Debt Securities of any series may on behalf of all the Holders of the Debt Securities of such series waive compliance with certain covenants with respect to the Debt Securities of such series (Section 1107) or waive any past default with respect to the Debt Securities of such series except a default (i) in the payment of the principal of, premium, if
</PAGE>

any, or interest on any Debt Securities or in the payment of any sinking fund installment or analogous obligation, if any is required, or (ii) a default in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the Holder of each Debt Security of such series affected. (Section 613)

Global Securities

The provisions set forth below in this section headed "Global Securities" will apply to the Debt Securities of any series if the Prospectus Supplement relating to such series so indicates.

The Debt Securities of such series will be represented by one or more global securities (collectively, a "Global Security") registered in the name of a depositary (the "Depositary") or a nominee of the Depositary identified in the Prospectus Supplement relating to such series. Except as set forth below, a Global Security may be transferred, in whole and not in part, only to the Depositary or another nominee of the Depositary.

Upon the issuance of a Global Security, the Depositary will credit, on its book-entry registration and transfer system, the respective principal amounts of the Debt Securities represented by such Global Security to the accounts of institutions that have accounts with the Depositary or its nominee ("Participants"). The accounts to be credited will be designated by the underwriters, dealers or agents. Ownership of beneficial interests in a Global Security will be limited to Participants or persons that may hold interests through Participants. Ownership of interests in such Global Security will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by the Depositary (with respect to Participants' interests) and such Participants (with respect to the owners of beneficial interests in such Global Security). The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and laws may impair the ability to transfer beneficial interests in a Global Security.

So long as the Depositary, or its nominee, is the registered holder and owner of such Global Security, the Depositary or such nominee, as the case may be, will be considered the sole owner and holder of the related Debt Securities for all purposes of such Debt Securities and for all purposes under the Indenture. Except as set forth below or as otherwise provided in the applicable Prospectus Supplement, owners of beneficial interests in a Global Security will not be entitled to have the Debt Securities represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of Debt Securities in definitive form and will not be considered to be the owners or holders of any Debt Securities under the Indenture or such Global Security. (Section 305)

Accordingly, each person owning a beneficial interest in a Global Security must rely on the procedures of the Depositary and, if such person is not a Participant, on the procedures of the Participant through which such person owns its interest, to exercise any rights of a holder of Debt Securities under the Indenture or such Global Security. The Company understands that under existing industry practice, in the event the Company requests any action of holders of Debt Securities or an owner of beneficial interest in a Global Security desires to take any action that the Depositary, as holder of such Global Security is entitled to take, the Depositary would authorize the Participants to take such action, and that the Participants would authorize beneficial owners owning through such Participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them. </PAGE>

Payment of principal of and premium, if any, and interest, if any, on Debt Securities represented by a Global Security will be made to the Depository or its nominee, as the case may be, as the registered owner and holder of such Global Security.

The Company expects that the Depository, upon receipt of any payment of principal, premium, if any, or interest, if any, in respect of a Global Security, will credit immediately Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Security as shown on the records of the Depository. The Company expects that payments by Participants to owners of beneficial interests in a Global Security held through such Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participants. Neither the Company nor the Trustee nor any agent of the Company or the Trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in a Global Security for any Debt Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between the Depository and its Participants or the relationship between such Participants and the owners of beneficial interests in such Global Security owning through such Participants.

Unless and until it is exchanged in whole or in part for Debt Securities in definitive form, a Global Security may not be transferred except as a whole by the Depository to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository.

Unless otherwise provided in the applicable Prospectus Supplement, Debt Securities represented by a Global Security will be exchangeable for Debt Securities in definitive form of like tenor as such Global Security in denominations of \$1,000 and in any greater amount that is an integral multiple thereof if (i) the Depository notifies the Company that it is unwilling or unable to continue as Depository for such Global Security or if at any time the Depository ceases to be a clearing agency registered under the Exchange Act; (ii) the Company in its discretion at any time determines not to have all of the Debt securities represented by a Global Security and notifies the Trustee thereof; or (iii) an Event of Default has occurred and is continuing with respect to the Debt Securities. (Section 305) Any Debt Security that is exchangeable pursuant to the preceding sentence is exchangeable for Debt Securities issuable in authorized denominations and registered in such names as the Depository shall direct. Subject to the foregoing, a Global Security is not exchangeable, except

for a Global Security or Global Securities of the same aggregate denominations to be registered in the name of the Depositary or its nominee.

Defeasance

The Indenture provides that, if such provision is made applicable to the Debt Securities of any series pursuant to the provisions of the Indenture, the Company may elect (i) to defease and be discharged from any and all obligations in respect of such Debt Securities except for certain obligations to register the transfer or exchange of such Debt Securities, to replace temporary, destroyed, stolen, lost or mutilated Debt Securities, to maintain paying agencies and to hold monies for payment in trust ("Defeasance") or (ii) (A) to omit to comply with certain restrictive covenants in Sections 1104 and 1105 (the covenants described above under "Limitation of Liens" and "Limitation on Sale and Leaseback Transactions") and

</PAGE>

(B) to deem the occurrence of any event referred to in clauses (iv) with respect to Sections 1104 and 1105, (v) and (vi) under "Events of Default" above not to be or result in an Event of Default if, in each case with respect to the Debt Securities of any series as provided in Section 1302 on or after the date the conditions set forth in Section 1303 are satisfied ("Covenant Defeasance"); in either case upon the deposit with the Trustee (or other qualifying trustee), in trust, of money and/or U.S. Government Obligations, which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of and any premium and interest on the Debt Securities of such series on the respective stated maturities and any mandatory sinking fund payments or analogous payments on the days payable, in accordance with the terms of the Indenture and the Debt Securities of such series. The Prospectus Supplement relating to a series may further describe the provisions, if any, permitting such Defeasance or Covenant Defeasance with respect to the Debt Securities of a particular series. (Article Thirteen)

In the event the Company omits to comply with certain covenants of the Indenture with respect to the Debt Securities of any series as described above, and the Debt Securities of such series are declared due and payable because of the occurrence of an Event of Default, the amount of money and U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Debt Securities of such series at the time of their Maturity but may not be sufficient to pay amounts due on the Debt Securities of such series at the time of the acceleration resulting from such Event of Default. The Company shall, however, remain liable for such payments.

Such defeasance could be treated as a redemption of the Debt Securities of that series prior to maturity in exchange for the property deposited in trust. In such event, each holder would generally recognize, at the time of defeasance, gain or loss measured by the difference between the amount of any cash and the fair market value of any property deemed received and the holder's tax basis in the Debt Securities deemed surrendered. Thereafter, each holder would generally be subject to tax liability in respect of interest income and would recognize any gain or loss upon any disposition, including redemption, of the assets held in trust. Although tax might be owed, the holder of a defeased Debt Security would not receive cash (except for current payments of interest on the Debt Securities) until the maturity or earlier redemption of the Debt Securities. Such tax treatment could affect the purchase price that a holder would receive upon the sale of the Debt Securities.

Concerning the Trustee

Chemical Bank is the Trustee under the Indenture. The Trustee has from time to time made loans to the Company (including a current participation under the Company's three-year extendible revolving credit facility) and has performed other services for the Company in the normal course of its business and may provide such other services in the future. The Trustee may resign with respect to any series of the Debt Securities at any time, in which event the Company will be obligated to appoint a successor trustee. If the Trustee ceases to be eligible to continue as Trustee with respect to a series of Debt Securities or becomes incapable of acting as Trustee or becomes insolvent, the Company may remove such Trustee, or any Holder of the Debt Securities of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of such Trustee and the appointment of a successor trustee with respect to such series. Any resignation or removal of the Trustee with respect to a series of Debt Securities and appointment of a successor trustee for such

</PAGE>

Trust does not become effective until acceptance of the appointment by the successor trustee. (Section 710) Pursuant to such resignation and successor trustee provisions, it is possible that a different trustee could be appointed to act as a successor trustee with respect to each series of Debt Securities. All references in this Prospectus to the Trustee should be read to take into account the possibility that each series of Debt Securities could have different successor trustees in the event of such a resignation or removal.

DESCRIPTION OF CAPITAL STOCK

The Company may issue, separately or together with or upon the conversion of or exchange for other Securities, Common Stock and Preferred Stock, all as set forth in the accompanying Prospectus Supplement relating to the Common Stock or Preferred Stock in respect of which this Prospectus is being delivered. The following summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the following documents: (i) the Company's Certificate of Incorporation, as amended (the "Certificate"), (ii) the Company's bylaws, as amended (the "Bylaws"), and (iii) an Amendment and Restatement dated as of August 8, 1989 of a Rights Agreement dated as of March 4, 1986 between the Company and First Chicago Trust Company of New York, as Rights Agent (the "Rights Agreement"). A copy of each of the Certificate, the Bylaws and Rights Agreement is filed as an exhibit to the Registration Statement.

The Company's authorized capital stock consists of 120,000,000 shares of common stock, par value \$2.50 per share, and 20,000,000 shares of preferred stock, par value \$1.00 per share, of which 800,000 shares have been designated as Series A Junior Participating Preferred Stock (the "Series A Preferred Stock") and 3,945,000 have been designated as Convertible Voting Preferred Stock, Series C (the "Series C Preferred Stock").

At the close of business on March 1, 1994, there were 37,786,859 shares of Common Stock outstanding, including approximately 1,812,186 shares held by LaSalle National Trust, N.A. in its capacity as trustee (the "ESOP Trustee") of the CBI Salaried Employee Stock Ownership Plan (1987) (the "ESOP"), but not including (i) employee options to purchase an aggregate of 1,114,850 shares of Common Stock (of which options to purchase an aggregate of 894,550 shares of Common Stock were currently exercisable); (ii) 55,000 shares of Common Stock reserved under the CBI Restricted Stock Plan 1989; and (iii) 521,833 shares of Common Stock reserved for the CBI Employee Stock Purchase and Savings Plan (1992).

Common Stock

All outstanding shares of Common Stock are, and any shares of Common Stock sold hereunder will be, fully paid and nonassessable. Each holder of Common Stock is entitled to one vote per share held of record on all matters submitted to the stockholders for action. A vote by the holders of a majority of shares present at a meeting at which a quorum is present is necessary to take action, except for certain extraordinary corporate actions which require the vote of two-thirds of all outstanding shares entitled to vote thereon (or a majority of such outstanding shares if the extraordinary action is recommended by the Board of Directors). In addition, pursuant to a "fair price" provision in the Company's Certificate

of Incorporation, certain business combinations involving the Company and any holder of more than 10% of the outstanding voting stock must be approved by the holders of 80% of the outstanding voting stock, unless approved by a majority of continuing directors or certain minimum price </PAGE>

and procedural requirements are met. Any action required or permitted to be taken by stockholders may be taken only at a stockholders' meeting and not by written consent.

There are no cumulative voting rights in the election of directors to the Company's Board of Directors, which is divided into three classes, with members of each class serving a three-year term. Under the Company's By-Laws, written notice of any stockholder nomination of an individual for election as director must be received by the Secretary of the Company not less than 60 days prior to the first anniversary of the last meeting of stockholders called for the election of directors, and such notice must set forth certain specified information concerning the nominee.

Subject to the preferences applicable to any series of Preferred Stock described herein, holders of Common Stock are entitled to dividends when and as declared by the Board of Directors from funds legally available therefor and are entitled, in the event of liquidation, to share ratably in all assets remaining after the payment of liabilities. The Common Stock is neither redeemable nor convertible, and the holders thereof have no pre-emptive or subscription rights to purchase any securities of the Company.

The Company is the transfer agent for the Common Stock.

Preferred Stock

Under the Certificate of Incorporation, the Board of Directors is authorized, without further action of the stockholders, to provide for the issuance, and to fix the number, of shares of Preferred Stock, in one or more additional series, with such voting powers and with such designations, preferences, and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof as shall be set forth in resolutions providing for the issue thereof adopted by the Board of Directors or a duly authorized committee thereof.

Reference is made to the Prospectus Supplement which accompanies this Prospectus for the following terms and other information with respect to any series of Preferred Stock in respect of which this Prospectus is being delivered: (1) the specific title and stated value and the number of shares offered; (2) the price at which such offered shares shall be issued; (3)

dividend rate (or method of calculation thereof); (4) dates on which dividends shall be payable; (5) whether such dividends shall be cumulative and if cumulative, the date from which dividends shall commence to cumulate; (6) liquidation preferences; (7) the terms of any mandatory or optional redemption (including any sinking fund) provisions and the terms and conditions of any such redemption; (8) whether such Preferred Stock will be convertible into or exchangeable for Common Stock or other securities of the Company, and the terms and conditions of any such conversions or exchanges; (9) voting rights; (10) the securities exchange, if any, on which the Preferred Stock will be listed; and (11) any other preferences, privileges, limitations and restrictions with respect to such series of Preferred Stock.

No holder of Preferred Stock, solely by virtue of such holdings, has or will have any pre-emptive right to subscribe for or purchase any shares of any class or series of stock which is now or may hereafter be authorized or issued. All of the outstanding shares of Preferred Stock of the Company are, and shares sold hereby will be, fully paid and non-assessable.
</PAGE>

Unless otherwise specified in the applicable Prospectus Supplement, upon any liquidation, dissolution or winding up of the Company whether voluntary or involuntary, the holders of any series of Preferred Stock in respect of which this Prospectus is being delivered will have preference and priority over the Common Stock and any other class or series of stock of the Company ranking on liquidation junior to such series of Preferred Stock, for payment out of the assets of the Company or proceeds thereof, whether from capital or surplus, in the amount set forth in the applicable Prospectus Supplement. After such payment, the holders of such series of Preferred Stock will be entitled to no other payments unless otherwise provided in the applicable Prospectus Supplement. If, in the case of any such liquidation, dissolution or winding up of the Company, the assets of the Company or proceeds thereof shall be insufficient to make the full liquidation payment in respect of such series of Preferred Stock and liquidating payments on any other series of Preferred Stock ranking as to liquidation on a parity with such series, then those assets and proceeds will be distributed among the holders of such series of Preferred Stock and any such other series of Preferred Stock ratably in accordance with the respective amounts which would be payable on such shares of such series of Preferred Stock and such other series of Preferred Stock if all amounts thereon were paid in full. A sale of all or substantially all of the Company's assets or a consolidation or merger of the Company with one or more corporations shall not be deemed to be a liquidation, dissolution or winding up of the Company unless otherwise provided in the applicable Prospectus Supplement.

The Preferred Stock may be issued in the form of global Preferred Stock Certificates, registered in the name of a depository or its nominee. If global Preferred Stock Certificates are issued, holders will not be entitled to receive definitive certificates representing shares of Preferred Stock. In such instance, a holder's ownership of Preferred Stock will be recorded on or through the records of the brokerage firm or other entity that maintains such holder's account. In turn, the total number of shares of Preferred Stock held by an individual brokerage firm for its clients will be maintained on the records of the depository in the name of such brokerage firm or its agent. Transfer of ownership of any shares of Preferred Stock represented by a global Preferred Stock Certificate will be effected only through the selling holder's brokerage firm.

Unless otherwise specified in the applicable Prospectus Supplement, the series of Preferred Stock in respect of which this Prospectus is being delivered will rank as to dividends and upon liquidation on a parity with the Series C Preferred Stock and senior to the Series A Junior Participating Preferred Stock.

Series A Preferred Stock Purchase Rights and Series A Preferred Stock

On March 4, 1986, the Board of Directors of the Company declared a dividend distribution of one preferred stock purchase right ("Right"), for each share of Common Stock outstanding on March 18, 1986 and for each share of Common Stock issued thereafter until the Distribution Date (as defined below) and, in certain circumstances, for shares issued after such date. Each Right entitles the registered holder to purchase from the Company one one-hundredth (1/100) of a share of Series A Preferred Stock at a Purchase Price of \$50.00 (the "Purchase Price"). The terms and conditions of the rights are contained in an Amendment and Restatement dated as of August 8, 1989 of a Rights Agreement dated as of March 4, 1986 between the Company and First Chicago Trust Company of New York, as Rights Agent (the "Rights Agreement").

</PAGE>

As discussed below, until the occurrence of certain events, initially the Rights will not be exercisable, certificates for the Rights will not be issued, and the Rights will automatically trade with the Common Stock.

Until the close of business on the Distribution Date, which will occur on the earlier of (i) the tenth day following the date of a public announcement that a person or group of affiliated or associated persons ("Acquiring Person") has acquired, or obtained the right to acquire, beneficial ownership of 20% or more of the outstanding Common Stock (the "Stock Acquisition Date") or (ii) the tenth business day (or such later date as may be determined by the

Board of Directors prior to any person becoming an Acquiring Person) after the commencement of a tender or exchange offer by a Person (as defined in the Rights Agreement) which could result in the ownership by such Person of 20% or more of the outstanding Common Stock, the Rights will be represented by and transferred only with the Common Stock. Until the Distribution Date, new certificates issued for Common Stock will contain a legend incorporating the Rights Agreement by reference, and the surrender for transfer of any of the Common Stock certificates will also constitute the transfer of the Rights associated with the Common Stock represented by those certificates. As soon as practicable following the Distribution Date, separate Rights Certificates will be mailed to holders of record of Common Stock at the close of business on the Distribution Date, and thereafter the Rights Certificates alone will evidence the Rights.

The Rights are not exercisable until the Distribution Date. The Rights will expire at the close of business on March 18, 1996, unless redeemed or exchanged earlier as described below.

Currently, there are no shares of Series A Preferred Stock issued or outstanding. The Series A Preferred Stock will be nonredeemable and, unless otherwise provided in connection with the creation of a subsequent series of Preferred Stock, subordinate to all other series of the Preferred Stock. Each share of Series A Preferred Stock will be entitled to receive, when, as and if declared, a quarterly dividend in an amount equal to the greater of \$10.00 per share or 100 times the quarterly cash dividend declared on the Common Stock. In addition, the Series A Preferred Stock is entitled to 100 times any non-cash dividends (other than dividends payable in Common Stock) declared on the Common Stock, in like kind. In the event of liquidation, the holders of Series A Preferred Stock will be entitled to receive a liquidation payment in an amount equal to the greater of \$50.00 per share or 100 times the liquidation payment made per share of Common Stock. Each share of Series A Preferred Stock will have 100 votes, voting together with the Common Stock and not as a separate class (except during a dividend default period (occurring when dividends equal to six quarterly dividends are in arrears), during which there will be a right to elect two directors voting as a class), unless otherwise required by law or by the Company's Certificate of Incorporation. In the event of any merger, consolidation or other transaction in which shares of Common Stock are exchanged or changed, each share of Series A Preferred Stock will be entitled to receive 100 times the amount received per share of Common Stock. The rights of the Series A Preferred Stock as to dividends, voting rights and liquidation are protected by antidilution provisions.

If (i) any Person becomes an Acquiring Person other than pursuant to a tender or exchange offer for all outstanding shares

of Common Stock that the Board of Directors, taking into account the long-term value of the Company and all other factors that the Board considers relevant, determines to be at a price and on terms that are fair to the holders of Common Stock (a "Permitted Tender Offer"), or (ii) during

</PAGE>

such time as there is an Acquiring Person, there shall be a reclassification of securities, recapitalization, reorganization or other transaction involving the Company which increases the proportionate equity share of the Acquiring Person, then in either such event each holder of a Right, other than the Acquiring Person, upon exercise of the Right and payment of the Purchase Price, will have the right to receive, in lieu of Series A Preferred Stock, a number of shares of Common Stock ("Adjustment Shares") having a value, based upon the market price during the period immediately preceding such event, equal to twice the Purchase Price. To the extent that insufficient shares of Common Stock are available for the exercise in full of the Rights, holders of Rights will receive upon exercise shares of Common Stock to the extent available and then cash, property or other securities of the Company (which may be accompanied by a reduction in the Purchase Price), in proportions determined by the Company, so that the aggregate value received is equal to the value of the Adjustment Shares. The Board of Directors may, at its option up to the time an Acquiring Person beneficially owns 50% or more of the outstanding Common Stock, exchange all or part of the then outstanding and exercisable Rights for Common Stock, at an exchange rate of one share of Common Stock per Right, subject to adjustment. Rights are not exercisable following the acquisition of shares of Common Stock by an Acquiring Person as referred to in clause (i) of this paragraph until the expiration of the period during which the Rights may be redeemed as described below. Notwithstanding the foregoing, after an event described in clause (i) or (ii) of this paragraph, Rights that are (or, under certain circumstances, Rights that were) beneficially owned by the Acquiring Person will be null and void.

If, after any Person becomes an Acquiring Person, unless the Rights are redeemed earlier, (i) the Company is a party to a merger or other business combination in which any shares of the Common Stock are changed into or exchanged for other securities or assets or (ii) more than 50% of the assets or earning power of the Company and its subsidiaries (taken as a whole) are sold or transferred in one or more transactions, proper provision shall be made so that each holder of record of a Right will from and after that time have the right to receive, upon exercise of the Right and payment of the Purchase Price, that number of shares of common stock of the principal third party to the transaction which is equal to the Purchase Price divided by one-half of the average market price of a share of such party's common stock during the

period immediately preceding such transaction.

At any time until twenty days following the Stock Acquisition Date, the Board of Directors may cause the Company to redeem the Rights in whole, but not in part, at a price of \$.05 per Right, subject to adjustment ("the Redemption Price"). Upon the action of the Board of Directors authorizing redemption of the Rights, the right to exercise the Rights will terminate, and the holders of Rights will only be entitled to receive the Redemption Price.

The terms of the Rights may be amended by the Board of Directors, but (following the Distribution Date) no amendment may adversely affect the interests of the holders of Rights. Until a Right is exercised, the holder, as such, will have no rights as a stockholder of the Company, including without limitation, the right to vote or to receive dividends.

Series C Preferred Stock

All outstanding shares of the Series C Preferred Stock are held by the ESOP Trustee. The Series C Preferred Stock has a liquidation preference over the Common Stock and the Series A Preferred Stock of \$32.40 per share (plus accrued and unpaid dividends), pays cumulative dividends semi-annually in the amount of \$2.27 per share per annum and is convertible, either at the option of the holder or

</PAGE>

automatically in the event such Series C Preferred Stock is no longer held by the ESOP Trustee, into one and one-half shares of Common Stock per share of Series C Preferred Stock, subject to antidilution adjustment under certain circumstances. Holders of the Series C Preferred Stock are entitled to vote on all matters upon which holders of the Common Stock are entitled to vote, based on the number of shares of Common Stock into which the Series C Preferred Stock could be converted on the record date. Participants in the ESOP confidentially direct the ESOP Trustee as to how any Stock allocated to their accounts shall be voted. The ESOP Trustee exercises its discretion to vote shares, both allocated and unallocated, for which no directions are received. In the event of a tender offer for any Common Stock or Series C Preferred Stock ("Stock") held by the ESOP, each participant is to instruct the ESOP Trustee regarding Stock allocated to his account. Stock which has not been allocated will be dealt with by the ESOP Trustee in proportion to the directions received (or not received) for the allocated Stock. In the event of a business combination, as defined, the ESOP terminates and the ESOP assets are used first to repay a loan obligation of the ESOP and then allocated pro rata among the participants.

If at any time dividends payable on any of the Preferred

Stock entitled to receive cumulative preferred dividends are in arrears and unpaid in an amount equal to the amount of dividends payable thereon for six quarterly dividend periods, the number of members of the Board of Directors shall increase by two and the holders of the Preferred Stock, voting separately as a class, shall have the exclusive right to elect such two directors. In addition, the vote of a majority of the outstanding shares of Series C Preferred Stock, voting separately as a series, is required before certain rights of the Series C Preferred Stock may be adversely affected. The Series C Preferred Stock may be redeemed by the Company, in whole or in part, at the Company's option, commencing May 1, 1990, at a price equal initially to 105% of the purchase price, or \$34.02 per share, declining by 1% each year until May 1, 1995, at and after which date the redemption price will be equal to the purchase price of \$32.40 per share, plus in each case, an amount equal to all dividends accrued and unpaid on such share to the date fixed for redemption.

Delaware Law and Certain Charter and Bylaw Provisions

The Company is subject to the provisions of Section 203 of the General Corporation Law of the State of Delaware. In general, the statute prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date that the person became an interested stockholder unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale or other transaction resulting in a financial benefit to an interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years prior, did own) 15% or more of the corporation's voting stock.

The Certificate of Incorporation, as amended, and the Bylaws, as amended, also include provisions which could be utilized to make more difficult, and possibly discourage, attempts to acquire control of the company. These provisions include, without limitations, a "classified board" (election of approximately one-third of the directors at each annual meeting), the authorized but unissued shares of Preferred Stock, "fair price" provisions relating to certain proposed business combinations between the Company and an "Interested Stockholder" (i.e., the beneficial owner of 10% or more of the company

</PAGE>

voting stock). Any action required or permitted to be taken by stockholders may be taken only at a stockholders' meeting and not by written consent. Written notice of any stockholder nomination

of an individual for election as director must be received by the Secretary of the Company not less than 60 days prior to the first anniversary of the last meeting of stockholders called for the election of directors, and such notice must set forth certain specified information concerning the nominee.

PLAN OF DISTRIBUTION

General

The Company may sell the Securities (i) through underwriters or dealers; (ii) directly to one or more other purchasers; (iii) through agents; (iv) to both investors and/or dealers through a specific bidding or auction process or otherwise; or (v) through a combination of such methods of sale. The Prospectus Supplement with respect to the Securities will set forth the terms of the offering of such Securities, including the name or names of any underwriters, dealers or agents, the purchase price of such Securities and the proceeds to the Company from such sale, any underwriting discounts and other items constituting underwriters' compensation, any initial public offering price and any discounts, commissions or concessions allowed or reallocated or paid to dealers, and any bidding or auction process. Any initial offering price and any discounts, concessions or commissions allowed or reallocated or paid to dealers may be changed from time to time.

If underwriters are used in an offering, the Securities will be acquired by the underwriters for their own account. The Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more of such firms. The specific managing underwriter or underwriters, if any, will be set forth in the Prospectus Supplement relating to the Securities together with the members of the underwriting syndicate, if any. Unless otherwise set forth in the Prospectus Supplement, the obligations of the underwriters to purchase the Securities will be subject to certain conditions precedent and the underwriters will be obligated to purchase all such Securities if any are purchased.

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

The Securities may be sold from time to time in one or more transactions, at a fixed price, at varying prices determined at the time of sale, at market prices prevailing at the time of sale,

at prices related to such prevailing market prices or at negotiated prices. The Company may also offer and sell the Securities in exchange for one or more of its outstanding issues of debt securities or preferred stock.

Any underwriters, dealers, or agents participating in the distribution of the Securities may be deemed to be underwriters and any discounts or commissions received by them on the sale or resale of the Securities may be deemed to be underwriting discounts and commissions under the Securities Act of 1933, as amended (the "Securities Act"). Underwriters, dealers or agents may be entitled, under agreements entered into with the Company, to indemnification by the Company, against certain liabilities, </PAGE>

including liabilities under the Securities Act, and to contribution with respect to payments which the underwriters, dealers or agents may be required to make in respect thereof. Underwriters, dealers and agents may engage in transactions with or perform services for the Company in the ordinary course of business.

The Securities, other than the Common Stock, will be a new issue or issues of securities with no established trading market. The Common Stock is listed, and the Company may apply for the listing of any Preferred Stock, on the New York Stock Exchange. No assurance can be given that the underwriters, dealers or agents, if any, involved in the sale of the Securities will make a market in such Securities. Whether or not any of the Securities are listed on a national securities exchange or the underwriters, dealers or agents, if any, involved in the sale of the Securities make a market in such Securities, no assurance can be given as to the liquidity of the trading market for such Securities.

If so indicated in the Prospectus Supplement, the Company will authorize underwriters or other persons acting as the Company's agents to solicit offers by certain institutions to purchase Securities from the Company pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases will be subject to the approval of the Company. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of the Securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such agents will not have any responsibility in respect of the validity or performance of such contracts.

Offers to purchase Securities may be solicited directly by

the Company and sales thereof may be made by the Company directly to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale thereof. The terms of any such sales will be described in the Prospectus Supplement relating thereto. Except as set forth in the applicable Prospectus Supplement, no director, officer or employee of the Company or its subsidiaries will solicit or receive a commission in connection with direct sales by the Company of the Securities, although such persons may respond to inquiries by potential purchasers and perform ministerial and clerical work in connection with any such direct sales.

EXPERTS

The Annual Report on Form 10-K for the fiscal year ended December 31, 1993 of the Company incorporated by reference in this prospectus and elsewhere in the registration statement has been audited by Arthur Andersen & Co., independent public accounts, as indicated in their reports with respect thereto, and is included herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports. Reference is made to said reports, which call attention to 1992 changes in accounting principles with respect to the methods of accounting for income taxes and for postretirement benefits other than pensions.

</PAGE>

VALIDITY OF SECURITIES

The validity of the Securities offered hereby will be passed upon for the Company by Charles O. Ziemer, Esq., General Counsel of the Company, and will be passed upon for any underwriter, dealer or agent by Mayer, Brown & Platt, Chicago, Illinois. As of March 1, 1994, Mr. Ziemer beneficially owned 25,421 shares of Common Stock. The opinions of Mr. Ziemer and Mayer, Brown & Platt with respect to certain series of Securities may be subject to certain conditions and assumptions, as indicated in the Prospectus Supplement describing such series. Mayer, Brown & Platt is currently representing the Company in certain legal matters.

</PAGE>

No dealer, salesman or other person has been authorized to give any information or to make any representation not contained in this Prospectus Supplement or the accompanying Prospectus and, if U.S. \$100,000,000 given or made, such information or representation must not be relied upon as having been authorized by the Issuer, by the Agents or by any other person.

This Prospectus Supplement and the accompanying Prospectus do not constitute an offer to sell or a solicitation of any offer to buy any of the INC.

CBI INDUSTRIES,

securities offered hereby to any person or by anyone in any state in which such offer or solicitation may not lawfully be made. Neither the delivery of this Prospectus Supplement or any Prospectus nor any sale made hereunder or thereunder shall, under any circumstances, create any implication that there had been no change in the affairs of the Issuer since the date hereof.

Medium-Term Notes,
Series A

TABLE OF CONTENTS

	Page
Prospectus Supplement	
The Company.....	S-4
Description of Notes.....	S-4
Important Currency Information.....	S-24
Currency Risks.....	S-25
Certain United States Federal Income Tax Consequences.....	S-27
Supplemental Plan of Distribution.....	S-33
Prospectus	
Available Information.....	2
Documents Incorporated by Reference.....	2
The Company.....	3
Use of Proceeds.....	3
Selected Ratios.....	3
Description of Debt Securities.....	4
Description of Capital Stock	14
Plan of Distribution.....	20
Experts.....	21
Validity of Securities.....	21

With Maturities of Nine
Months or More from
Date of Issue

PROSPECTUS
DATED MARCH 25, 1994
AND
PROSPECTUS SUPPLEMENT
DATED APRIL 19, 1994

Lehman Brothers

Merrill Lynch & Co.

Salomon Brothers Inc

</PAGE>