

PROSPECTUS SUPPLEMENT  
(To Prospectus dated June 7, 1996)

\$400,000,000 LOGO

Texas Instruments Incorporated  
\$200,000,000 6 3/4% NOTES DUE 1999  
\$200,000,000 6 7/8% NOTES DUE 2000

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Interest payable January 15 and July 15  
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THE 6 3/4% NOTES DUE 1999 WILL MATURE ON JULY 15, 1999 AND THE 6 7/8% NOTES DUE 2000 (TOGETHER WITH THE 6 3/4% NOTES DUE 1999, THE "NOTES") WILL MATURE ON JULY 15, 2000. THE NOTES WILL NOT BE REDEEMABLE PRIOR TO THEIR RESPECTIVE MATURITIES AND WILL NOT BE SUBJECT TO ANY SINKING FUND. THE NOTES WILL BE REPRESENTED BY REGISTERED GLOBAL SECURITIES REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS NOMINEE. BENEFICIAL INTERESTS IN THE REGISTERED GLOBAL SECURITIES WILL BE SHOWN ON, AND TRANSFERS THEREOF WILL BE EFFECTED THROUGH, RECORDS MAINTAINED BY DTC OR ITS PARTICIPANTS. EXCEPT AS DESCRIBED HEREIN, NOTES IN DEFINITIVE FORM WILL NOT BE ISSUED. SEE "DESCRIPTION OF THE NOTES."

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.  
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6 3/4% NOTES DUE 1999 -- PRICE 99.851% AND ACCRUED INTEREST  
6 7/8% NOTES DUE 2000 -- PRICE 99.798% AND ACCRUED INTEREST  
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	PRICE TO PUBLIC(1)	UNDERWRITING DISCOUNTS AND COMMISSIONS(2)	PROCEEDS TO COMPANY(1)(3)
Per 6 3/4% Note Due 1999.....	99.851%	.350%	99.501%
Total.....	\$199,702,000	\$700,000	\$199,002,000
Per 6 7/8% Note Due 2000.....	99.798%	.450%	99.348%
Total.....	\$199,596,000	\$900,000	\$198,696,000

- (1) Plus accrued interest from July 15, 1996.  
(2) The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.  
(3) Before deducting expenses of the Company estimated to be \$450,000.  
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The Notes are offered, subject to prior sale, when, as and if accepted by the Underwriters named herein, and subject to approval of certain legal matters by Davis Polk & Wardwell, counsel for the Underwriters. It is expected that delivery of the Notes will be made on or about July 26, 1996, through the book-entry facilities of The Depository Trust Company against payment therefor in immediately available funds.  
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MORGAN STANLEY & CO.  
Incorporated

CITICORP SECURITIES, INC.

GOLDMAN, SACHS & CO.

July 24, 1996

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

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 USE OF PROCEEDS

The net proceeds received by the Company from the sale of the Notes offered hereby will be added to the Company's general funds and used for general corporate purposes, including repayment of interim indebtedness of \$340 million incurred in connection with the acquisition on July 9, 1996 of Silicon Systems, Inc., a supplier of components to the mass storage industry.

RATIO OF EARNINGS TO FIXED CHARGES

The following table shows the ratio of earnings to fixed charges for each of the years ended December 31, 1991 through 1995 and for the six months ended June 30, 1996.

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30, 1996
	1991	1992	1993	1994	1995	
Ratio of earnings to fixed charges(1).....	(2)	4.8x	8.5x	11.6x	15.6x	6.1x

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 (1) For the purpose of computing the ratio of earnings to fixed charges, "earnings" consist of income (loss) before provision for income taxes, interest expense, amortization of capitalized interest and that portion of rental and lease expense which is representative of interest; and "fixed charges" consist of interest incurred (expensed and capitalized) and that portion of rental and lease expense which is representative of interest.

(2) Not meaningful because of losses for 1991. The coverage deficiency (amount by which "fixed charges" exceed "earnings") for 1991 was \$309 million.

DESCRIPTION OF THE NOTES

GENERAL

The 6 3/4% Notes Due 1999 and the 6 7/8% Notes Due 2000 each constitute a series ("Series") of Debt Securities described in the accompanying Prospectus.

Each Series of Notes will bear interest from July 15, 1996 at the related rate of interest stated on the cover page of this Prospectus Supplement. Each Series of Notes will be limited to \$200,000,000 aggregate principal amount. The 6 3/4% Notes Due 1999 will mature on July 15, 1999 and the 6 7/8% Notes Due 2000 will mature on July 15, 2000.

Interest will be payable semiannually on January 15 and July 15 to the persons in whose names the Notes are registered at the close of business on the January 1 or July 1 preceding such January 15 or July 15, as the case may be, and unless other arrangements are made, will be paid by checks mailed to such persons at their registered addresses. All payments of principal and interest will be payable in U.S. dollars.

The Notes are not redeemable prior to maturity and are not subject to any sinking fund provisions.

DEFEASANCE AND DISCHARGE

The defeasance provision summarized in the accompanying Prospectus will not apply to the Notes.

## BOOK-ENTRY SYSTEM

Each Series of Notes initially will be represented by one or more registered global securities (the "Registered Global Securities") deposited with DTC and registered in the name of the nominee of DTC. Except as set forth below, each Series of Notes will be available for purchase in denominations of \$1,000 and integral multiples thereof in book-entry form only. The term "Depository" refers to DTC or any successor depository.

DTC has advised the Company and the Underwriters named herein as follows: DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC was created to hold securities of its participating organizations ("DTC Participants") and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of the Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers (including the Underwriters), brokers, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("Indirect DTC Participants").

Unless and until the Registered Global Securities are exchanged in whole or in part for individual certificates evidencing the Notes represented thereby, such Registered Global Securities may not be transferred except as a whole by the Depository for such Registered Global Securities to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository or by the Depository or any nominee of such Depository to a successor Depository or any nominee of such successor Depository.

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 the Notes represented by such Registered Global Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Settlement for the Notes will be made by the Underwriters in immediately available or same-day funds. Secondary trading on long-term notes of corporate issuers is generally settled in clearinghouse or next-day funds. In contrast, the Notes will trade in the Depository's Same-Day Funds Settlement System until maturity, and secondary market trading activity in the Notes will therefore be required by the Depository to settle in same-day funds. No assurance can be given as to the effect, if any, of settlement in same-day funds on trading activity in the Notes.

## UNDERWRITERS

Under the terms and subject to the conditions contained in an Underwriting Agreement dated the date hereof, the Underwriters named below have severally agreed to purchase, and the Company has agreed to sell to them, severally, the respective principal amounts of Notes set forth opposite their respective names below:

NAME	PRINCIPAL AMOUNT	
	6 3/4% NOTES DUE 1999	6 7/8% NOTES DUE 2000
Morgan Stanley & Co. Incorporated.....	\$ 68,000,000	\$ 68,000,000
Citicorp Securities, Inc.....	66,000,000	66,000,000
Goldman, Sachs & Co.....	66,000,000	66,000,000
Total.....	\$200,000,000 =====	\$200,000,000 =====

The Underwriting Agreement provides that the obligations of the several Underwriters to pay for and accept delivery of the Notes are subject to the

approval of certain legal matters by their counsel and to certain other conditions. The Underwriters are committed to take and pay for all of each Series of Notes if any are taken.

The Company has been advised by the Underwriters that they propose to offer part of the 6 3/4% Notes Due 1999 directly to the public at the public offering price set forth on the cover page of this Prospectus Supplement and part to certain dealers at a price that represents a concession not in excess of .20% of the principal amount under the public offering price. Any Underwriter may allow, and such dealers may reallow, a concession not in excess of .075% of the principal amount to certain other dealers. After the initial offering of the 6 3/4% Notes Due 1999, the offering price and other selling terms may from time to time be varied by the Underwriters.

The Company has been advised by the Underwriters that they propose to offer part of the 6 7/8% Notes Due 2000 directly to the public at the public offering price set forth on the cover page of this Prospectus Supplement and part to certain dealers at a price that represents a concession not in excess of .25% of the principal amount under the public offering price. Any Underwriter may allow, and such dealers may reallow, a concession not in excess of .075% of the principal amount to certain other dealers. After the initial offering of the 6 7/8% Notes Due 2000, the offering price and other selling terms may from time to time be varied by the Underwriters.

The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933. Certain of the Underwriters or their affiliates have provided from time to time, and expect to provide in the future, investment or commercial banking services to the Company and its affiliates, for which such Underwriters or their affiliates have received and will receive customary fees and commissions. The Underwriters have agreed to pay or reimburse certain expenses of the Company relating to the offering of the Notes.

The Company does not intend to apply for listing of the Notes on a national securities exchange, but has been advised by the Underwriters that they presently intend to make a market in the Notes, as permitted by applicable laws and regulations. The Underwriters are not obligated, however, to make a market in the Notes and any such market making may be discontinued at any time at the sole discretion of the Underwriters. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes.

TEXAS INSTRUMENTS INCORPORATED

DEBT SECURITIES  
PREFERRED STOCK  
COMMON STOCK

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Texas Instruments Incorporated (the "Company") may from time to time offer, together or separately, its (i) debt securities (the "Debt Securities"), (ii) shares of preferred stock, par value \$25.00 per share (the "Preferred Stock"), which may be issued in the form of Depositary Shares (as defined below) evidenced by Depositary Receipts (as defined below), and (iii) shares of common stock, par value \$1.00 per share (the "Common Stock"). The Debt Securities and Preferred Stock may be convertible into Common Stock of the Company.

The Debt Securities, Preferred Stock and Common Stock are collectively called the "Securities." The Securities offered pursuant to this Prospectus may be issued in one or more series or issuances and will be limited to the initial public offering price of \$500,000,000 (or its equivalent in one or more foreign currencies, currency units or composite currencies). Specific terms of the securities in respect of which this Prospectus is being delivered ("Offered Securities") will be set forth in an accompanying Prospectus Supplement ("Prospectus Supplement"), together with the terms of the offering of the Offered Securities, the initial price thereof and the net proceeds from the sale thereof. The Prospectus Supplement will set forth with regard to the particular Offered Securities, without limitation, the following: (i) in the case of the Debt Securities, the specific designation, aggregate principal amount, authorized denomination, maturity, rate (which may be fixed or variable) or method of calculation of interest and dates for payment thereof, and any exchangeability, conversion, redemption, prepayment or sinking fund provisions and any listing on a securities exchange, (ii) in the case of Preferred Stock, the designation, number of shares or fractional interests therein, liquidation preference per security, initial public offering price, dividend rate (or method of calculation thereof), dates on which dividends shall be payable and dates from which dividends shall accrue, any voting rights, any redemption, conversion or exchange provisions, any other rights, preferences, privileges, limitations, and restrictions relating to the Preferred Stock, and any listing on a securities exchange, and (iii) in the case of Common Stock, the number of shares offered, the initial offering price, market price and dividend information.

The Offered Securities may be offered directly, through agents designated from time to time, through dealers, through underwriters or through remarketing firms. Such agents or underwriters may act alone or with other agents or underwriters. See "Plan of Distribution." Any such agents, dealers, underwriters or remarketing firms will be set forth in a Prospectus Supplement. If an agent of the Company or a dealer, underwriter or remarketing firm is involved in the offering of the Offered Securities, the agent's commission, dealer's purchase price, underwriter's discount, remarketing firm's compensation and net proceeds to the Company will be set forth in, or may be calculated from, the Prospectus Supplement. Any underwriters, dealers, agents or remarketing firms participating in the offering may be deemed "underwriters" within the meaning of the Securities Act of 1933.

The Debt Securities, when issued, will be unsecured and will rank on a parity with any other unsecured and unsubordinated indebtedness of the Company. As of March 31, 1996, the total amount of such unsecured and unsubordinated indebtedness of the Company was \$896,000,000. The Prospectus Supplement will set forth the amount of any indebtedness that is senior to the Debt Securities.

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

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The date of this Prospectus is June 7, 1996.

IN CONNECTION WITH AN OFFERING, THE UNDERWRITERS FOR SUCH OFFERING MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE OFFERED SECURITIES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NO DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR BY ANY UNDERWRITER, AGENT, DEALER OR REMARKETING FIRM. THIS PROSPECTUS AND ANY PROSPECTUS SUPPLEMENT SHALL NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROSPECTUS AND ANY PROSPECTUS SUPPLEMENT NOR ANY SALE MADE THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION THEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE THEREOF.

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AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). The registration statement of which this Prospectus forms a part, as well as 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., Washington, D.C. 20549, 7 World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained at prescribed rates from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. The Company's Common Stock is listed on the New York Stock Exchange and reports and other information herein and therein concerning the Company can also be inspected at the office of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. Such material may also be accessed electronically by means of the Commission's homepage on the Internet at <http://www.sec.gov>.

This Prospectus constitutes part of a Registration Statement on Form S-3 (together with all amendments and exhibits thereto, the "Registration Statement") filed with the Commission under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Offered Securities. This Prospectus does not contain all of the information set forth in such Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. Reference is made to such Registration Statement and to the exhibits relating thereto for further information with respect to the Company and the Offered Securities. Any statements contained herein concerning the provisions of any document filed as an exhibit to the Registration Statement or otherwise filed with the Commission or incorporated by reference herein are not necessarily complete, and in each instance reference is made to the copy of such document so filed for a more complete description of the matter involved. Each such statement is qualified in its entirety by such reference.

## INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The following documents have been filed by the Company with the Commission pursuant to the Exchange Act and are hereby incorporated herein by reference and made a part of this Prospectus:

(a) The Company's Annual Report on Form 10-K for the year ended December 31, 1995;

(b) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996;

(c) The Company's Current Reports on Form 8-K dated January 2, 1996, January 18, 1996, January 24, 1996, January 25, 1996, February 5, 1996, March 6, 1996 and May 30, 1996.

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

The Company will provide without charge to each person, including any beneficial owner, to whom a copy of this Prospectus is delivered, upon written or oral request of such person, a copy of any or all of the documents referred to above which have been or may be incorporated by reference in this Prospectus (not including the exhibits to such documents, unless such exhibits are specifically incorporated by reference in such documents). Requests for such documents should be directed to Texas Instruments Incorporated, 13500 North Central Expressway, Post Office Box 655474, Dallas, Texas 75265-5474, Attention: Manager of Investor Relations, telephone (214) 995-3773.

## TEXAS INSTRUMENTS INCORPORATED

Texas Instruments Incorporated (the "Company") was incorporated in the State of Delaware in 1938, and has its principal executive offices in Dallas, Texas. The Company is engaged in the development, manufacture and sale of a variety of products in the electrical and electronics industry for industrial, government and consumer markets. These products consist of components, defense electronics and digital products. The Company also produces metallurgical materials. The Company's business is based principally on its broad semiconductor technology and application of this technology to selected electronic end-equipment markets.

The mailing address of the Company's principal executive offices is Post Office Box 655474, Dallas, Texas 75265-5474, and its telephone number is (214) 995-2551.

## USE OF PROCEEDS

The net proceeds received by the Company from the sale of the Offered Securities will be added to the Company's general funds and used for general corporate purposes, including possible redemption or purchase of existing debt securities of the Company.



RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED  
FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table shows the ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and preferred stock dividends for each of the years ended December 31, 1991 through 1995 and for the three months ended March 31, 1996.

	YEARS ENDED DECEMBER 31,					THREE MONTHS ENDED MARCH 31, 1996
	1991	1992	1993	1994	1995	
Ratio of earnings to fixed charges(1).....	(2)	4.8x	8.5x	11.6x	15.6x	9.4x
Ratio of earnings to combined fixed charges and preferred stock dividends(1).....	(3)	3.1x	6.5x	11.6x	15.6x	9.4x

(1) For the purpose of computing the above ratios, "earnings" consist of income (loss) before provision for income taxes, interest expense, amortization of capitalized interest and that portion of rental and lease expense which is representative of interest; "fixed charges" consist of interest incurred (expensed and capitalized) and that portion of rental and lease expense which is representative of interest; and "preferred stock dividends" are calculated by increasing preferred stock dividends to an amount representing the pre-tax earnings which would be required to cover such dividend requirements. No shares of Preferred Stock have been issued or outstanding since the end of 1993.

(2) Not meaningful because of losses for 1991. The coverage deficiency (amount by which "fixed charges" exceed "earnings") for 1991 was \$309 million.

(3) Not meaningful because of losses for 1991. The coverage deficiency (amount by which "combined fixed charges and preferred stock dividends" exceed "earnings") for 1991 was \$343 million.

DESCRIPTION OF DEBT SECURITIES

The Debt Securities are to be issued in one or more series under an Indenture dated as of July 15, 1996 (the "Indenture") between the Company and Citibank, N.A., as Trustee (the "Trustee"). The following summary of certain provisions of the Indenture does not purport to be complete and is qualified in its entirety by reference to the Indenture. The numerical references below are to provisions of the Indenture. Whenever a defined term is indicated, the definition thereof is contained in the Indenture.

GENERAL

The Indenture does not limit the amount of debentures, notes or other evidences of indebtedness which may be issued thereunder (such securities issued under the Indenture being herein referred to as "Debt Securities"). The Indenture provides that Debt Securities may be issued from time to time in one or more series and may be denominated and payable in United States dollars or, at the option of the Company, in foreign currencies or units based on or relating to foreign currencies, including European Currency Units ("ECUs"). The Debt Securities will be unsecured and will rank on a parity with any other unsecured and unsubordinated obligations of the Company. Thus, the Company will not issue any unsecured indebtedness which is senior to the Debt Securities. As of March 31, 1996, the Company had no long-term indebtedness outstanding that is secured by any of its assets. If the Company, however, issues indebtedness secured by any of its assets, such secured indebtedness generally will be senior, with respect to such assets, to the Offered Debt Securities. Except as may be described in the Prospectus Supplement relating to a specific series of Debt Securities, the Indenture does not contain any covenants or provisions that may afford holders of Debt Securities protection in the event of a highly leveraged transaction.

Reference is made to the Prospectus Supplement for the following terms of the Offered Debt Securities (to the extent such terms are applicable to such Debt Securities): (i) designation, aggregate principal amount,

purchase price and denomination; (ii) any rights of the holders of the Offered Debt Securities to convert or exchange such Debt Securities and, if so, the securities or rights of the Company into which such Debt Securities are convertible or exchangeable, the terms and conditions upon which such conversion or exchange will be effected, including the initial conversion or exchange price or rate, the conversion or exchange period and any other related provisions; (iii) currency or units based on or relating to currencies in which such Debt Securities are denominated and/or in which principal (and premium, if any) and/or any interest will or may be payable; (iv) any index used to determine the amount of payments of principal of and premium, if any, and interest on the Offered Debt Securities; (v) any date of maturity; (vi) interest rate or rates (or method by which such rate will be determined), if any; (vii) the dates on which any such interest will be payable; (viii) the place or places where the principal of and interest, if any, on the Offered Debt Securities will be payable; (ix) any redemption or sinking fund provisions; (x) whether the Offered Debt Securities will be issuable in registered form or bearer form or both and, if Offered Debt Securities in bearer form are issuable, restrictions applicable to the exchange of one form for another and to the offer, sale and delivery of Offered Debt Securities in bearer form; (xi) whether the Offered Debt Securities will be represented by a single permanent global security or a temporary global security; (xii) whether and under what circumstances the Company will pay additional amounts on Offered Debt Securities held by a person who is not a U.S. person (as defined in the Prospectus Supplement) in respect of any tax, assessment or governmental charge withheld or deducted and, if so, whether the Company will have the option to redeem such Debt Securities rather than pay such additional amounts; and (xiii) any other specific terms of the Offered Debt Securities, including any terms which may be required by or advisable under applicable laws or regulations.

Debt Securities may be presented for conversion or exchange, and registered Debt Securities may be presented for transfer in the manner, at the places and subject to the restrictions set forth in the Debt Securities and the Prospectus Supplement. Such services will be provided without charge, other than any tax or other governmental charge payable in connection therewith, but subject to the limitations provided in the Indenture. Debt Securities in bearer form and the coupons, if any, appertaining thereto will be transferable by delivery.

Debt Securities may be issued under the Indenture as Original Issue Discount Securities (bearing either no interest or bearing interest at a rate which at the time of issuance is below the prevailing market rate) to be sold at a substantial discount below their stated principal amount. Any special federal income tax and other considerations applicable to such Original Issue Discount Securities are described in the Prospectus Supplement relating thereto.

#### GLOBAL SECURITIES

The registered Debt Securities of a series may be issued in the form of one or more fully registered global Securities (a "Registered Global Security") that will be deposited with a depository (a "Depository") or with a nominee for a Depository identified in the Prospectus Supplement relating to such series. In such case, one or more Registered Global Securities will be issued in a denomination or aggregate denominations equal to the portion of the aggregate principal amount of outstanding registered Debt Securities of the series to be represented by such Registered Global Security or Securities. Unless and until it is exchanged in whole for Debt Securities in definitive registered form, a Registered Global Security may not be transferred except as a whole by the Depository for such Registered Global Security to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository or by such Depository or any such nominee to a successor of such Depository or a nominee of such successor.

The specific terms of the depository arrangement with respect to any portion of a series of Debt Securities to be represented by a Registered Global Security will be described in the Prospectus Supplement relating to such series. The Company anticipates that the following provisions will apply to all depository arrangements.

Upon the issuance of a Registered Global Security, the Depository for such Registered Global Security will credit, on its book-entry registration and transfer system, the respective principal amounts of the Debt Securities represented by such Registered Global Security to the accounts of persons that have accounts with such Depository ("Participants"). The accounts to be credited shall be designated by any underwriters or

agents participating in the distribution of such Debt Securities. Ownership of beneficial interests in a Registered Global Security will be limited to Participants or persons that may hold interests through Participants. Ownership of beneficial interests in such Registered Global Security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the Depositary for such Registered Global Security (with respect to interests of Participants) or by Participants or persons that hold through Participants (with respect to interests of persons other than Participants).

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

Principal, premium, if any, and interest payments on Debt Securities represented by a Registered Global Security registered in the name of a Depositary or its nominee will be made to such Depositary or its nominee, as the case may be, as the registered owner of such Registered Global Security. None of the Company, the Trustee or any paying agent for such Debt Securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in such Registered Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Company expects that the Depositary for any Debt Securities represented by a Registered Global Security, upon receipt of any payment of principal, premium or interest, will immediately credit Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Registered Global Security as shown on the records of such Depositary. The Company also expects that payments by Participants to owners of beneficial interests in such Registered Global Security held through such Participants will be governed by standing instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street names" and will be the responsibility of such Participants.

If the Depositary for any Debt Security represented by a Registered Global Security is at any time unwilling or unable to continue as Depositary and a successor Depositary is not appointed by the Company within 90 days, the Company will issue such Debt Securities in definitive form in exchange for such Registered Global Security. In addition, the Company may at any time and in its sole discretion determine not to have any of the Debt Securities of a series represented by one or more Registered Global Securities and, in such event, will issue Debt Securities of such series in definitive form in exchange for all of the Registered Global Security or Securities representing such Debt Securities.

#### CERTAIN COVENANTS OF THE COMPANY

The following covenants apply to the Offered Debt Securities unless the Prospectus Supplement indicates otherwise.

**Certain Definitions.** The term "Attributable Debt" in respect of a sale and leaseback transaction means, at the time of determination, the present value (discounted at the interest rate implicit in the lease or, if it is not practicable to determine such rate, then at the Company's incremental borrowing rate determined in accordance with generally accepted accounting principles) of the obligation of the lessee for net rental payments during the remaining term of any lease. (Section 3.7)

The term "Consolidated Net Tangible Assets" means, at any date, the total assets appearing on the audited annual consolidated balance sheet of the Company and its subsidiaries for the Company's most recently completed fiscal year, prepared in accordance with generally accepted accounting principles, less (a) all current liabilities as shown on such balance sheet, and (b) intangible assets. (Section 1.1)

The term "Funded Debt" means all Debt whether incurred, assumed or guaranteed, including purchase money indebtedness, maturing by its terms more than one year from the date of creation thereof or which is renewable or extendable at the sole option of the obligor in such manner that it may become payable more than one year from the date of creation thereof. (Section 1.1)

The term "Principal Manufacturing Property" means each manufacturing or processing plant or facility of the Company or a subsidiary located in the United States of America (other than its territories and possessions) or Puerto Rico, except any such manufacturing or processing plant or facility which the Board of Directors by resolution reasonably determines not to be of material importance to the total business conducted by the Company and its consolidated subsidiaries. (Section 1.1)

The term "Restricted Subsidiary" means (a) any subsidiary of the Company which owns or is the lessee of any Principal Manufacturing Property; provided, however, that the term "Restricted Subsidiary" shall not include (i) any subsidiary primarily engaged in financing the operations of the Company or its subsidiaries or both or (ii) any subsidiary acquired or organized for the purpose of business acquisitions, or (b) any other subsidiary which is hereafter designated by the Board of Directors as a Restricted Subsidiary. (Section 1.1)

Restrictions on Liens. The Company will not nor will it permit any Restricted Subsidiary to issue or assume any debt for money borrowed (hereinafter, including guarantees thereof, referred to as "Debt"), if such Debt is secured by a mortgage, pledge, lien or other encumbrance (hereinafter referred to as a "Mortgage") upon any Principal Manufacturing Property or on any shares of stock or Debt of any Restricted Subsidiary (whether such Principal Manufacturing Property, shares of stock or Debt is now owned or hereafter acquired) without in any such case effectively providing that the Debt Securities shall be secured equally and ratably with such Debt. The foregoing restrictions shall not apply to (i) Mortgages on property existing at the time of or within 120 days after acquisition thereof and certain purchase money Mortgages, (ii) Mortgages on property of a corporation existing at the time such corporation is merged into or consolidated with the Company or a Restricted Subsidiary, (iii) Mortgages in favor of the United States or any political subdivision or any instrumentality thereof, to secure certain payments pursuant to any contract or statute or to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such Mortgages, (iv) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Mortgage referred to in the foregoing clauses (i) through (iii), and (v) Mortgages securing the indebtedness of a Restricted Subsidiary to the Company or to another Restricted Subsidiary. (Section 3.6)

Restrictions on Sale and Leaseback Transactions. The Company will not, and will not permit any Restricted Subsidiary to, enter into any lease longer than three years covering any Principal Manufacturing Property that is sold to any other person in connection with such lease unless the proceeds from such sale or transfer shall be at least equal to the fair value of such property as determined by resolution of the Company's Board of Directors and either: (i) the Company or such Restricted Subsidiary would be entitled, pursuant to "Restrictions on Liens" described above, to incur Debt secured by a mortgage on the Principal Manufacturing Property involved in an amount at least equal to the Attributable Debt in respect thereof without equally and ratably securing the Debt Securities, provided, that such Attributable Debt shall thereupon be deemed to be Debt subject to the provisions of such restrictions on liens, or (ii) within a period commencing twelve months prior to the consummation of the sale and leaseback transaction and ending twelve months after consummation of such transaction, the Company or such Restricted Subsidiary has expended or will expend for Principal Manufacturing Property an amount equal to (a) the proceeds of such sale and leaseback transaction and the Company elects to designate such amount as a credit against such transaction or (b) a part of the proceeds of such sale and leaseback transaction and the Company elects to designate such amount as a credit against such transaction and treats an amount equal to the remainder of the proceeds as provided in clause (iii) hereof, or (iii) an amount equal to such Attributable Debt (less any amount elected under clause (ii) hereof) (a) is applied within 120 days after the transaction to the retirement of Funded Debt or (b) is considered Attributable Debt for purposes of the calculation of Exempted Debt (as hereinafter referred to) and, after giving effect thereto, Exempted Debt does not exceed 5% of Consolidated Net Tangible Assets. (Section 3.7)

Exempted Debt. Notwithstanding the restrictions on Mortgages and sale and leaseback transactions described above, the Company or its Restricted Subsidiaries may, in addition to amounts permitted under such restrictions, create Debt secured by Mortgages, or enter into sale and leaseback transactions, which would otherwise be subject to the foregoing restrictions, without equally and ratably securing the Debt Securities and without any obligation to make expenditures for Principal Manufacturing Property or to retire any Debt, provided, that after giving effect thereto, the aggregate additional outstanding amount of such Debt secured by Mortgages plus Attributable Debt resulting from such sale and leaseback transactions does not exceed 5% of Consolidated Net Tangible Assets. (Sections 3.6 and 3.7)

#### EVENTS OF DEFAULT

An Event of Default will occur under the Indenture with respect to Debt Securities of any series if (a) the Company shall fail to pay when due any installment of interest on any of the Debt Securities of such series and such default shall continue for 30 days, (b) the Company shall fail to pay when due all or any part of the principal of (and premium, if any, on) any of the Debt Securities of such series (whether at maturity, upon redemption, upon acceleration or otherwise), (c) the Company shall fail to perform or observe any other term, covenant or agreement contained in the Indenture (other than a covenant included in the Indenture solely for the benefit of a series of Debt Securities other than such series) for a period of 90 days after written notice thereof, as provided in the Indenture, (d) certain events of bankruptcy, insolvency or reorganization shall have occurred, (e) the Company shall fail to convert any of the Debt Securities of such series in accordance with the Indenture and such default shall continue for 45 days, or (f) the Company has not complied with any other covenant the noncompliance with which would specifically constitute an Event of Default with respect to Debt Securities of such series. (Section 5.1)

The Indenture provides that, (a) if an Event of Default due to the default in payment of principal of, or interest on, any series of Debt Securities, or due to the default in performance or breach of any other covenant or warranty of the Company applicable to the Debt Securities of such series but not applicable to all outstanding Debt Securities, or due to the default in the conversion of any series of Debt Securities, shall have occurred and be continuing, either the Trustee or the holders of 25% in principal amount of the Debt Securities of such series then outstanding may declare the principal of all Debt Securities of such series and interest accrued thereon to be due and payable immediately and (b) if an Event of Default due to default in the performance of any other of the covenants or agreements in the Indenture applicable to all outstanding Debt Securities or due to certain events of bankruptcy, insolvency and reorganization of the Company, shall have occurred and be continuing, either the Trustee or the holders of 25% in principal amount of all Debt Securities then outstanding (treated as one class) may declare the principal of all Debt Securities and interest accrued thereon to be due and payable immediately, but upon certain conditions such declarations may be annulled and past defaults may be waived (except a continuing default in payment of principal of (or premium, if any) or interest on the Debt Securities or in the conversion of any Debt Security in accordance with the Indenture) by the holders of a majority in principal amount of the Debt Securities of such series (or of all series, as the case may be) then outstanding. (Sections 5.1 and 5.10)

The holders of a majority in principal amount of the outstanding 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 on the Trustee, provided that such direction shall not be in conflict with any rule of law or the Indenture. (Section 5.9) Before proceeding to exercise any right or power under the Indenture at the direction of such holders, the Trustee shall be entitled to receive from such holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with any such direction. (Section 5.6)

The Company will be required to furnish to the Trustee annually a certificate of certain officers of the Company to the effect that, to the best of their knowledge, the Company is not in default in the performance or fulfillment of, or compliance with, the terms of the Indenture or, if they have knowledge that the Company is in default, specifying such default. (Section 3.5)

The Indenture requires the Trustee to give to all holders of outstanding Debt Securities of any series notice of any default by the Company with respect to that series, unless such default shall have been cured or waived; however, except in the case of a default in the payment of principal of (and premium, if any) or interest on any outstanding Debt Securities of that series or in the payment of any sinking fund installment, the Trustee is entitled to withhold such notice in the event that the board of directors, the executive committee or a trust committee of directors or certain officers of the Trustee in good faith determine that withholding such notice is in the interest of the holders of the outstanding Debt Securities of that series. (Section 5.11)

#### DEFEASANCE AND DISCHARGE

The following defeasance provision will apply to the Offered Debt Securities unless the Prospectus Supplement indicates otherwise.

The Indenture provides that, unless the terms of any series of Debt Securities provide otherwise, the Company will be discharged from obligations in respect of the Indenture and the outstanding Debt Securities of such series (including its obligation to comply with the provisions referred to under "Certain Covenants of the Company," if applicable, but excluding certain other obligations, such as the obligation to pay principal of, premium, if any, and interest, if any, on the Debt Securities of such series then outstanding, obligations of the Company in the event of acceleration following default referred to in clause (a) above under "Events of Default" and obligations to register the transfer of, convert or exchange such outstanding Debt Securities and to replace stolen, lost or mutilated certificates), upon the irrevocable deposit, in trust, of cash or U.S. Government obligations (as defined) which through the payment of interest and principal thereof in accordance with their terms will provide cash in an amount sufficient to pay any installment of principal of (and premium, if any) and interest on and mandatory sinking fund payments in respect of such outstanding Debt Securities on the stated maturity of such payments in accordance with the terms of the Indenture and such outstanding Debt Securities, provided that the Company has received an opinion of counsel to the effect that such a discharge will not be deemed, or result in, a taxable event with respect to holders of the outstanding Debt Securities of such series and that certain other conditions are met. (Section 10.1)

#### MODIFICATION OF THE INDENTURE

The Indenture provides that the Company and the Trustee may enter into supplemental indentures without the consent of the holders of Debt Securities to: (a) secure any Debt Securities, (b) evidence the assumption by a successor corporation of the obligations of the Company, (c) add covenants for the protection of the holders of Debt Securities, (d) cure any ambiguity or correct any inconsistency in the Indenture, (e) establish the form or terms of Debt Securities of any series and provide for adjustment of conversion rights, and (f) evidence the acceptance of appointment by a successor trustee. (Section 8.1)

The Indenture also contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than a majority in principal amount of Debt Securities of each series then outstanding and affected, to add any provisions to, or change in any manner or eliminate any of the provisions of, the Indenture or modify in any manner the rights of the holders of the Debt Securities of each series so affected, provided that the Company and the Trustee may not, without the consent of the holder of each outstanding Debt Security affected thereby, (a) extend the stated maturity of the principal of any Debt Security, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any amount payable on redemption thereof, or impair the right to institute suit for the enforcement of any such payment when due or of any conversion thereof, or affect any right to convert any Debt Security, or change the currency in which the principal thereof (including any amount in respect of original issue discount) or interest thereon is payable, or reduce the amount of any original issue discount security payable upon acceleration or provable in bankruptcy, or alter certain provisions of the Indenture relating to Debt Securities not denominated in U.S. dollars, or (b) reduce the aforesaid percentage in principal amount of Debt Securities of any series the consent of the holders of which is required for any such modification. (Section 8.2)

## CONSOLIDATION, MERGER, CONVEYANCE OR TRANSFER

The Company may, without the consent of the Trustee or the holders of Debt Securities, consolidate or merge with, or convey, transfer or lease its properties and assets substantially as an entirety to, any other corporation, provided that any successor corporation is a corporation organized under the laws of the United States of America or any state thereof or it agrees to indemnify and hold harmless the holders of the Debt Securities, or any interest coupons appertaining thereto, against certain taxes and expenses and that such successor corporation expressly assumes all obligations of the Company under the Debt Securities and that certain other conditions are met, and, thereafter, except in the case of a lease, the Company shall be relieved of all obligations thereunder. (Article Nine)

## REDEMPTION

The following provisions apply to the Offered Debt Securities unless the Prospectus Supplement indicates otherwise.

Offered Debt Securities that are redeemable in whole or in part at the option of the Company will be so redeemable (i) if such Offered Debt Securities are issuable in registered form, on at least 30 but not more than 60 days' notice to the holders of such registered Offered Debt Securities to be redeemed and (ii) if such Offered Debt Securities are issuable in bearer form, by publication in certain newspapers in New York, London and, in certain circumstances, Luxembourg once in each of two successive calendar weeks, with the first such publication at least 30 but not more than 60 days prior to the date fixed for redemption. (Section 12.2)

Once notice of redemption has been given with respect to Offered Debt Securities that are redeemable in whole or in part at the option of the Company, such Offered Debt Securities will become due and payable on the date and at the place stated in such notice at the applicable redemption price, together with interest accrued to the date fixed for redemption. On and after such date fixed for redemption, such Offered Debt Securities will, with certain limited exceptions, cease to accrue interest and the unmatured coupons, if any, appertaining thereto will be void. (Section 12.4)

With respect to Offered Debt Securities that are subject to a mandatory sinking fund, the Indenture provides that the Company may deliver such Offered Debt Securities to the Trustee or credit such Offered Debt Securities that have been redeemed (otherwise than through operation of such mandatory sinking fund) or previously delivered to the Trustee for cancellation, at the sinking fund redemption price applicable thereto, in lieu of making all or any part of such mandatory sinking fund payment in cash. Subject to a right of carryover if the amount in the applicable sinking fund in any year is less than \$50,000, the Indenture provides that the Trustee will apply cash sinking fund payments to the redemption of such Offered Debt Securities on the applicable sinking fund payment date. (Section 12.6)

## APPLICABLE LAW

The Debt Securities and the Indenture will be governed by and construed in accordance with the laws of the State of New York. (Section 11.8)

## DESCRIPTION OF THE CAPITAL STOCK

### GENERAL

The authorized capital stock of the Company consists of 500,000,000 shares of common stock, par value \$1.00 per share (the "Common Stock"), and 10,000,000 shares of Preferred Stock, par value \$25.00 per share (the "Preferred Stock"). As of March 31, 1996, there were issued 189,626,360 shares of Common Stock, of which 140,725 were treasury shares and 189,485,635 were outstanding, and the Company had no Preferred Stock issued or outstanding.

The following summary of the terms of the Company's capital stock does not purport to be complete and is qualified in its entirety by reference to the applicable provisions of Delaware law and the Company's Restated Certificate of Incorporation, as amended (the "Charter").

#### COMMON STOCK

The holders of shares of Common Stock, subject to the preferential rights of the holders of any shares of Preferred Stock of the Company, are entitled to dividends when and as declared by the Board of Directors. The holders of the Common Stock have one vote per share on all matters submitted to a vote of the shareholders, and the right to the net assets of the Company in liquidation after payment of any amounts due to creditors and in respect of any Preferred Stock of the Company. Holders of shares of Common Stock are not entitled as a matter of right to any preemptive or subscription rights and are not entitled to cumulative voting for directors. All outstanding shares of Common Stock are, and the shares of Common Stock issued hereunder upon any conversion or exchange of Debt Securities or Preferred Stock will be, fully paid and nonassessable.

The By-Laws of the Company provide that the annual meeting of shareholders shall be held on such day in the month of April of each year as is designated by the Board of Directors and as stated in a written notice, which notice is mailed or delivered to each shareholder at least 10 days prior to any shareholder meeting.

The Company is authorized to issue additional shares of common stock without further stockholder approval (except as may be required by applicable law or stock exchange regulations).

The Transfer Agent and Registrar for the Company's Common Stock is Harris Trust and Savings Bank, 311 West Monroe Street, Chicago, Illinois 60690.

#### PREFERRED STOCK

Under the Charter, the Company is authorized to issue up to 10,000,000 shares of Preferred Stock, in one or more series, with such designations and such relative voting, dividend, liquidation, conversion and other rights, preferences and limitations as are stated in the Charter or any Certificate of Designation establishing such series adopted by the Board of Directors of the Company. The 10,000,000 authorized but unissued shares of Preferred Stock may be issued pursuant to resolution of the Board of Directors without the vote of the holders of any capital stock of the Company.

Shares of Preferred Stock of the Company may be issued in one or more series and the shares of all series will rank pari passu and be identical in all respects, except that with respect to each series the Board of Directors may fix, among other things: the rate of dividends payable thereon; the time and prices of redemption; the amount payable upon voluntary liquidation; the retirement or sinking fund, if any; the conversion rights, if any; the voting rights, if any, in addition to the voting right described below; the restrictions, if any, upon creation of indebtedness of the Company, or any subsidiary thereof, or the issuance of stock ranking on a parity with or senior to the shares of Preferred Stock either as to dividends or upon liquidation; the restrictions, if any, on the payment of dividends upon, or on the acquisition of, the Common Stock or upon any other class or classes of stock of the Company (other than Preferred Stock) ranking on a parity with or junior to the shares of Preferred Stock either as to dividends or upon liquidation; and the number of shares to comprise such series. Each series of Preferred Stock will be entitled to receive an amount payable upon liquidation, dissolution or winding up, fixed for each series, plus all dividends accumulated to the date of final distribution, before any payment or distribution of assets of the Company is made on Common Stock. Shares of Preferred Stock that have been issued and reacquired in any manner by the Company (including shares redeemed, shares purchased and retired and shares that have been converted into shares of another series or class) may be reissued as part of the same or another series of Preferred Stock.

#### PREFERRED STOCK DEPOSITARY SHARES

The Company may, at its option, elect to offer receipts for fractional interests ("Depositary Shares") in Preferred Stock. In such event, receipts ("Depositary Receipts") for Depositary Shares, each of which will



represent a fraction (to be set forth in the Prospectus Supplement relating to a particular series of Preferred Stock) of a share of a particular series of Preferred Stock, will be issued as described below.

The shares of any series of Preferred Stock represented by Depositary Shares will be deposited under a deposit agreement (the "Deposit Agreement") between the Company and the depositary named in the Prospectus Supplement relating to such shares (the "Preferred Stock Depositary"). Subject to the terms of the Deposit Agreement, each owner of a Depositary Share will be entitled, in proportion to the applicable fraction of a share of Preferred Stock represented by such Depositary Share, to all the rights and preferences of the Preferred Stock represented thereby (including dividend, voting, redemption, conversion, exchange, subscription and liquidation rights). The following summary of certain provisions of the Deposit Agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Deposit Agreement, including the definitions therein of certain terms. Whenever particular sections of the Deposit Agreement are referred to, it is intended that such section shall be incorporated herein by reference. Copies of the forms of Deposit Agreement and Depositary Receipt are filed as exhibits to the Registration Statement of which this Prospectus is a part, and the following summary is qualified in its entirety by reference to such exhibits.

The Preferred Stock Depositary will distribute to holders of Depositary Receipts all cash dividends or other cash distributions received in respect of the Preferred Stock to the record holders of Depositary Shares relating to such Preferred Stock in proportion to the numbers of such Depositary Shares owned by such holders. (Deposit Agreement sec. 4.01)

In the event of a distribution other than in cash, the Preferred Stock Depositary will distribute property received by it to the record holders of Depositary Shares in an equitable manner, unless the Preferred Stock Depositary determines that it is not feasible to make such distribution, in which case the Preferred Stock Depositary may sell such property and distribute the net proceeds from such sale to such holders. (Deposit Agreement sec. 4.02)

Upon surrender of a Depositary Receipt at the corporate trust office of the Preferred Stock Depositary and upon payment of the taxes, charges and fees provided for in the Deposit Agreement and subject to the terms thereof, the holder of the Depositary Shares evidenced thereby is entitled to delivery at such office, to or upon his or her order, of the number of whole shares of the related series of Preferred Stock and any money or other property, if any, represented by such Depositary Shares.

If a series of Preferred Stock represented by Depositary Shares is subject to redemption, the Depositary Shares will be redeemed from the proceeds received by the Preferred Stock Depositary resulting from the redemption, in whole or in part, of such series of Preferred Stock held by the Preferred Stock Depositary. The redemption price per Depositary Share will be equal to the applicable fraction of the redemption price per share payable with respect to such series of the Preferred Stock. Whenever the Company redeems shares of Preferred Stock held by the Preferred Stock Depositary, the Preferred Stock Depositary will redeem as of the same redemption date the number of Depositary Shares representing shares of Preferred Stock so redeemed. If fewer than all the Depositary Shares are to be redeemed, the Depositary Shares to be redeemed will be selected by lot, pro rata or by any other equitable method as may be determined by the Preferred Stock Depositary. (Deposit Agreement sec. 2.08)

Upon receipt of notice of any meeting at which the holders of the Preferred Stock are entitled to vote, the Preferred Stock Depositary will mail the information contained in such notice of meeting to the record holders of the Depositary Shares relating to such Preferred Stock. Each record holder of such Depositary Shares on the record date (which will be the same date as the record date for the Preferred Stock) will be entitled to instruct the Preferred Stock Depositary as to the exercise of the voting rights pertaining to the amount of the Preferred Stock represented by such holder's Depositary Shares. The Preferred Stock Depositary will endeavor, insofar as practicable, to vote the amount of the Preferred Stock represented by such Depositary Shares in accordance with such instructions, and the Company will agree to take all reasonable action which may be deemed necessary by the Preferred Stock Depositary in order to enable the Preferred Stock Depositary to do so. The Preferred Stock Depositary will abstain from voting shares of the Preferred Stock to the extent it

does not receive specific instructions from the holder of Depositary Shares representing such Preferred Stock. (Deposit Agreement sec. 4.05)

The form of Depositary Receipt evidencing the Depositary Shares and any provision of the Deposit Agreement may at any time be amended by agreement between the Company and the Preferred Stock Depositary. However, any amendment which materially and adversely alters the rights of the holders of Depositary Shares will not be effective unless such amendment has been approved by the holders of at least a majority of the Depositary Shares then outstanding. The Deposit Agreement will terminate only if (i) all outstanding Depositary Shares have been redeemed or (ii) there has been a final distribution in respect of the Preferred Stock in connection with any liquidation, dissolution or winding-up of the Company and such distribution has been distributed to the holders of Depositary Receipts. (Deposit Agreement sec. 6.01, 6.02)

The Company will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. The Company will pay charges of the Preferred Stock Depositary in connection with the initial deposit of the Preferred Stock and issuance of Depositary Receipts, all withdrawals of shares of Preferred Stock by owners of Depositary Shares and any redemption of the Preferred Stock. Holders of Depositary Receipts will pay other transfer and other taxes and governmental charges and such other charges as are expressly provided in the Deposit Agreement to be for their accounts. (Deposit Agreement sec. 5.07)

The Preferred Stock Depositary may resign at any time by delivering to the Company notice of its election to do so, and the Company may at any time remove the Preferred Stock Depositary, any such resignation or removal to take effect upon the appointment of a successor Preferred Stock Depositary and its acceptance of such appointment. Such successor Preferred Stock Depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50,000,000 (Deposit Agreement sec. 5.04)

The Preferred Stock Depositary will forward to holders of Depositary Receipts all reports and communications from the Company which are delivered to the Preferred Stock Depositary and which the Company is required or otherwise determines to furnish to the holders of the Preferred Stock. (Deposit Agreement sec. 4.07)

Neither the Preferred Stock Depositary nor the Company will be liable under the Deposit Agreement to holders of Depositary Receipts other than for its negligence, willful misconduct or bad faith. Neither the Company nor the Preferred Stock Depositary will be obligated to prosecute or defend any legal proceeding in respect of any Depositary Shares or Preferred Stock unless satisfactory indemnity is furnished. The Company and the Preferred Stock Depositary may rely upon written advice of its counsel or accountants, or upon information provided by persons presenting Preferred Stock for deposit, holders of Depositary Receipts or other persons believed to be competent and on documents believed to be genuine. (Deposit Agreement sec. 5.03)

#### SHAREHOLDERS RIGHTS PLAN

In June 1988, the Board of Directors of the Company adopted a Shareholders Rights Plan and declared a dividend distribution of one preferred share purchase right (a "Right") for each outstanding share of the Common Stock. As a result of a two-for-one stock split announced June 15, 1995, half a Right is attached to each outstanding share of Common Stock. When exercisable, each Right entitles the registered holder to purchase from the Company a unit consisting of one one-hundredth of a share (a "Unit") of Participating Cumulative Preferred Stock, par value \$25.00 per share (the "Preferred Stock"), at a purchase price (the "Purchase Price") of \$200 per Unit, subject to adjustment. The description and terms of the Rights are set forth in the Rights Agreement between the Company and Harris Trust and Savings Bank, as Rights Agent. The Rights Agreement contains provisions that could have the effect of delaying, deferring or preventing a merger, tender offer or other takeover attempt of the Company.

The Rights are attached to all outstanding shares of Common Stock, and no separate Rights certificates will be distributed. The Rights will separate from the Common Stock and a Distribution Date will occur upon

the earlier of: (i) 10 days following the date (the "Stock Acquisition Date") of any public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired beneficial ownership of 20% or more of the outstanding shares of Common Stock, or (ii) 10 business days following the commencement of a tender offer or exchange offer that would result in a person or group becoming an Acquiring Person. Until the Distribution Date (or earlier redemption or expiration of the Rights), (i) the Rights will be evidenced by the Common Stock certificates and will be transferred with and only with such Common Stock certificates, (ii) new Common Stock certificates issued after June 30, 1988 will contain a notation incorporating the Rights Agreement by reference, and (iii) the surrender for transfer of any certificates for Common Stock will also constitute the transfer of the Rights associated with the Common Stock represented by such certificates.

The Rights are not exercisable until the Distribution Date and will expire at the close of business on June 17, 1998 unless previously redeemed by the Company as described below.

As soon as practicable after the Distribution Date, Right certificates will be mailed to holders of record of Common Stock as of the close of business on the Distribution Date and, thereafter, the separate Right certificates alone will represent the Rights. Except as otherwise determined by the Board of Directors, with certain exceptions, only shares of Common Stock issued prior to the Distribution Date will be issued with Rights.

In the event that any person becomes an Acquiring Person, proper provision will be made so that each holder of a Right, other than Rights that are, or (under certain circumstances specified in the Rights Agreement) were, beneficially owned by an Acquiring Person (which will thereafter be void), will thereafter have the right to receive upon exercise that number of shares of Common Stock having a market value of two times the Purchase Price of the Right. In the event that, at any time following the Stock Acquisition Date, (i) the Company is acquired in a merger or other business combination transaction or (ii) 50% or more of the Company's assets or earning power is sold, each holder of a Right shall thereafter have the right to receive, upon exercise, Common Stock of the acquiring company having a value equal to two times the Purchase Price of the Right. The events described in this paragraph are referred to as "Triggering Events."

The Purchase Price payable, and the number of Units of Preferred Stock or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Preferred Stock, (ii) if holders of the Preferred Stock are granted certain rights or warrants to subscribe for Preferred Stock or convertible securities at less than the current market price of the Preferred Stock, or (iii) upon the distribution to holders of the Preferred Stock of evidences of indebtedness or assets (excluding regular quarterly cash dividends) or of subscription rights or warrants (other than those referred to above).

With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments amount to at least 1% of the Purchase Price. No fractional Units will be issued and, in lieu thereof, an adjustment in cash will be made based on the market price of the Preferred Stock on the last trading date prior to the date of exercise.

The Rights may be redeemed in whole, but not in part, at a price of \$.01 per Right by the Board of Directors at any time until the tenth day after the Stock Acquisition Date (or such later date as a majority of the Continuing Directors (as defined below) then in office may determine). Under certain circumstances set forth in the Rights Agreement, the decision to redeem shall require the concurrence of a majority of the Continuing Directors. Immediately upon the action of the Board of Directors ordering redemption of the Rights, the Rights will terminate and thereafter the only right of the holders of Rights will be to receive the redemption price.

The term "Continuing Director" means (i) any member of the Board of Directors who was a member of the Board prior to the time the Acquiring Person becomes such, and (ii) any person who is subsequently elected to the Board if such person is recommended or approved by a majority of the Continuing Directors. Continuing Directors do not include an Acquiring Person, or an affiliate or associate of an Acquiring Person, or any representative of the foregoing entities.

Until a Right is exercised, the holder will have no rights as a shareholder of the Company (beyond those as an existing shareholder), including the right to vote or to receive dividends.

Other than those provisions relating to the principal economic terms of the Rights, any of the provisions of the Rights Agreement may be amended by the Board of Directors of the Company prior to the Distribution Date. After the Distribution Date, the provisions of the Rights Agreement may be amended by the Board in order to cure any ambiguity, to correct or supplement any provision contained therein which may be defective or inconsistent with any other provisions, to make changes which do not adversely affect the interests of holders of Rights or to shorten or lengthen any time period under the Rights Agreement; provided, however, that the Rights Agreement may not be amended to lengthen (i) a time period relating to when the Rights may be redeemed at such time as the Rights are not then redeemable or (ii) any other time period unless such lengthening is for the purpose of protecting, enhancing or clarifying the rights of, and/or benefits to, the holders of Rights.

#### PLAN OF DISTRIBUTION

Offered Securities may be sold (i) through agents, (ii) through underwriters, (iii) through dealers, (iv) through remarketing firms or (v) directly to purchasers (through a specific bidding or auction process or otherwise).

Offers to purchase Offered Securities may be solicited by agents designated by the Company from time to time. Any such agent involved in the offer or sale of the Offered Securities will be named, and any commissions payable by the Company to such agent will be set forth, in the Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any such agent will be acting on a best efforts basis for the period of its appointment. Any such agent may be deemed to be an underwriter, as that term is defined in the Securities Act, of the Offered Securities so offered and sold.

If an underwriter or underwriters are utilized in the sale of Offered Securities, the Company will execute an underwriting agreement with such underwriter or underwriters at the time an agreement for such sale is reached, and the names of the specific managing underwriter or underwriters, as well as any other underwriters, and the terms of the transactions, including compensation of the underwriters and dealers, if any, will be set forth in the Prospectus Supplement which will be used by the underwriters to make resales of Offered Securities.

If a dealer is utilized in the sale of Offered Securities, the Company will sell such Offered Securities to the dealer, as principal. The dealer may then resell such Offered Securities to the public at varying prices to be determined by such dealer at the time of resale. The name of the dealer and the terms of the transactions will be set forth in the Prospectus Supplement relating thereto.

Offers to purchase Offered Securities may be solicited directly by the Company and sales thereof may be made by the Company directly to institutional investors or others. The terms of any such sales, including the terms of any bidding or auction process, if utilized, will be described in the Prospectus Supplement relating thereto.

Offered Securities may also be offered and sold, if so indicated in the Prospectus Supplement, in connection with a remarketing upon their purchase, in accordance with a redemption or repayment pursuant to their terms, or otherwise, by one or more firms ("remarketing firms"), acting as principals for their own accounts or as agents for the Company. Any remarketing firm will be identified and the terms of its agreement, if any, with the Company and its compensation will be described in the Prospectus Supplement. Remarketing firms may be deemed to be underwriters in connection with the Offered Securities remarketed thereby.

Agents, underwriters, dealers and remarketing firms may be entitled under agreements which may be entered into with the Company to indemnification by the Company against certain liabilities, including liabilities under the Securities Act, and any such agents, underwriters, dealers or remarketing firms, or their affiliates may be customers of, engage in transactions with, or perform services for, the Company in the ordinary course of business.

If so indicated in the Prospectus Supplement, the Company will authorize agents and underwriters to solicit offers by certain institutions to purchase Debt Securities from the Company at the public offering price set forth in the Prospectus Supplement pursuant to Delayed Delivery Contracts ("Contracts") providing for payment and delivery on the date stated in the Prospectus Supplement. Such Contracts will be subject only to those conditions set forth in the Prospectus Supplement. The obligations of the parties to the Contracts will be subject to the conditions that (i) the purchase of the Debt Securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which the purchaser is subject and (ii) the Company shall have sold, and delivery shall have taken place to the underwriters named in the Prospectus Supplement of, such part of the Debt Securities as is to be sold by them, and notice to such effect shall be delivered to the purchaser accompanied by an opinion of counsel to the Company delivered to the underwriters. A commission indicated in the Prospectus Supplement will be paid to underwriters and agents soliciting purchases of Debt Securities pursuant to Contracts accepted by the Company.

#### LEGAL MATTERS

The validity of the Offered Securities will be passed upon for the Company by Richard J. Agnich, Senior Vice President, Secretary and General Counsel of the Company. Mr. Agnich beneficially owns, and has rights to acquire under various employee benefit plans of the Company, an aggregate of less than 1% of the Common Stock of the Company.

Certain legal matters relating to the Offered Securities will be passed upon for underwriters and certain other purchasers by Davis Polk & Wardwell, New York, New York.

#### EXPERTS

The consolidated financial statements of the Company incorporated by reference in the Company's Annual Report on Form 10-K for the year ended December 31, 1995 have been audited by Ernst & Young LLP, independent auditors, as set forth in their report incorporated therein by reference. Such financial statements are, and audited financial statements to be included in subsequently filed documents will be, incorporated herein in reliance upon the reports of Ernst & Young LLP pertaining to such financial statements (to the extent covered by consents filed with the Commission) and upon the authority of such firm as experts in accounting and auditing.